OHSU Public Finance & Audit Committee Meeting

Friday, October 18, 2024
9:00-11:00am

YouTube:
https://youtube.com/live/TFLnwUWcv98?feature=share

(Dial-In)
Join by phone
+1-503-388-9555 - Portland Oregon Toll
Access code: 2868 082 4252

OHSU Public Finance & Audit Committee Meeting

Friday, October 18, 2024
9:00-11:00am
YouTube:
https://youtube.com/live/TFLnwUWcv98?feature=share

(Dial-In)
Join by phone
+1-503-388-9555 Portland Oregon Toll
Access code: 2868 082 4252

Agenda

1. KPMG Audit of FY24 Financial Statements
2. FY25 September YTD Financial Results
3. Update on Audit & Advisory Services

OHSU

October 11, 2024

To: Members, OHSU Finance & Audit Committee

From: Lawrence J. Furnstahl
Executive Vice President & Chief Financial Officer

Re: Materials for October 18th Meeting

Enclosed are four attachments for next Friday's public meeting of the Finance & Audit Committee, to be held by WebEx at 9 am PT. The main agenda item is KMPG's report on their external audit of FY24 financial statements, the reason we have back-to-back meetings in September and October. In addition, we will review FY25 first quarter financial results and an internal audit update.

As outlined in KMPG's presentation (the first attachment), the audit went well and KMPG is prepared to issue an unmodified or "clean" opinion after the October 25th full Board meeting. Audited financial results are consistent with the unaudited report provided in September—showing an FY24 increase in consolidated net worth of $181m to $4.278 billion—with reclassification among line items due to the full consolidation of the Foundation and application of GASB standards for items such as pension and state appropriations.

The audited financial statements themselves (the second attachment, in final draft) run to 113 pages. Pages 4 – 29 include the Management Discussion & Analysis required by GASB accounting rules. This is probably the most helpful section of the audited statements, with the first few pages providing a reconciliation between the management basis of reporting we use internally and with the Board, and the full GAAP basis used in the audited statements. These consolidate the OHSU Foundation on a line-item basis and reclassify several revenue and expenses items between operating and nonoperating categories, all reaching the same total change in net position or net worth.

The third document presents FY25 financial results through September, just closed. Total operating income for three months is a loss of $(9)m on 13% year-over-year revenue growth. This reflects an improvement of $25m from last year's Q1 loss of $(34)m, and $39m from this year's budget. The budgeted Q1 loss of $(48)m includes $(18)m of reduction in force (RIF) severance and related costs that we were able to book into FY24 June results. Adjusting for this, Q1 actuals are $21m ahead of plan.

The improvement shows progress toward Strategic Alignment goals set in the FY25 budget: caring for each patient promptly in the right place and at the right cost structure; meeting demand for complex care that is OHSU's unique role in Oregon; reallocating FTEs toward front-line care; and rigorous control of costs.

Patient activity shows broad-based growth above targets, especially in non-hospital pharmacy and oncology services. Spending in almost all operating areas and institutional accounts (such as hardware/software maintenance and depreciation) is running less than plan, although much of this gain should reverse later in the fiscal year, given tight allocations.

Consolidated net worth is down $(156)m through September, largely due to implementation of the new GASB 101 accounting standard, which required recording a $(255)m liability on July 1st for paid leave that cannot be cashed out. Offsetting this non-cash accounting adjustment are very strong stock market returns on equity investments held at OHSU and the Foundation.

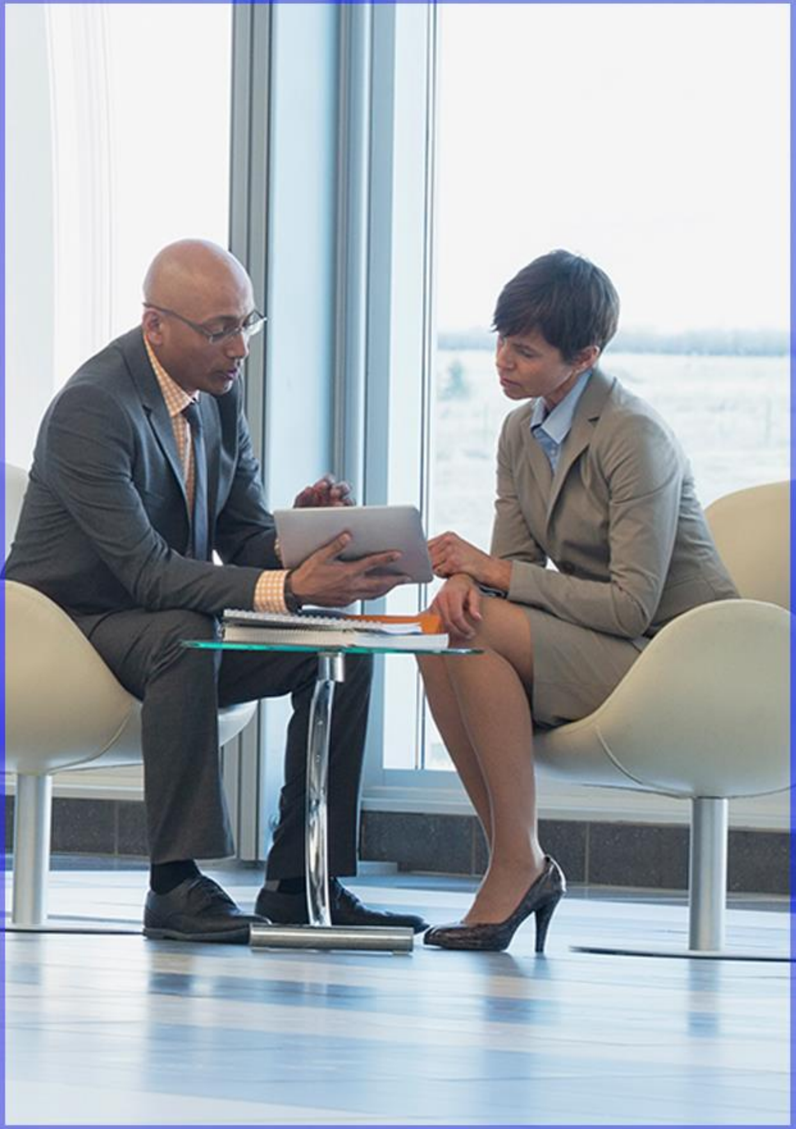
The fourth document provides an update on Audit & Advisory Services (A&AS) activity. Joe Holmes, A&AS Director, will report on staffing, the FY24 and FY25 Q1/Q2 internal audit plans, project watch list, priorities for following up on open findings, and other department activities.

KPMG

Oregon Health & Science University

Discussion with the Finance & Audit Committee

Audit results and strategy for the year ending June 30, 2024



KPMG engagement team

OHSU
Audit & Finance Committee

Drew Corrigan *
Lead Audit Engagement Partner

Chris Ray *
***Engagement** Quality Review Partner*

Specialists:

Abednigo Sibanda *
Pension Actuary

James Lancaster *
Tax Director

Tiffany Orford *
Senior Manager

Lindsay Blanchat *
In-Charge Senior

Rafael Ramirez
In-Charge Senior

* Continuity from prior year

Required communications to those charged with governance

Audit results required communications and other matters

Matters to communicate		Response
Significant unusual transactions	X	
Uncorrected audit misstatements	X	
Corrected audit misstatements	X	
Financial statement presentation and disclosure omissions	X	
Non-GAAP policies and practices	X	
Auditors' report	✓	Pages 6 – 8
Changes to our risk assessment and planned audit strategy	X	
Significant accounting policies and practices	✓	Page 9
Significant accounting estimates	✓	Pages 10 – 13
Significant financial statement disclosures	X	
Group audit engagement considerations	✓	Pages 14 – 15

Matters to communicate		Response
Related parties	X	
Going concern	X	
Other information	✓	Page 16
Subsequent events and other matters	✓	Page 17
Noncompliance with laws and regulations	X	
Significant difficulties encountered during the audit	X	
Significant findings or issues discussed, or the subject of correspondence with management	X	
Management's consultation with other accountants	X	
Disagreements with management	X	
Other significant matters	X	

✓ = Matters to report X = No matters to report

KPMG

Audit results required communications and other matters (continued)

Matters to communicate	
Consultations	We consulted with a KPMG pension specialist and KPMG tax specialists regarding assumptions and disclosures used by OHSU for the Pension Plan and evaluating the tax-exempt status of the entity, respectfully.
Illegal acts or fraud	No actual or suspected fraud involving group or component management, employees with significant roles in the group’s system of internal control, or where fraud results in a material misstatement in the financial statements were identified during the audit.
Written communications	Engagement letter, management representation letter, including summary of corrected misstatements, absence of material weakness letter, and required communications with those charged with governance letter under AU-C 260 to be distributed under separate covers.
Independence	KPMG is independent of OHSU and its related entities. In connection with our audit of OHSU and its related entities, KPMG and relevant KPMG professionals have complied with relevant ethical requirements regarding independence, as that term is defined by professional standards.
Inquiries	We have completed our inquiries regarding fraud risk assessment and other relevant topics.

Auditors' report

Auditor's report

Reports to be issued:

Financial Statements:

- Independent auditors' report on the financial statements of OHSU as of and for the years ended June 30, 2024 and 2023 under U.S. generally accepted auditing standards (GASB opinion), with required supplementary information (MD&A and pension information) and other supplementary information (Combining schedules)
- Independent auditors' report on the financial statements of OHSU as of and for the years ended June 30, 2024 and 2023 under U.S. generally accepted auditing standards (GASB opinion), with required supplementary information (MD&A and pension information) and other supplementary information (Combining schedules and Institute on Development and Disability (IDD) schedules)
- Independent auditors' report on the financial statements of OHSU as of and for the years ended June 30, 2024 and 2023 under government auditing standards (GAGAS opinion), with required supplementary information (MD&A and pension information).
- Independent auditor's report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.

Auditors' report (Continued)

Matters affecting the form and content of the auditors' report

- There were no modifications of the standard auditors' report.
- Consistent with prior year, there are other matter paragraphs included in our audit reports. Our opinions were not modified in respect of these matters.
- OHSU Financial Statements:
  - Other Matter paragraph on Required Supplementary Information
    - Clarifying that we do not express an opinion on MD&A or supplementary pension information
  - Other Matter paragraph on Supplementary Information
    - Financials without IDD: Clarifying that we express an opinion on the Combining Schedules appended to the financial statements, solely in their relation to the financial statements as a whole
    - Financials with IDD: Clarifying that we express an opinion on the Combining Schedules and the Institute on Development and Disability schedules appended to the financial statements, solely in their relation to the financial statements as a whole
  - Other Matter paragraph on Other Reporting Required by Government Auditing Standards
    - Clarifying that our report on our consideration of the internal control over financial reporting is descriptive in nature and that we do not express an opinion on the effectiveness of those controls.

Auditors' report (Continued)

Matters affecting the form and content of the auditors' report

- Debt Compliance Letters related to:
  - The Amended and Restated Master Trust Indenture with The Bank of New York Mellon Trust Company, N.A.
  - Bondholder's Agreement with JP Morgan Chase Bank, N.A.
  - The Bondholder's Agreement with Wells Fargo Municipal Capital Strategies, LLC
  - The Forward Bond Purchase and Bondholder's Agreement with U.S. Bank N.A.
  - The Credit Agreement with U.S. Bank N.A.

Significant accounting policies and practices

Description of significant accounting policies and practices	Audit findings
Patient Accounts Receivable	Significant management judgment and estimation is involved in determining contractual and bad debt allowances for patient accounts receivable. Reserves are recorded based on historical collectability data.
Investments	• Investments are measured based upon quoted market prices at the reporting date. • Alternative investments are valued at net asset value (NAV), which represents the fair value of the underlying investments of the fund or at fair value.
Pension	The pension liability is valued at OHSU's proportionate share of the PERS fund balance over the PERS liabilities. It is recorded on a one-year lag. OHSU submits census data each pay period and PERS applies certain assumptions to determine the liability. The PERS liability is determined by Milliman, a third-party actuary.
Litigation	KPMG sent inquiry letters to external counsel. KPMG also discussed outstanding litigation with management. No information was provided that indicated additional liabilities are required to be recorded.
Compliance with debt covenants	Management has provided support indicating compliance with its debt covenants related to financial provisions at June 30, 2024.
Tax Exempt Status	A KPMG tax specialist reviewed the University's exempt tax status and identified no significant financial statement risks related to the status.

Significant accounting estimates

Description of significant accounting estimates

- Valuation of patient accounts receivable

Audit findings

Management's process used to develop the estimates

- Management calculates net accounts receivable based on the historical settlement rates (zero balance account or ZBA rates). Large claims are reviewed and reserved separately. Management uses judgment to determine if additional incremental reserves are considered necessary.

Significant assumptions used that have a high degree of subjectivity

- Significant assumptions with a high degree of subjectivity relate primarily to the applicability of historical collectability rates to current outstanding AR, related to the assumptions that current AR collectability will follow historical patterns for similar payor types.

Indicators of possible management bias

- No indicators of possible management bias.

Conclusions

- KPMG concludes that the valuation of patient accounts receivable appears reasonable as of June 30, 2024.

Significant accounting estimates (continued)

Description of significant accounting estimates

- Valuation of Investments, including Alternative Investments

Audit findings

Management's process used to develop the estimates

- The fair value of investments, other than those measured using NAV as a practical expedient for fair value, is estimated using quoted market prices multiplied by shares held or other observable inputs when quoted market prices are unavailable. Market values are provided by institutional custodians in the annual investment statements.
- The University uses net asset value a practical expedient for the estimation of the fair value of investments in funds for which the investment does not have a readily determinable fair value. NAVs are provided by underlying fund managers.

(in millions)		2024	2023
Investment at fair value	$	1,152	1,313
Investments at net asset value (alternative investments)		1,866	1,674
Equity method investments		114	103
Total Investments	**$**	**3,132**	**3,090**

Significant accounting estimates (continued)

Audit findings (continued)

Procedures

- Priceable investments are compared against pricing services by KPMG's Centralized Pricing Desk
- Procedures over alternative investments include confirmation with investment managers and backtesting, or comparison of reported NAVs to audited financial statements of individual funds.

Indicators of possible management bias

- No indicators of possible management bias.

Conclusions

- KPMG concludes that the valuation of patient accounts receivable appears reasonable as of June 30, 2024.

Significant accounting estimates (continued)

Description of significant accounting estimates

- Valuation of pension (PERS)

Audit findings

Management's process used to develop the estimates

- Management uses an independent third party actuary, Milliman, to value the obligation.
- There were no indicators of management bias.
- There were no changes to the estimation methodology.

Discussion of procedures and results

- KPMG tested valuation using a KPMG actuarial specialist who evaluated the valuation methodology and key assumptions, finding them reasonable.
- KPMG inspected the actuarial report and related disclosures in the financial statements, noting that the assumptions and disclosures are appropriate and agreed to supporting documents.
- KPMG performed testwork over census data, including new hires, and contributions.

Indicators of possible management bias

- No indicators of possible management bias.

Conclusions

- Based on our audit procedures performed, pension obligations are properly supported and are properly stated as of June 30, 2024.

Group audit engagement considerations

Group audit considerations

KPMG's scope included the following entities:
• Audited by the group audit team:
  - Oregon Health & Science University – Consolidated
• Audited by stand-alone audit teams:
  - Oregon Health & Science University – Family Medicine at Richmond
  - Oregon Health & Science University Foundation
  - OHSU Insurance Company (InsCo)
  - Hillsboro Medical Center (Tuality Healthcare)

Group audit engagement considerations (Continued)

Oregon Health & Science University – Discussion of results

- Valuation of patient accounts receivable tested and found to be appropriate
- No other significant matters to discuss

Oregon Health & Science University Foundation – Discussion of results

- Jasper Ridge Investment – Valuation at NAV tested and found to be appropriate
- Contribution revenue and receivable balances tested and found to be appropriate
- No other significant matters to discuss

OHSU Insurance Company (InsCo) – Discussion of results

- Unpaid claims liability – Valuation tested using a KPMG actuary and found to be appropriate
- No other significant matters to discuss

Hillsboro Medical Center (Tuality) – Discussion of results

- Valuation of patient accounts receivable tested and found to be appropriate
- Pension assumptions and methodology reviewed by a KPMG actuary found to be appropriate
- 2024 results reflected continued operation of the Management Agreement between OHSU and HMC

Other information

<table>
<tr><th>Other information</th><th>Procedures performed</th><th>Results</th></tr>
<tr><td>Required supplementary information
• MD&A
• Pension information</td><td>Perform review procedures as KPMG does not express an opinion over this information. Agree numbers to provided schedules from management and assess for reasonableness.</td><td rowspan="2">We agreed the information presented in the supplemental schedules to the audited financial statements and underlying support.

There were no material inconsistencies identified that require revision of the schedules.

We did not identify any material misstatements of fact.</td></tr>
<tr><td>Supplementary information
• Combining Schedules
• Institute on Development and Disability Supplemental Schedules</td><td>Perform limited audit procedures as KPMG expresses an opinion over this information in relation to the financial statements as a whole. Agree numbers to provided schedules from management and assess for reasonableness.</td></tr>
</table>

Subsequent events

Subsequent events and other matters
Status of Legacy Affiliation: On May 30, 2024, Oregon Health and Science University and Legacy Health agreed to the terms of a definitive agreement which sets forth terms by which the Parties would affiliate to create a combined health care system under OHSU as the combined system's sole corporate parent. The affiliation is subject to regulatory approval.

Inquiries

Are those charged with governance aware of:

- Matters relevant to the audit, including, but not limited to, violations or possible violations of laws or regulations?
- Any significant communications with regulators?
- Any developments in financial reporting, laws, accounting standards, corporate governance, and other related matters, and the effect of such developments on, for example, the overall presentation, structure, and content of the financial statements, including the following:
  - The relevance, reliability, comparability, and understandability of the information presented in the financial statements
  - Whether all required information has been included in the financial statements, and whether such information has been appropriately classified, aggregated or disaggregated, and presented?

Do those charged with governance have knowledge of:

- Fraud, alleged fraud, or suspected fraud affecting OHSU?
  - If so, have the instances been appropriately addressed and how have they been addressed?

Additional inquiries:

- What are those charged with governance's views about fraud risks at OHSU?
- Who is the appropriate person in the governance structure for communication of audit matters during the audit?
- How are responsibilities allocated between management and those charged with governance?
- What are OHSUs objectives and strategies and related business risks that may result in material misstatements?

Inquiries (continued)

Additional inquiries: (continued)

- Are there any areas that warrant particular attention during the audit and additional procedures to be undertaken?
- What are those charged with governance’s attitudes, awareness, and actions concerning (a) OHSU's internal controls and their importance in the entity, including oversight of effectiveness of internal controls, and (b) detection of or possibility of fraud?
- Have there been any actions taken based on previous communications with the auditor?
- Has OHSU entered into any significant unusual transactions?
- Whether the entity is in compliance with other laws and regulations that have a material effect on the financial statements?
- What are the other document(s) that comprise the annual report, and what is the planned manner and timing of issuance of such documents?
- Have any subsequent events occurred that might affect the financial statements?

Questions?

For additional information and audit committee resources, including National Audit Committee Peer Exchange series, a Quarterly webcast, and suggested publications, visit the KPMG Audit Committee Institute (ACI) at www.kpmg.com/ACI

Learn about us: kpmg.com

OREGON HEALTH & SCIENCE UNIVERSITY

(A Component Unit of the State of Oregon)

Financial Statements
and Supplementary Information

June 30, 2024 and 2023

(Dollars in thousands)

(With Independent Auditors' Report Thereon)

OREGON HEALTH & SCIENCE UNIVERSITY

(A Component Unit of the State of Oregon)

Table of Contents

Independent Auditors' Report

The Board of Directors
Oregon Health & Science University

Opinions

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of Oregon Health & Science University (OHSU), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise OHSU's basic financial statements for the years then ended as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of OHSU as of June 30, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of OHSU and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of OHSU's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about OHSU's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis, the schedule of OHSU's proportionate share of the net pension liability and related ratios, and schedule of defined-benefit pension plan contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise OHSU's basic financial statements. The supplemental information included in schedules 1 through 6 is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

(signed) KPMG LLP

Portland, Oregon
October 25, 2024

OREGON HEALTH & SCIENCE UNIVERSITY
(A Component Unit of the State of Oregon)
Management Discussion and Analysis (Unaudited)
June 30, 2024 and 2023
(Dollars in thousands)

Introduction

Oregon Health & Science University (OHSU or the University) is Oregon's only public academic health center and one of the only universities in the US devoted exclusively to educating physicians, dentists, nurses, pharmacists, public health professionals and others in healthcare, biology and medicine. It is a national leader in education of health professionals and scientists, advanced biomedical and healthcare research, leading edge patient care, and outreach. As part of its multifaceted public mission, OHSU strives for excellence in education, research and scholarship, clinical practice, and community service. Through its dynamic interdisciplinary environment, OHSU stimulates the spirit of inquiry, initiative, and cooperation among students, faculty, and staff.

The following discussion and analysis provide an overview of the financial activities of OHSU for the year ended June 30, 2024 and should be read in conjunction with the financial statements and related note disclosures. This discussion was prepared by management and is designed to focus on current activities, resulting changes, and current known facts with selective comparative information for the years ended June 30, 2023 and 2022.

Financial Highlights

To manage its operations and monitor its financial position, OHSU focuses on two key indicators: the total change in OHSU's net position, which includes the Foundation, investment income and other nonoperating items, and the "Total University" operations component of operating income (before consolidation of the Foundation and reclassifications of state appropriations to nonoperating revenues).

The broadest measure of OHSU's financial strength is reflected in net position, the difference between assets and deferred outflows, and liabilities and deferred inflows. OHSU's net position was $4.3 billion in fiscal year 2024 compared $4.1 billion in fiscal year 2023 and $3.9 billion in fiscal year 2022. OHSU's net position increased since the start of the pandemic by a cumulative 18.2% or $659 million, from $3.6 billion as of June 30, 2019, to $4.3 billion as of June 30, 2024. During this period, operating costs rose faster than payment rates, due to inflation, higher labor, pharmacy and medical supply costs, and increased investment in front-line patient care staff. In response, OHSU has focused on increasing capacity and access, especially for patients with complex conditions requiring the unique capacities of Oregon's only public academic health center. In addition, OHSU has implemented cost reduction strategies including supply chain improvements and a reduction in force. The University has also relied on strong investment returns and cumulative federal relief for COVID-19, with the largest funding provided by the CARES Act Provider Relief Fund and Federal Emergency Management Agency (FEMA) Public Assistance Program.

When measuring operating results for the University, OHSU uses a single line "equity method" for the OHSU Foundation. The "equity method" follows the "Total University" column on the combining financial statements included at the end of these financial statements, with gifts recorded when transferred from the Foundation to the University for use and state appropriations included within operating revenues.

The receipt and then spending of large gifts, and accrued expenses for Oregon Public Employees Retirement System (PERS) pension, have caused large swings in OHSU's revenues and expenses over time. Management uses the analysis of adjusted operating income on the following table to track underlying performance on a consistent basis where expenses for pension benefits are recorded on a cash basis, rather than an accrual basis, as they were prior to adoption of GASB 68.

Analysis of Total University Column of Combining Statements of Revenues, Expense, and Changes in Net Position

Years ended June 30, 2024 and 2023

(Dollars in thousands)

	2024	2023	$ Change	% Change
Patient service revenue, net	$ 3,668,810	3,337,828	330,982	9.9 %
Other revenues	1,366,498	1,235,075	131,423	10.6
Total operating revenues	5,035,308	4,572,903	462,405	10.1
Salaries, wages, and benefits, net of pension accrual	3,172,162	2,738,646	433,516	15.8
Services, supplies, and other	1,705,262	1,529,699	175,563	11.5
Depreciation and amortization, and interest	255,272	251,603	3,669	1.5
Total operating expenses, net of pension accrual	5,132,696	4,519,948	612,748	13.6
Adjusted operating income (loss)	(97,388)	52,955	(150,343)	283.9
Cash basis pension expense	62,243	53,561	8,682	16.2
Accrual basis pension expense	(75,215)	(37,947)	(37,268)	98.2
Operating income (loss)	(110,360)	68,569	(178,929)	260.9
Investment income and gain(loss) in fair value of investments	267,313	119,421	147,892	123.8
State appropriations	72,886	62,690	10,196	16.3
FEMA public assistance program	104,486	22,576	81,910	362.8
Other nonoperating, Foundation, and eliminations/reclasses	(188,969)	(149,638)	(39,331)	26.3
Total net income (loss) before contributions for capital and other	145,356	123,618	21,738	17.6
Other changes in net position	35,960	25,573	10,387	40.6
Total increase (decrease) in net position	$ 181,316	149,191	32,125	21.5 %

In fiscal year 2024, OHSU had an adjusted operating loss of $(97) million compared to an adjusted operating income of $53 million in fiscal year 2023. Operating revenues increased by 10.1% compared with operating expense growth of 13.6%, net of pension accrual. Adjusting for the PERS pension benefit, the Total University's operating income (loss) was $(110) million and $69 million in fiscal years 2024 and 2023, respectively.

Fiscal year 2024 net patient service revenue increased by 9.9% to $3.7 billion, including $44 million from Medicare in a one-time settlement of 340b funding underpaid in prior years. Patient activity increased from prior year with hospital inpatient admissions increasing by 1%, surgical cases by 5.4%, and ambulatory visits by 6.3%. Despite strong demand for clinical services, the revenue impact has been lower than expected due to high occupancy in both adult inpatient beds and the crowded emergency department.

Fiscal year 2024 salaries, wages, and benefits, net of pension accrual, and services, supplies and other increased by 14.4% to $4.9 billion, compared to $4.3 billion in fiscal year 2023. The COVID-19 pandemic proved the importance of robust staffing and pay to retain and recruit nurses, pharmacists, technicians, house officers and other front-line caregivers. In fiscal year 2024 OHSU began a two-year investment in these staff through a combination of higher staffing levels and higher than prior trend pay. This investment is essential for both patients and clinical staff, is consistent with the new Oregon hospital staffing law that OHSU supported and reflects recent collective bargaining agreements and current labor market conditions. Fiscal year 2024 also included a one-time $15 million expense for a recognition award provided to about 2,000 employees below the executive vice president level, and accrual of $18 million of severance and other expense related to reductions in force Fiscal year 2024 included an increase in expense of $13 million from the PERS plan impact compared to a reduction to expense of a nearly $16 million in fiscal year 2023.

OHSU's strategy to meet a higher inflation environment includes caring for patients promptly with the right care, in the right setting and at the right cost structure, while advancing toward regional leadership in the tertiary and quaternary care that requires an academic health center with a national-class cancer center. The $650 million Inpatient Addition project, now under construction for opening in 2026, will add 128 adult beds focusing on cancer and other complex care programs, with shelled space for future expansion.

Fiscal year results reflect the continuing impact of OHSU's Improving Financial Performance (IFP) effort, co-led by the CEO of OHSU Health and the Dean of the School of Medicine and reporting directly to the University President. IFP engages a wide range of faculty and administrative leadership. Major financial improvements have been secured in the work streams of operations and efficiency; pharmacy, imaging and professional services growth; and operating room and procedural growth; as well as university-wide efforts to eliminate vacant positions wherever possible and control hiring with an emphasis on safety, reducing contract labor, and focused growth. OHSU is actively seeking additional revenues, working with public, private, and philanthropic partners to support strategic priorities. Advancing member and clinician wellness is also a key component of continued success.

In April and May 2024, select senior leaders across OHSU's missions completed a comprehensive audit of all current expenses, projects and roles. The executive leadership team reviewed the results and made final decisions about the next steps as one university. These decisions were incorporated into the fiscal year 2025 budget and emphasized proposed changes to invest in patient-facing staff, capitalize on OHSU's unique role as Oregon's public academic health center, secure inflation-appropriate payment rates, and implement rigorous cost reduction. As a part of its cost-reduction strategies, reductions in force have proven necessary, including permanent reductions in the number of staff not directly involved in patient care, focusing on administrative and support positions, and in programs that are non-essential and not fully funded. The intent of this work is to shift our overall strategy to ensure the highest and best use of the services that distinguish OHSU from others and on which Oregon depends.

OHSU continues to receive strong support from the State of Oregon through State Appropriations and as part of the Intergovernmental Transfer (IGT) partnership with the State of Oregon, which helps secure major funding for the Oregon Health Plan and covers a percentage of the cost of care for Medicaid and other low-income patients. Reflected in operating revenues, this support was $293 million and $331 million in fiscal years 2024, and 2023, respectively.

Not included within operating revenues or operating income are investment income and gain (loss) in fair value of investments and FEMA Public Assistance. OHSU recognized investment income and gains in fair value of investments of $267 million and $119 million in fiscal years 2024 and 2023, respectively. Returns have been positive across the equity and fixed income markets due to cooling inflation from its post pandemic peak and strong economic and labor market growth throughout the fiscal year. OHSU recorded FEMA grants in nonoperating revenues of $104 million and $23 million in fiscal years 2024 and 2023, respectively. These factors have helped to offset the negative operating results and contributed to a total increase in net position of $181 million, an increase of 21.5% compared to fiscal year 2023.

On May 30, 2024, OHSU and Legacy Health announced that they have signed a binding, definitive agreement to unite as one health system under OHSU Health, subject to various terms and conditions, including regulatory approvals and other actions. With the planned Legacy combination, we anticipate opportunities to advance both OHSU's and Legacy's missions for the benefit of Oregonians and all the communities we serve.

Results of Operations

The statements of revenues, expenses, and changes in net position reflect the operational results of OHSU, inclusive of the Foundation. In accordance with generally accepted accounting principles for a government entity, revenues and expenses are classified as either operating or nonoperating.

The University and the Foundation programs and operations are funded through various sources, classified as either operating and nonoperating. For example, state appropriations and FEMA grants are considered nonoperating revenues, but they fund operating expenses and compensate for lost operating revenues. Similarly, Foundation operating expenses, such as transfers to the University, fundraising, and other activities funded in part by endowment investment income, are reported as nonoperating, even though they support operating activities. Additionally, investment income and gains (or losses) in fair value of investments, which are used to support operations, are reported as nonoperating. Meanwhile, the PERS defined benefit pension expense, recognized as an operating activity under GASB 68, reflects prior year PERS systemwide plan investment returns.

Consequently, when evaluating OHSU's overall financial performance, management believes that the net income (loss) before contributions for capital and other, which encompasses both operating and nonoperating revenues, offers the most meaningful indicator of financial performance for the years ended June 30, 2024, 2023, and 2022.

Condensed Statements of Revenues, Expenses, and Changes in Net Position

June 30, 2024, 2023 and 2022

(Dollars in thousands)

		2024	2023	2022
Patient service revenue, net	$	3,668,810	3,337,828	2,845,352
Gifts, grants, and contracts		805,564	758,380	782,289
All other operating revenues		403,451	361,094	314,393
Total operating revenues		4,877,825	4,457,302	3,942,034
Salaries, wages, and benefits		3,130,124	2,702,614	2,455,284
Defined-benefit pension		75,215	37,947	23,008
All other operating expenses		1,968,867	1,798,799	1,589,138
Total operating expenses		5,174,206	4,539,360	4,067,430
Operating income (loss)		(296,381)	(82,058)	(125,396)
Other nonoperating revenues (expenses)		264,365	120,410	(134,319)
State appropriations		72,886	62,690	41,240
FEMA		104,486	22,576	42,480
Net income (loss) before contributions for capital and other		145,356	123,618	(175,995)
Other changes in net position		35,960	25,573	25,698
Total change in net position	$	181,316	149,191	(150,297)

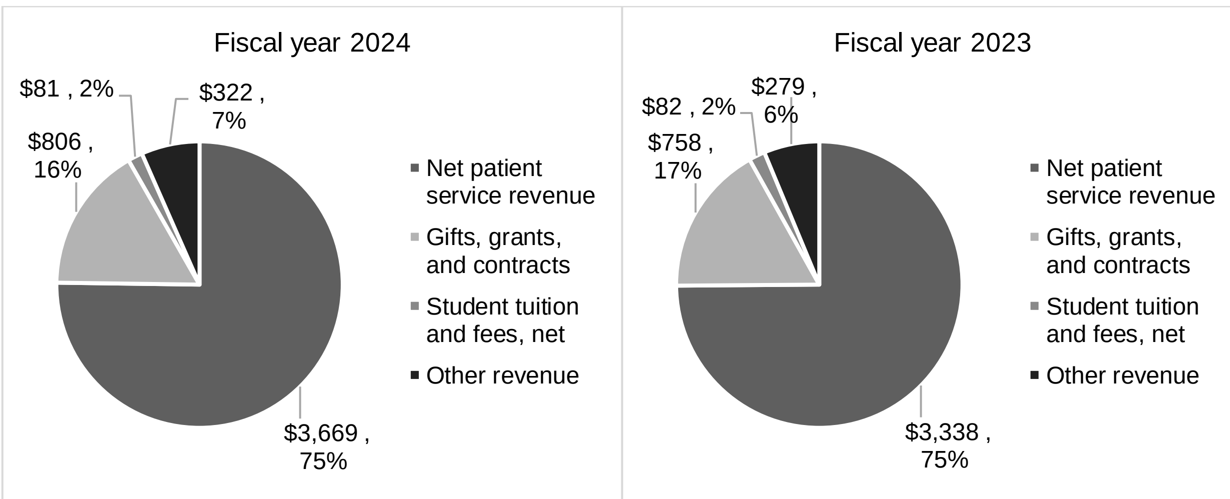
OHSU's consolidated net income before contributions for capital and other was $145 million and $124 million in fiscal year 2024 and 2023, respectively. This followed by a loss of $(176) million in fiscal year 2022.

Revenues Supporting Core Activities

OHSU's operating revenues for fiscal year 2024 total $4.9 billion, an increase of 9.4% from fiscal year 2023 at $4.5 billion. The increase was driven by patient service revenue, grants, gifts and contracts, and pharmaceutical services.

OREGON HEALTH & SCIENCE UNIVERSITY
(A Component Unit of the State of Oregon)
Management Discussion and Analysis (Unaudited)
June 30, 2024 and 2023
(Dollars in thousands)

Operating Revenue by Source
Fiscal years 2024 and 2023
(Dollars in millions)



Increases in patient service revenue reflected a 5.7% increase in patient activity when measured by case mix index and outpatient-adjusted admissions. All-payer case mix index remains strong at 2.51.

Grants, gifts, and contracts recorded in fiscal year 2024 were $806 million, compared to $758 million in fiscal year 2023. The University continues to report consistent growth in federal government and industry grants, an indicator of the success of OHSU's research and other programs, along with steady increases in medical contracts over the last two fiscal years, reflecting partnerships that extend OHSU programs across the region.

Gifts are recorded at the OHSU Foundation when pledged, and at the University when transferred from the Foundation and applied to program expenditures. The receipt of large gifts pledged in one year, received in cash over time, then spent during subsequent periods, results in significant fluctuation in the gift component of

OHSU revenues on a combined basis. Gifts from the Foundation continue to provide critical funding to faculty, programs, and academic initiatives.

		Fiscal year ended June 30		
		2024	**2023**	**2022**
			(Dollars in thousands)	
University grants and contracts, direct portion	$	636,169	593,799	576,415
University grants and contracts, indirect cost recovery		128,133	122,431	113,001
Foundation gifts, net of eliminations, transferred to the University		41,262	42,150	92,873
Total gifts, grants, and contracts	$	805,564	758,380	782,289

Student tuition and fees were $81 million and $82 million in fiscal years 2024 and 2023, respectively. Fiscal year 2024 marks the eleventh year of the OHSU Tuition Promise. Under this initiative, students enrolled in eligible clinical degree programs pay a tuition rate that is fixed for the remainder of their studies, if they complete the degree within the normal timeframe specified by the program.

Sales, service and other revenue increased in fiscal year 2024 by $43 million, or 15.3%, from fiscal year 2023 in part from increases in outpatient pharmacy services. OHSU provides pharmaceutical treatment to patients through normal retail sales, as well as more advanced care where patients can obtain specialty drugs delivered to their homes for complex conditions such as autoimmune diseases and organ transplants.

Reported in nonoperating revenues (expenses), fiscal year 2024 and 2023 investment income and fair value of investments was a gain of $267 and $119 million, respectively, primarily due to strong investment returns.

State appropriations, reported in other nonoperating revenues (expenses), totaled $73 million in fiscal year 2024 and $63 million in 2023. State appropriations support education in the Schools of Nursing, Dentistry, and Medicine, as well as operations of the Child Development and Rehabilitation Center, the Office of Rural Health, and the Poison Center.

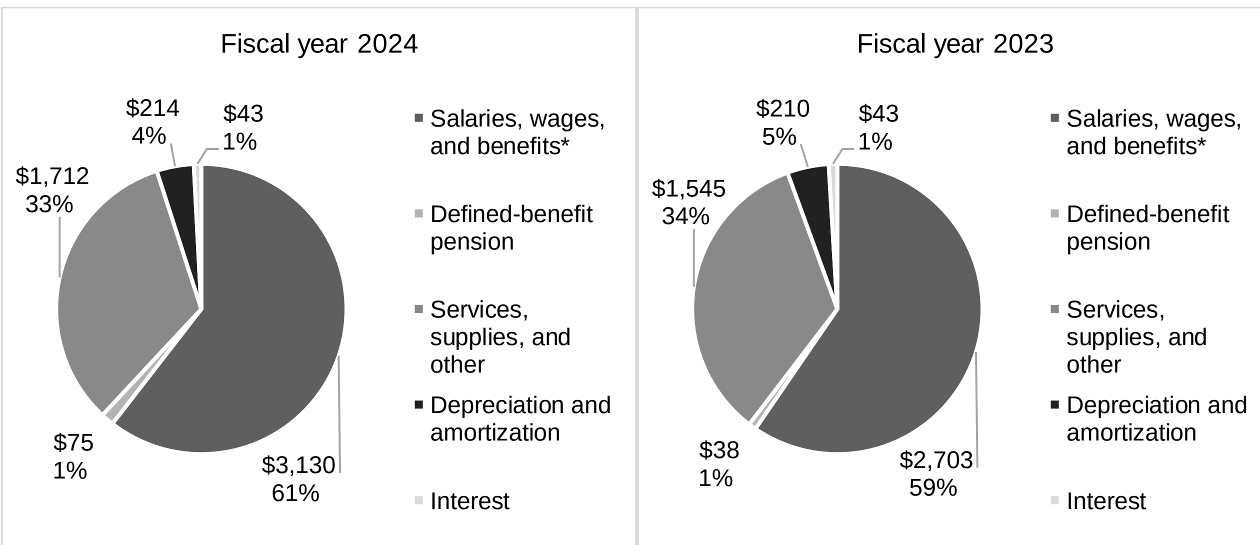
OHSU's financials reflect $104 million and $23 million of FEMA Public Assistance Program funds in fiscal years 2024 and 2023, respectively. Fiscal year 2022 reflects $43 million of grants for COVID-19 relief, primarily funded by the CARES Act.

Expenses Associated with Core Activities

OHSU's total operating expenses on a combined basis increased by $635 million or 14% in fiscal year 2024 to $5.2 billion from $4.5 billion in fiscal year 2023. In fiscal year 2024, expense growth is related to salaries, wages, and benefits, services, supplies and other, and by the defined-benefit pension expense.

Operating Expenses
Fiscal years 2024 and 2023

(Dollars in millions)



* Salaries, wages, and benefits figures include OHSU's proportionate share of the Oregon PERS's net pension expense of $75 million and $38 million in fiscal years 2024 and 2023, respectively.

Salaries, wages, and benefits (excluding the impact of defined-benefit pension expense) comprised approximately 61% of total expenses, increasing by $428 million, or 16%, in 2024 and $247 million, or 10%, in 2023, respectively. In fiscal year 2024, expenses included various incentives, higher pay rates due to recently ratified contracts for nurses and house officers, and the effects of higher staffing levels due to the new Oregon hospital staffing law, and $18 million of severance and other expense related to reductions in force.

In fiscal year 2024, the PERS defined-benefit pension expense increased by $37 million, or 98%, from fiscal year 2023 due to cumulative 2023 and 2022 asset returns less than assumed, generating actuarial investment losses.

Services, supplies, and other expenses increased $167 million or 11% in fiscal year 2024 and $202 million or 15% in fiscal year 2023, representing the nonlabor costs associated with program growth, spending on pharmaceuticals and medical supplies, and general inflationary pressures impacting all healthcare environments.

Fiscal years 2024 and 2023 also included integrated clinical operations support for Adventist Health Portland at $16 million and $11 million, respectively, an affiliate since January 2018, and Tuality (Hillsboro Medical Center) at $8 million and $23 million, respectively, a partner since February 2016.

Depreciation and amortization represent the reduction in value of capital assets with the passage of time. In fiscal year 2024, depreciation and amortization increased by $4 million, or 1.6%, reflecting a slight reduction from prior periods due to capital investment in projects still in process and not yet depreciating, this compared to an increase of $10 million, or 4.9%, in 2023.

Interest expense increased 0.2% to $42.9 million in fiscal year 2024 from $42.8 million in fiscal year 2023. OHSU did not issue bonds in fiscal year 2024. The amount of bonds outstanding decreased due to scheduled amortization of principal, thus leading to a decrease in interest expense on bonds. However, this decrease was offset by the increase in interest expense from leases. The liability balance for long-term leases, including current portion, has increased by 5.1% since prior fiscal year.

Operating Expenses by Functional Classification

(Dollars in thousands)

		2024	2023	2022
Instruction, research, and public service	$	700,425	645,399	589,163
Clinical activity		3,511,407	3,054,744	2,710,980
Auxiliary activities		5,454	3,157	2,976
Internal service centers		18,381	16,805	15,420
Student services		28,937	28,394	26,325
Academic support		144,822	103,838	93,247
Institutional support		286,747	298,559	295,856
Operations, maintenance, and other		207,108	140,931	127,443
Direct foundation expenditures		44,055	52,712	37,377
Depreciation and amortization		213,898	210,435	200,611
Defined pension expense (benefit), net of contribution		12,972	(15,614)	(31,968)
Total operating expenses	$	5,174,206	4,539,360	4,067,430

Financial Position

The statements of net position present the assets and liabilities, deferred inflows of resources and deferred outflows of resources, and net position of OHSU as of a point in time. Net position, the difference between total assets and deferred outflows as compared to total liabilities and deferred inflows, presents the financial position at the end of the fiscal year and is one of the broadest measures of the financial condition of OHSU, while the change in net position is an indication of whether the overall financial condition has improved or worsened during the year.

The following table summarizes OHSU's statements of net position for the past two years by major category of assets, liabilities, deferred inflows and outflows, and net position as of June 30, 2024 and 2023.

Condensed Statements of Net Position

(Dollars in thousands)

		2024	2023
Assets:			
Current assets	$	1,380,761	1,312,404
Capital assets		2,426,176	2,231,880
Other noncurrent assets		3,128,351	3,192,144
Total assets		6,935,288	6,736,428
Deferred outflows		194,460	185,518
Total assets and deferred outflows	$	7,129,748	6,921,946
Liabilities:			
Current liabilities	$	716,698	637,202
Noncurrent liabilities		1,924,612	1,843,161
Total liabilities		2,641,310	2,480,363
Deferred inflows		210,160	344,621
Net position:			
Net investment in capital assets		1,219,614	1,215,606
Restricted, expendable		599,596	643,863
Restricted, nonexpendable		369,145	340,236
Unrestricted		2,089,923	1,897,257
Total net position		4,278,278	4,096,962
Total liabilities, deferred outflows, and net position – end of year	$	7,129,748	6,921,946

Assets

The largest components of OHSU's assets are cash and investments and capital assets, or physical plant.

Cash and Investments. During fiscal year 2024, OHSU's unrestricted and restricted cash and investments increased from $3.1 billion to $3.2 billion attributable to operating and investment performance and Foundation activity. Policies set by OHSU and the Foundations dictate how investments are allocated and what risk profiles are assumed. Working capital is primarily invested in short duration, liquid fixed-income assets. Long-term investment strategy, including the investment of endowment funds and the associated spending distribution policy at the OHSU Foundation, is equity oriented, aiming to maximize total return, promote diversification, preserve capital, and provide for cash flow needs of the University.

Consolidated Asset Allocation of
Unrestricted and Restricted Cash and Investments

(Dollars in thousands)

		2024	2023	2022
Unrestricted cash and investments:				
Cash and cash equivalents	$	212,654	230,519	268,173
Fixed income		611,855	663,379	780,465
Public Equity		817,176	639,976	447,096
Private Equity, Marketable Alt., and Other		582,217	543,344	523,927
Subtotal		2,223,902	2,077,218	2,019,661
Restricted cash and investments:				
Cash and cash equivalents		32,054	23,934	29,366
Fixed income		174,693	202,660	182,365
Public Equity		240,799	220,983	206,193
Private Equity, Marketable Alt., and Other		529,765	536,150	532,867
Subtotal		977,311	983,727	950,791
Total	$	3,201,213	3,060,945	2,970,452

The unrestricted portion of cash and investments is represented in the calculation of days cash on hand for OHSU. Days cash on hand decreased from 185 days in 2023 to 170 days in 2024, the effect of a 6.9%

increase in unrestricted operating cash and investments compared to a 15.9% increase in net unrestricted operating expenses.

Days Unrestricted Cash and Investments on Hand

June 30, 2024 and 2023

(Dollars in thousands)

		2024	2023
OHSU without OHSU Foundation:			
Unrestricted cash and investments	$	1,497,752	1,372,178
Less nonoperating cash and investments		(113,890)	(102,554)
Operating cash and investments	$	1,383,862	1,269,624
Unrestricted operating expenses:			
Total operating expenses	$	4,707,893	4,078,657
Less depreciation and amortization		(212,752)	(209,179)
Net unrestricted operating expenses	$	4,495,141	3,869,478
Daily expense	$	12,315	10,601
Days cash on hand		112	120
OHSU plus OHSU Foundation:			
Unrestricted cash and investments	$	2,223,902	2,077,218
Less nonoperating cash and investments		(113,890)	(102,554)
Operating cash and investments	$	2,110,012	1,974,664
Unrestricted operating expenses:			
Total operating expenses	$	4,736,431	4,113,683
Less depreciation and amortization		(213,898)	(210,435)
Net unrestricted operating expenses	$	4,522,533	3,903,248
Daily expense	$	12,391	10,694
Days cash on hand		170	185

The following table presents the days unrestricted cash on hand for OHSU as of fiscal years ended June 30, 2024 and 2023, calculated with the removal of pension adjustments due to the adoption of GASB 68.

Days Unrestricted Cash and Investments on Hand Pre-GASB 68 Adjustment

(Dollars in thousands)

		2024	2023
OHSU plus OHSU Foundation:			
Operating cash and investments	$	2,110,012	1,974,664
Net unrestricted operating expenses	$	4,522,533	3,903,248
Pension adjustment GASB 68 (1)		(12,972)	15,614
Adjusted net unrestricted operating expenses	$	4,509,561	3,918,862
Daily expense	$	12,355	10,737
Days cash on hand (pre-GASB 68) (1)		171	184

(1) OHSU's proportionate share of the Oregon PERS's adjustment resulted in a net operating loss of ($12,972) and net operating gain of $15,614 for fiscal years 2024 and 2023, respectively. Removing the pension adjustment results in days cash on hand of 171 and 184 on a pre-GASB 68 basis for fiscal years 2024 and 2023, respectively.

Capital Assets. Capital investments in patient care, research, education, and outreach are scaled and paced to available funding from operating earnings and philanthropy. Capital assets, net of accumulated depreciation, increased by $194 million and $51 million, respectively, during fiscal years 2024 and 2023. In fiscal year 2024, capital expenditures included the continued construction of the OHSU Hospital Expansion Project along with capital for replacement, infrastructure, right-of-use assets, and new capacities. Lease and subscription-based information technology assets, net of accumulated depreciation, of $113 million and $105 million, during fiscal years 2024 and 2023, respectively, are recorded with capital assets.

Liabilities

Total liabilities increased by $161 million, or 6.5%, in fiscal year 2024 and $58 million, or 2.4%, in fiscal year 2023. In fiscal year 2024, increases in current and noncurrent liabilities were primarily related to salaries, wages and benefits, payable and accrued expenses and the pension liability.

Current liabilities consist of the current portion of long-term debt, long-term leases and self-funded insurance, accounts payable and accrued expenses, salaries, wages, and benefits, and unearned revenue. In fiscal year 2024, current liabilities reflected an increase of $79 million due to primarily to accounts payable and accrued expenses, accrued salaries, wages and benefits, and compensated absences payable, inclusive of the $18 million of severance and related expenses due to reductions in force.

Noncurrent liabilities consist of the long-term portion less the current portion of debt, leases, and self-funded insurance, life income agreements, and pension liability. Noncurrent liabilities increased $81 million or 4.4% in fiscal year 2024 due to an increase in the pension liability of $116 million, offset by a reduction in long-term debt and other noncurrent liabilities.

Debt Management. At the close of fiscal years 2024, OHSU had approximately $1,250 million in long-term debt and $97 million in long-term leases, for a total of $1,347 million outstanding. In the previous fiscal year 2023, OHSU had approximately $1,288 million in long-term debt and $93 million in long-term leases, for a total of $1,381 million outstanding. Of the total $1,347 million in long-term debt and long-term leases outstanding at the end of 2024, $1,310 million is considered noncurrent and $37 million is considered current and due within one year. OHSU continues to maintain its Standard & Poor's and Fitch ratings of AA-and Moody's rating of Aa3 for its rated bonds.

One measure of the degree of leverage on the University's statements of net position is the ratio of total long-term debt and leases to net position, shown below. Leverage, according to this metric, decreased from 0.34 in 2023 to 0.31 in 2024.

		2024	2023
		(Dollars in millions)	
Total long-term debt and leases	$	1,347	1,381
Net position		4,278	4,097
Total long-term debt and leases to net position	$	0.31	0.34

Annual Debt Service Coverage. The annual debt service coverage ratio for an entity represents the amount of cash flow available to meet the annual principal and interest payment on debt. Per bond covenants, OHSU's Credit Group must maintain an annual debt service coverage ratio of 1.10 times or greater in accordance with its Master Trust Indenture. OHSU's direct placement bonds have similar annual debt service coverage ratio requirements that must meet or exceed 1.0 or 1.10. The University continues to exceed these minimum requirements with ratios of 2.43 in fiscal year 2024, and 3.51 in fiscal year 2023.

Calculation of Annual Debt Service Coverage Ratio – Unrestricted

(Dollars in thousands)

		2024	2023
Total excess of revenues over expenses, before contributions for capital and other	$	145,356	123,618
Add/subtract restricted net loss/gain		32,153	68,808
Unrestricted excess of revenues over expenses		177,509	192,426

Calculation of Annual Debt Service Coverage Ratio – Unrestricted

(Dollars in thousands)

		2024	2023
Adjustments:			
Depreciation and amortization	$	213,898	210,435
Interest expense		42,873	42,798
Net unrealized (gain) loss in fair value of investments		(167,472)	(76,777)
Loss on termination of swap agreement		—	2,766
Loss on disposal of assets		3,526	(6)
		92,825	179,216
Income available for debt service	$	270,334	371,642
Annual debt service [1]	$	111,406	105,789
Annual debt service coverage		2.43	3.51

[1] "Annual debt service" is the aggregate amount of principal and interest scheduled to become due and payable on long-term debt and long-term leases during the fiscal year.

The following table presents the annual debt service coverage ratio for fiscal years 2024 and 2023, calculated with the removal of pension adjustments due to the adoption of GASB 68.

Calculation of Annual Debt Service Coverage Ratio – Unrestricted
Pre-GASB 68 Adjustment

(Dollars in thousands)

		2024	2023
Income available for debt service	$	270,334	371,642
Pension adjustment GASB 68		12,972	(15,614)
Adjusted income available for debt service	$	283,306	356,028
Annual debt service	$	111,406	105,789
Annual debt service coverage (pre-GASB 68)[2]		2.54	3.37

[2] OHSU's proportionate share of Oregon PERS's adjustment resulted in a net operating loss of $(12,972) and operating gain of $15,614 for fiscal years 2024 and 2023, respectively. Removing the pension adjustment results in an annual debt service coverage ratio of 2.54 and 3.37 on a pre-GASB 68 basis for fiscal years 2024 and 2023, respectively.

Deferred Inflows and Outflows

Under GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, certain deferred outflows are presented below assets and certain deferred inflows are presented below liabilities.

Deferred outflow of resources on the statements of net position represents the consumption of net assets attributable to a future period and are primarily associated with OHSU's obligations for the PERS defined pension plan, other postemployment benefits and debt.

In fiscal year 2024, deferred outflows are $194 million, an increase of $9 million, primarily due to assumption changes associated with the PERS defined pension obligation. Contributions made post measurement date are also reflected in deferred outflows. In fiscal year 2024, OHSU's contributions to the pension plan were $62 million. In fiscal year 2023, OHSU's contributions were $64 million, which included an additional $10 million in excess contribution above the contractually required $54 million.

Losses and gains on refunding of debt are amortized over the shorter of the life of the new debt or the remaining life of the old debt or the mandatory tender date, when applicable. Absent any refunding activity, these numbers will slowly decline. OHSU has both deferred gains and losses. The deferred loss on refunding of debt of $21.6 million in 2024 and $25.4 million in 2023 is reported in the deferred outflows section below assets. The deferred gain on refunding of debt of $0.6 million in 2024 and $0.8 million in 2023 is reported in the deferred inflows section below liabilities.

Deferred inflow of resources on the statements of net position represents the acquisition of net assets attributable to a future period and are associated with OHSU's obligations for the PERS defined pension plan, other postemployment benefits, pending funds, and life income agreements.

In fiscal year 2024, deferred inflows are $210 million, a decrease of $134 million, primarily due to the change in defined pension obligation and pending funds. Deferred inflows related to pension activities for fiscal years 2024 and 2023 were $48 million and $141 million, respectively, representing differences between projected and actual earnings on investments and changes in OHSU's proportionate share. The remaining reduction in deferred inflows of $43 million related to the pending funds. As background, the Foundation established a pending fund to record a deposit received in 2015. Per agreement with the donors, the pending fund may only be used to either satisfy existing pledge obligations with the Foundation or to make a new gift in support of OHSU, when designated by the donors. The Foundation held $121 million and $164 million recorded as fiduciary funds for the benefit of OHSU, in the pending fund at June 30, 2024 and 2023, respectively. During fiscal year 2024 the donor applied a $54 million withdrawal from pending fund to an existing pledge commitment.

Net Position

As mentioned previously, total net position increased by $181 million and $149 million, in fiscal years 2024 and 2023 respectively. In fiscal year 2024, the increase in net position occurred within net investments in capital assets and unrestricted. Unrestricted net position, which is 49% of OHSU's total net position, increased by $193 million in 2024 due to strong investment returns and federal relief for COVID-19. The increase in fiscal year 2023 was primarily due to positive operating income, strong investment returns and federal relief for

COVID-19. Restricted net position, which is 23% of OHSU's total net position, decreased by $15 million in 2024 primarily driven by programmatic spending on research and academic programs.

When evaluating OHSU's net position, it is important to note that OHSU's Marquam Hill property is leased from the State for renewable 99-year periods, at a lease payment equal to the debt service on bonds outstanding at the time of OHSU's separation from the Oregon University System. As that debt service is relatively low, the capitalized net present value of those lease payments is significantly less than the fair value of the included land and buildings.

OHSU Missions

OHSU's strategic plan, called OHSU 2025, is built around OHSU's vision: "OHSU will partner to make Oregon a national leader in health and science innovation for the purpose of improving the health and well-being of all Oregonians and beyond."

Six goals – timeless aspirations – form the basis of the plan:

1. Building a diverse, equitable environment where all can thrive and excel.
2. Being the destination for transformational learning.
3. Enhancing health and healthcare in every community.
4. Discovering and innovating to advance science and optimize health worldwide.
5. Partnering with communities for a better world.
6. Ensuring a sustainable foundational infrastructure.

These goals span OHSU's missions, supported by objectives that are focused on identifying new ways to understand disease, treat illness, and train the next generation of scientists and health professionals. They begin with OHSU's commitment to listen to what communities – across Oregon and beyond – need from OHSU, and end with our commitment to the people who will respond to those needs and make this work a reality.

OHSU 2025 reflects not only the breadth and complexity of the state's only academic health center but also the challenges in health and science that OHSU must address. The plan was developed from the ground up with more than 5,000 OHSU members contributing, providing input on OHSU's future picture, shaping the plan's goals, and developing detail around its objectives and tactics.

The following sections highlight achievements for each of the missions.

OHSU Education

A foundation of OHSU's mission is the education and training of dentists, nurses, physicians, physician assistants, other health professionals, and biomedical scientists, through a broad range of undergraduate and graduate programs that provide healthcare and biomedical workforce for Oregon and beyond. Educational programs are conducted on the OHSU campus in Portland, online, and at various locations throughout the State. Collaborative programs enable OHSU to offer a joint Doctor of Pharmacy degree through an affiliation with Oregon State University (OSU). In addition, in partnership with Oregon Institute of Technology (OIT), OHSU offers a joint BS degree in Medical Laboratory Science, a joint BS degree in Emergency Medical Services Management, a joint Associate of Applied Science degree in Emergency Medical Technology–Paramedic as well as a joint Doctor of Physical Therapy. OHSU also offers a joint Master of Business Administration in Health Care Management with Portland State University (PSU) and has also established a joint School of Public Health with PSU comprising several undergraduate and graduate programs including Bachelor degrees, Graduate Certificates, Master of Science, Master of Public Health, and PhD programs.

(Dollars in thousands)

As of the fall 2023 term, OHSU had 2877 students enrolled in its various programs (excluding students enrolled in the joint Pharm.D. degree program with OSU, the joint degree programs with OIT and the School of Public Health joint degree students registered by PSU). The following table sets forth the number of students enrolled in OHSU's programs for each of the past three academic years.

Fall Headcount Enrollment [a]
For Programs in the Years Indicated

	2023/2024	2022/2023	2021/2022
School of Dentistry:			
Graduate	$ 27	28	28
Professional	285	286	288
Subtotal	312	314	316
School of Medicine:			
Undergraduate	19	18	18
Graduate	676	666	706
Professional	549	572	597
Subtotal	1,244	1,256	1,321
School of Nursing:			
Undergraduate	769	734	765
Graduate	70	51	59
Professional	221	224	227
Subtotal	1,060	1,009	1,051

(Dollars in thousands)

Fall Headcount Enrollment [(a)]
For Programs in the Years Indicated

		2023/2024	2022/2023	2021/2022
School of Public Health:				
Graduate	$	261	291	296
Total	$	2,877	2,870	2,984

(a) This table excludes interns, residents, and trainees. This table also excludes students enrolled in the joint Pharm.D. degree program with OSU, the joint programs with OIT and the School of Public Health joint degree students registered by PSU.

OHSU Research

OHSU is a national leader in many fields of research, including neuroscience; cancer research; hearing; microbiology; ophthalmology; infectious diseases and immunology; reproductive biology; atomic, molecular, cellular, and tissue imaging; and evidence-based medicine. In the state of Oregon, OHSU research projects received 73% of the grants made by the National Institutes of Health (NIH), with the next largest recipient in Oregon receiving 10%. In fiscal year 2024, OHSU was ranked 34th out of the 2,189 entities that received funding from the NIH. Faculty members include 5 members of the National Academy of Sciences and 10 members of the National Academy of Medicine as well as a Howard Hughes Medical Institute investigator. Researchers at OHSU have developed many of the leading advances in medicine, including the first artificial heart valve, the first percutaneous angioplasty procedure, the first molecularly targeted cancer therapy (Gleevec®), and pioneering use of optical coherence tomography.

OHSU's many institutes are nationally and internationally recognized, including the Knight Cancer Institute, the only National Cancer Institute designated Comprehensive Cancer Center in Oregon; the Vollum Institute, privately endowed and dedicated to basic science research that has led to new treatments for neurological and psychiatric diseases; and the Casey Eye Institute, a world-recognized academic regional eye center that attracts top specialists from around the globe. OHSU's Pacific Northwest Cryo-EM Center is one of three NIH-designated national centers, providing technology and training for an imaging technique that is revolutionizing structural biology. OHSU's West Campus is home to the Vaccine and Gene Therapy Institute, which focuses on serious viral disease threats and programs intended to span the continuum between basic and clinical science, where discoveries are rapidly advanced from the level of molecular and cellular biology through animal models and ultimately into clinical testing, and the Oregon National Primate Research Center, one of the seven National Primate Research Centers supported by the National Institutes of Health. Their world-class translational research programs focus on current, developing, and projected high-priority human medical needs that are projected to increase in importance over the coming decades, including reproductive health, neurological sciences, metabolic health, and genetics, among others.

OHSU actively pursues private and public partnerships on important and innovative research projects to supplement federal funding, with corporate partners such as Thermo Fisher Scientific's Analytical Instrumentals Segment, a leading electronic microscopy company, and other major information technology and life sciences companies, and with academic partners such as Portland State University, Oregon State University, University of Oregon, Pacific Northwest National Laboratory, and Lawrence Berkeley National Laboratory.

Although the COVID-19 pandemic disrupted science at OHSU, as it did around the world, the institution continued to thrive in many areas and accomplished many extraordinary things. Despite the challenges, OHSU had another strong year, receiving nearly $563 million in externally sponsored awards for fiscal year 2024.

OHSU researchers made significant advances and discoveries that could have lasting impacts on the health and well-being of people across the globe. Below are a few highlights from fiscal year 2024.

A team of researchers at OHSU were awarded a landmark five-year, $16.4 million grant from the National Institute of Mental Health to develop and test data-driven approaches that can more precisely predict mental health diagnoses and outcomes in children. For over a decade, experts at the OHSU Center for Mental Health Innovation have used machine learning to develop advanced computational models that can improve clinical prediction of a variety of mental health conditions across childhood and adolescence, including ADHD, anxiety, depression and substance use disorder. After demonstrating the models' success in the lab, the grant takes the work of OHSU scientists to the next level by allowing the team to transition its research algorithms to a clinical setting and determine the real-world effects they may have on clinical decisions and mental health outcomes.

New research from OHSU for the first time reveals the function of a little-understood junction between cells in the brain that could have important treatment implications for conditions ranging from multiple sclerosis to Alzheimer's disease to a type of brain cancer known as glioma. The study was published in the journal *Nature Neuroscience*. Neuroscientists focused on the junction, or synapse, connecting neurons to a non-neuronal cell, known as oligodendrocyte precursor cells, or OPCs. OPCs can differentiate into oligodendrocytes, which produce a sheath around nerves known as myelin. Myelin is the protective sheath covering each nerve cell's axon – the threadlike portion of a cell that transmits electrical signals between cells. The study found that these synapses play a pivotal role in producing that myelin. The fact that these synapses exist at all was the subject of a landmark discovery by OHSU researchers at the Vollum published in the journal *Nature* in May 2000. Until that point, synapses in the brain had been known only to carry neurotransmitters between neurons, so the discovery of a synapse between neurons and OPCs came as a revelation. Scientists tackled the problem by using single-cell imaging of live tissue in zebrafish, whose transparent bodies enable researchers to see the inner workings of their central nervous system in real time. Using powerful new tools in imaging, pharmacology and gene editing, researchers were able to use neuron-OPC synapses to predict the timing and location of the formation of myelin.

A team of researchers at OHSU received $2 million in grant funding from the National Institutes of Health to expand its ongoing work investigating respiratory health outcomes in children with the Environmental Influences on Child Health Outcomes program, or ECHO. ECHO aims to understand the effects of a broad range of early environmental influences on child health and development and identify opportunities to improve child health and well-being across their lifespan. The program studies the effects of environmental influences on five key areas of health: pregnancy and birth, breathing, body weight, neurodevelopment and well-being. Since joining ECHO in 2016, OHSU has focused on respiratory health. Researchers have followed 360 mother-child pairs to assess how smoke exposure has affected their lung function and respiratory health. The additional funding will allow OHSU to continue following the existing cohort of participants until they are 21 years old. Additionally, the funding will enable the addition of new pregnant participants, which will allow the study of new exposures of concern during pregnancy – such as electronic cigarettes, marijuana and the effects of climate change – as well as how outcomes are influenced by societal factors.

Another example of OHSU's pursuit of partnerships is the research and healthcare partnership with GE Healthcare. OHSU and GE HealthCare have developed a long-standing and productive collaboration spanning multiple areas to develop and implement new healthcare and research solutions. OHSU has been instrumental in helping GE HealthCare rapidly implement real-time capacity tracking capability across Oregon through OHSU's Mission Control. This tool provided critical occupancy information that enabled both large health systems and smaller rural hospitals across the state to maximize resources during the early days of the COVID pandemic. It has now transformed into the Oregon Capacity System operated by Apprise Health Insights in partnership with GE HealthCare and continues to serve as a critical capacity tool across the state. From the research perspective, the GE HealthCare collaboration also includes significant cardiovascular projects including cardiovascular imaging, interventional cardiology, and electrophysiology. These efforts are focused on improving myocardial imaging, developing new approaches in structural cardiology, and using informatics and artificial intelligence in the treatment of arrhythmias. The collaboration is also developing novel concepts to improve how innovative cardiac procedures are taught and performed.

OHSU Healthcare

OHSU is home to Oregon's only major academic health center, which serves a multistate area with tertiary and quaternary healthcare services from its campus in Portland, Oregon, where it operates two hospitals, OHSU Hospital and OHSU Doernbecher Children's Hospital (OHSU Hospital or the Hospital), with 576 licensed beds. During 2024, the OHSU Hospital represented 7.8% of the available beds and 11.2% of the filled beds for the entire State. The OHSU Hospital had an 88% occupancy rate for available beds in 2024, compared to the Oregon statewide average of 61% according to the Oregon Association of Hospitals and Health Systems' Oregon DataBank. As an academic health center, OHSU's professional staff is composed primarily of the faculty of OHSU's School of Medicine. The OHSU Practice Plan (OPP) is the largest organized clinical practice in Oregon. As of June 30, 2024, there were over 1,860 active faculty practice plan members, including physicians, nurse practitioners, physician assistants, and other licensed independent practitioners from across all medical specialties.

(Dollars in thousands)

OHSU Patient Activity		Fiscal year ended June 30 2024	2023	2022	Variance 2024 v 2023	2023 v 2022
Inpatient admissions	$	27,713	27,446	26,327	1.0 %	4.3 %
Average length of stay		7.03	7.02	6.76	0.1	3.9
Average daily census		493	487	464	1.2	5.1
Day/observation patients		48,538	45,954	41,595	5.6	10.5
Emergency visits		56,441	54,748	50,268	3.1	8.9
Ambulatory visits		1,210,547	1,139,073	1,102,857	6.3	3.3
Surgical cases		37,150	35,257	32,273	5.4	9.2
Casemix index		2.51	2.52	2.48	(0.4)	1.8
Outpatient share of activity		58.3 %	56.2 %	57.2 %	3.7	(1.8)
CMI/OP adjusted admissions		166,861	157,853	152,389	5.7	3.6

In addition to its tertiary care focus in Portland, OHSU is working with other healthcare providers noted below to leverage expertise and resources throughout Oregon.

Adventist Health. Adventist Health Portland and OHSU finalized an agreement to integrate their clinical activities and services in the Portland metropolitan area through an affiliation effective January 1, 2018. This agreement makes OHSU and Adventist Health Portland part of the same Portland metropolitan health system, bringing together Adventist's healthcare enterprise that includes a 302-licensed bed medical center, 27 medical clinics, and home care and hospice services in the Portland-Vancouver metro area. Under this affiliation, OHSU and Adventist Health will share a bottom line and operate as a unified system. The agreement does not include OHSU's research and education missions. The other 20 Adventist Health hospitals in the western United States are also excluded from the agreement. Each organization will retain its existing hospital licenses, capital assets, and employees. Each entity will continue to maintain its own mission and culture but together will seek to transform access and the delivery of health to Oregonians through a unified clinical enterprise and shared brand experience.

Tuality Healthcare. On February 1, 2016, OHSU affiliated with Tuality through the execution of a management agreement (the Tuality Agreement) between the organizations. Tuality owns and operates Tuality Community Hospital, a 215-licensed-bed acute care hospital located in Hillsboro, Oregon. Under the Tuality Agreement, OHSU agrees to oversee the unified and integrated clinical enterprises of OHSU and Tuality as a single, integrated economic unit. OHSU and Tuality remain as separate entities, own their own assets and continue to be the licensed operators of their own facilities. Under the Tuality Agreement, OHSU agrees to be responsible for Tuality's operating income and loss, including making cash payments to Tuality in an amount equal to any Tuality operating loss, in the manner specified in the Tuality Agreement. Tuality is a component unit of OHSU as OHSU approves Tuality's annual operating budget. Since Tuality has a separate board of directors and they do not provide services exclusively to OHSU, they are presented as a discretely presented component unit of OHSU. In November 2019, Tuality adopted a new public-facing name, Hillsboro Medical Center.

(Dollars in thousands)

Columbia Memorial Hospital. OHSU and Columbia Memorial Hospital (CMH) in Astoria, Oregon, have collaborated on programs, including cardiology and cancer, offering chemotherapy, imaging, pharmacy, and other services for individuals on the North Oregon Coast. OHSU and CMH jointly organize and operate an Oncology Collaboration, including a 19,600-square-foot comprehensive cancer treatment center and specialty clinic, with radiation therapy. CMH owns and operates the cancer treatment center, opened in October 2017, under its license while OHSU has provided the professional services and medical direction through OHSU-employed physicians.

OHSU Foundation

OHSU has one designated independent nonprofit foundation – the Oregon Health & Science University Foundation (OHSU Foundation, the Foundation). The Foundation exists to secure private philanthropic support to advance OHSU's vital missions and to invest and manage gifts responsibly to honor donors' wishes.

The Foundation is an Oregon nonprofit corporation promoting the charitable, scientific, and educational purposes of OHSU. The Foundation is a component unit of OHSU for financial reporting purposes but is not part of the OHSU Obligated Group established pursuant to the Master Indenture, which currently consists solely of OHSU. The Foundation has a self-perpetuating board of trustees, on which the OHSU president sits as an ex officio voting member. OHSU Foundation is tax-exempt under Section 501(c)(3) of the Internal Revenue Code.

As OHSU's designated foundation, all development activities conducted by the Foundation must be coordinated with OHSU. In accepting gifts, the Foundation must obtain OHSU approval for all endowments and any gifts that result in new programs. In addition, if the Foundation was dissolved or if the OHSU president were to revoke recognition of the Foundation as an OHSU-designated foundation, the assets of such foundation would, within the limits of legal and fiduciary rights, be distributed to OHSU, its successor in interest, or to another entity recognized by OHSU as an institutional foundation. These interrelated functions and requirements have been further confirmed and implemented in the articles and bylaws of the Foundation. The table below identifies major gifts, which are reported as required under the Council for Advancement and Support of Education (CASE) Reporting Standards and Management Guidelines, which may differ from recognition rules under governmental accounting standards.

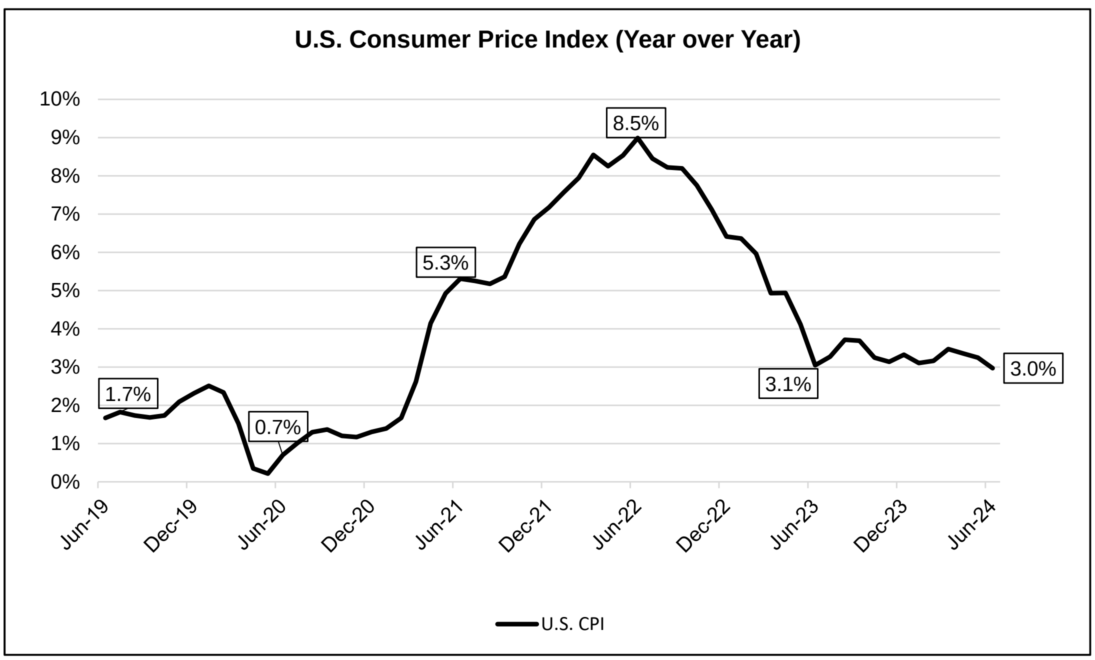
Amount	OHSU major gifts description	Fiscal year
$10.3 million	Center for Pancreatic Health gift	2021–22
$14.2 million	HIV and TB vaccine using CMV platform grant	2020–21
$10 million	OHSU-UO Center for Biomedical Data Science gift	2019–20
$25 million	OHSU and Doernbecher Children's Hospital gift	2017–18
$14.7 million	SMMART Trials grant	2017–18
$15 million	Center for Pancreatic Health gift	2016–17
$15 million	Casey Eye Institute gift	2015–16
$12 million	Gary and Christine Rood Family Pavilion gift	2015–16

(Dollars in thousands)

Amount	OHSU major gifts description	Fiscal year
$500 million	Knight Cancer Institute gift	2014–15
$100 million	Knight Cancer Institute gift	2014–15
$38.8 million	Vaccine and Gene Therapy Institute, Oregon National Primate Research Center, and Behavioral Neuroscience grant	2014–15
$28.9 million	Knight Cancer Institute and OHSU Parkinson Center gift	2013–14
$25 million	Center for Pancreatic Health gift	2013–14
$10 million	Knight Cancer Institute gift	2013–14
$125 million	Gift to create a Cardiovascular Institute at OHSU	2012–13
$25 million	Bob and Charlee Moore Institute for Nutrition gift	2011–12
$10 million	New School of Dentistry gift	2010–11
$100 million	Knight Cancer Institute gift	2008–09

Economic Outlook

In fiscal year 2024, global economies saw continued, though volatile, disinflation with modest economic growth. The U.S. economy and capital markets exhibited greater strength even in the face of historically high federal funds rates (5.25-5.50% target range) through fiscal year-end. The U.S. economy grew at 3.1% year-over-year and unemployment rates remained low at 4.1%. Inflation continued to moderate with year-over-year increases in U.S. CPI of 3.0% at the end of fiscal year 2024. The deceleration of the growth of inflation from its highs experienced in the post-Covid economic environment continues to be a positive dynamic.



In financial markets, U.S. equities performed best returning approximately 24% as represented by the S&P 500, versus approximately 11% for international equities as represented by the MSCI EAFE index. In fixed income assets, moderating inflation, volatility surrounding federal reserve policy experienced throughout the year and modestly higher yields drove muted returns across geography and sector.

Cost pressures from wages, pharmacy and medical supply costs continue to put downward pressure on the finances of healthcare providers. Government regulators are grappling with this difficult operating environment together with a trend to consolidation in the healthcare sector across both providers and payers.

Results over the past several fiscal years show that OHSU’s financial position continues to improve in spite of significant operating environment difficulties, with net position increasing from $3.6 billion at June 30, 2019 to $4.3 billion for the 5-year period ending June 30, 2024. OHSU’s financial strength is further recognized by its current credit ratings of Aa3 / AA- / AA- by Moody’s, S&P and Fitch respectively.

The University’s financial planning and budget process takes a proactive planning approach to the evolving healthcare and economic environment, monitoring and adjusting as is necessary. Despite these challenges, OHSU continues to focus on supporting its people, building community engagement and health equity, improving access and growing strategically, advancing OHSU’s missions that make it unique in Oregon, and building for the future.

OREGON HEALTH & SCIENCE UNIVERSITY

(A Component Unit of the State of Oregon)

Statements of Net Position

June 30, 2024 and 2023

(Dollars in thousands)

		2024	2023
Assets:			
Current assets:			
Cash and cash equivalents	$	211,267	236,630
Short-term investments		22,191	22,040
Current portion of funds held by trustee		30,835	30,423
Patients accounts receivable, net of bad debt allowances of $1,633 and $755 – in 2024 and 2023, respectively		677,136	626,072
Student receivables		27,237	24,035
Grant and contract receivables		90,289	82,924
Current portion of pledges and estates receivable		137,777	115,949
Other receivables, net		76,886	69,491
Inventories, at cost		70,182	66,692
Prepaid expenses		36,961	38,148
Total current assets		1,380,761	1,312,404
Noncurrent assets:			
Capital assets, net of accumulated depreciation		2,426,176	2,231,880
Funds held by trustee – less current portion		110,829	235,624
Other long-term receivables, net of reserves		8,500	33,500
Long-term investments:			
Long-term investments, restricted		964,545	970,401
Long-term investments, unrestricted		2,003,210	1,831,874
Total long-term investments		2,967,755	2,802,275
Prepaid financing costs, net		876	1,065
Pledges and estates receivable, net – less current portion		28,243	106,197
Restricted postemployment benefit asset		10,576	11,743
Other noncurrent assets		1,572	1,740
Total noncurrent assets		5,554,527	5,424,024
Total assets		6,935,288	6,736,428
Deferred outflows:			
Loss on refunding of debt		21,588	25,395
Pension obligation		166,465	153,221
Goodwill		87	174
Other postemployment benefits (OPEB) obligation		6,320	6,728
Total deferred outflows		194,460	185,518
Total assets and deferred outflows	$	7,129,748	6,921,946

(Continued)

OREGON HEALTH & SCIENCE UNIVERSITY

(A Component Unit of the State of Oregon)

Statements of Net Position

June 30, 2024 and 2023

(Dollars in thousands)

		2024	2023
Liabilities:			
Current liabilities:			
Current portion of long-term debt	$	14,400	15,463
Current portion of long-term leases		22,908	24,995
Current portion of self-funded insurance programs liability		61,167	45,397
Accounts payable and accrued expenses		228,059	219,742
Accrued salaries, wages, and benefits		158,516	120,667
Compensated absences payable		98,716	84,185
Unearned revenue		119,359	120,057
Other current liabilities		13,573	6,696
Total current liabilities		716,698	637,202
Noncurrent liabilities:			
Long-term debt – less current portion		1,235,105	1,272,736
Long-term leases – less current portion		74,575	67,766
Liability for self-funded insurance programs – less current portion		46,656	56,528
Liability for life income agreements		24,715	20,503
Pension liability		512,611	396,378
Other noncurrent liabilities		30,950	29,250
Total noncurrent liabilities		1,924,612	1,843,161
Total liabilities		2,641,310	2,480,363
Deferred inflows:			
Deferred lease revenue		1,721	822
Gain on refunding of debt		649	841
Life income agreements		31,918	29,206
Pending funds		121,451	164,306
Pension obligation		48,522	141,040
Other postemployment benefits (OPEB) amounts		5,899	8,406
Total deferred inflows		210,160	344,621
Net position:			
Investments in capital assets		1,219,614	1,215,606
Restricted, expendable		599,596	643,863
Restricted, nonexpendable		369,145	340,236
Unrestricted		2,089,923	1,897,257
Total net position		4,278,278	4,096,962
Total liabilities, deferred inflows, and net position	$	7,129,748	6,921,946

See accompanying notes to financial statements.

OREGON HEALTH & SCIENCE UNIVERSITY

(A Component Unit of the State of Oregon)

Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2024 and 2023

(Dollars in thousands)

		2024	2023
Operating revenues:			
Patient service revenue, net of bad debt adjustments of $16,901 and $11,716 – in 2024 and 2023, respectively	$	3,668,810	3,337,828
Student tuition and fees, net		81,293	81,617
Gifts, grants, and contracts		805,564	758,380
Other		322,158	279,477
Total operating revenues		4,877,825	4,457,302
Operating expenses:			
Salaries, wages, and benefits		3,130,124	2,702,614
Defined-benefit pension		75,215	37,947
Services, supplies, and other		1,712,096	1,545,566
Depreciation and amortization		213,898	210,435
Interest		42,873	42,798
Total operating expenses		5,174,206	4,539,360
Operating loss		(296,381)	(82,058)
Nonoperating revenues, including state appropriations:			
Investment income and gain in fair value of investments		267,313	119,421
State appropriations		72,886	62,690
Other		101,538	23,565
Total nonoperating revenues (expenses), net		441,737	205,676
Net income before contributions for capital and other		145,356	123,618
Other changes in net position:			
Contributions for capital and other		7,153	8,129
Nonexpendable donations		28,807	17,444
Total other changes in net position		35,960	25,573
Total increase in net position		181,316	149,191
Net position – beginning of year		4,096,962	3,947,771
Net position – end of year	$	4,278,278	4,096,962

See accompanying notes to financial statements.

OREGON HEALTH & SCIENCE UNIVERSITY
(A Component Unit of the State of Oregon)

Statements of Cash Flows

Years ended June 30, 2024 and 2023

(Dollars in thousands)

	2024	2023
Cash flows from operating activities:		
Receipts for patient services	$ 3,624,623	3,218,658
Receipts from students	78,091	81,933
Receipts of gifts, grants, and contracts	812,658	842,294
Other receipts	320,400	264,249
Payments to employees for services	(3,136,590)	(2,768,321)
Payments to suppliers	(1,706,082)	(1,519,750)
Net cash (used in) provided by operating activities	(6,900)	119,063
Cash flows from noncapital financing activities:		
Federal direct loan proceeds	67,804	66,398
Federal direct loan disbursements	(67,496)	(67,011)
State appropriations	72,886	62,690
Nonexpendable donations and life income agreements	125,873	39,361
Net cash provided by noncapital financing activities	199,067	101,438
Cash flows from capital and related financing activities:		
Scheduled principal payments on long-term debt	(62,568)	(64,508)
Interest payments on long-term debt	(58,638)	(58,299)
Acquisition of capital assets	(370,836)	(225,632)
Contributions for capital and other	7,153	8,129
Net cash used in capital and related financing activities	(484,889)	(340,310)
Cash flows from investing activities:		
Purchases of investments	(1,821,499)	(1,147,529)
Proceeds from sales and maturities of investments	2,031,290	1,148,835
Interest on investments and cash balances	57,568	92,661
Net cash provided by investing activities	267,359	93,967
Net decrease in cash and cash equivalents	(25,363)	(25,842)
Cash and cash equivalents, beginning of year	236,630	262,472
Cash and cash equivalents, end of year	$ 211,267	236,630

OREGON HEALTH & SCIENCE UNIVERSITY
(A Component Unit of the State of Oregon)

Statements of Cash Flows

Years ended June 30, 2024 and 2023

(Dollars in thousands)

		2024	2023
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	$	(296,381)	(82,058)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation and amortization		213,898	210,435
Provision for bad debts		16,901	11,716
Interest expense reported as operating expense		42,873	42,798
Noncash contribution		(4,822)	(3,895)
Defined-benefit pension		10,471	(25,614)
Net changes in assets and liabilities:			
Patient accounts receivable		(67,965)	(133,230)
Student receivables		(3,202)	316
Grant and contracts receivable		(7,673)	(680)
Pledges and estates receivable		56,126	74,325
Other receivables, assets, and deferred outflows		(1,758)	22,018
Inventories		(3,490)	(2,413)
Prepaid expenses		1,187	(3,672)
Accounts payable and accrued expenses		8,317	31,901
Accrued salaries, wages, and benefits		37,849	(6,724)
Compensated absences payable		14,531	6,050
Due to contractual agencies		6,877	2,344
Liability for life income agreements		4,212	392
Unearned revenue		(698)	27,128
Medicare advance payment		—	(37,246)
Liability for self-funded insurance programs		5,898	(1,472)
Other noncurrent liabilities and deferred inflows		(40,051)	(13,356)
Net cash (used in) provided by operating activities	$	(6,900)	119,063
Supplemental schedule of noncash capital and related financing and investing activities:			
Unrealized change in fair value of investments	$	240,105	75,896
Gain (loss) on disposal capital assets		(5,134)	6
Obligations acquired under lease agreements		42,492	35,469
Acquisition of right-of-use assets		44,358	37,701

See accompanying notes to financial statements

OREGON HEALTH & SCIENCE UNIVERSITY

Nongovernmental Discretely Presented Component Units

Consolidated Balance Sheets

June 30, 2024 and 2023

(Dollars in thousands)

Assets		2024	2023
Current assets:			
Common stocks: Mutual funds	$	20,785	8,662
Cash and cash equivalents		39,258	49,950
Short-term investments		6,457	6,906
Patient accounts receivable, net		54,800	44,537
Other receivables		9,922	10,978
Supplies inventory		5,782	5,910
Prepaid expenses and other		3,017	2,941
Current portion of assets whose use is limited		1,074	1,052
Total current assets		141,095	130,936
Assets whose use is limited:			
Board-designated funds		34,259	31,777
Donor-restricted – specific purpose		7,519	6,147
Donor-restricted – endowment		2,759	2,759
Required for current liabilities		(1,075)	(1,052)
Total assets whose use is limited		43,462	39,631
Property and equipment:			
Property and equipment, net of accumulated depreciation and amortization		89,969	64,399
Other assets		11,415	15,987
Total assets	$	285,941	250,953

(Continued)

OREGON HEALTH & SCIENCE UNIVERSITY

Nongovernmental Discretely Presented Component Units

Consolidated Balance Sheets

June 30, 2024 and 2023

(Dollars in thousands)

Liabilities and Net Assets		2024	2023
Current liabilities:			
Accounts payable	$	55,486	62,134
Accrued payroll and employee benefits		15,813	12,448
Due to related party		16,352	13,892
Estimated liabilities for Medicare and Medicaid settlements		5,903	5,325
Long-term debt due within one year		1,034	1,122
Leases – current liability		2,519	1,502
Accrued bond interest payable		64	72
Total current liabilities		97,171	96,495
Long-term liabilities:			
Long-term debt, net of amount due within one year		7,830	8,850
Leases – long-term liability		33,760	5,403
Liability for pension benefits		14,855	21,693
Other long-term liabilities		25,026	24,418
Total long-term liabilities		81,471	60,364
Total liabilities		178,642	156,859
Net assets:			
Net assets without donor restrictions		98,070	85,585
Net assets with donor restrictions		9,229	8,509
Total net assets		107,299	94,094
Total liabilities and net assets	$	285,941	250,953

See accompanying notes to financial statements

OREGON HEALTH & SCIENCE UNIVERSITY

Nongovernmental Discretely Presented Component Units

Consolidated Statements of Operations

Years ended June 30, 2024 and 2023

(Dollars in thousands)

	2024	2023
Net patient service revenue:		
Patient service revenue (net of contractual allowances and discounts)	$ 295,176	270,347
Total net patient service revenue	295,176	270,347
Other revenue		
OHSU support	8,080	22,813
Other revenue	273,320	258,178
Total other revenue	281,400	280,991
Total revenue	576,576	551,338
Operating expenses:		
Salaries and wages	117,046	108,775
Employee benefits	31,118	29,156
Supplies and other expenses	369,391	354,679
Professional fees	48,288	44,125
Depreciation and amortization	7,268	7,641
Interest	728	724
Total operating expenses	573,839	545,100
Income from operations	2,737	6,238
Other nonoperating income:		
Realized (loss) income on investments whose use is limited by board designation	(776)	(55)
Gain on investments in affiliated companies	577	468
Gain (loss) on disposal of property and equipment	(1,929)	2
Change in net unrealized gains (losses) on investments	3,255	1,810
Other operating (loss) revenue	2,714	(2,007)
Total other income	3,841	218
Excess of revenue over expenses	6,578	6,456
Contributions for property and equipment acquisition	—	27
Pension-related changes	5,907	7,486
Increase in net assets without donor restrictions	$ 12,485	13,969

See accompanying notes to consolidated financial statements

OREGON HEALTH & SCIENCE UNIVERSITY

Nongovernmental Discretely Presented Component Units

Consolidated Statements of Changes in Net Assets

Years ended June 30, 2024 and 2023

(Dollars in thousands)

		2024	2023
Net assets without donor restrictions:			
Excess of revenue over expenses	$	6,578	6,456
Contributions for property and equipment acquisition		—	27
Pension-related changes		5,907	7,486
Increase in net assets without donor restrictions		12,485	13,969
Net assets with donor restrictions:			
Gifts, grants, and bequests		1,395	1,159
Investment income (loss)		902	346
Net assets released from restrictions		(1,577)	(2,077)
Increase (decrease) in net assets with donor restrictions		720	(572)
Change in net assets		13,205	13,397
Net assets, beginning of year		94,094	80,697
Net assets, end of year	$	107,299	94,094

See accompanying notes to consolidated financial statements

OREGON HEALTH & SCIENCE UNIVERSITY
(A Component Unit of the State of Oregon)
Notes to Financial Statements
June 30, 2024 and 2023
(Dollars in thousands)

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

As the only health sciences university and major academic health center in the state of Oregon (the State), Oregon Health & Science University (OHSU or the University) is dedicated to the education and training of healthcare professionals, research, patient care, outreach, and public service. In addition to the School of Medicine, School of Nursing, School of Dentistry, the joint College of Pharmacy with Oregon State University, and the joint School of Public Health with Portland State University, OHSU comprises several other academic and research units, including the Vollum Institute, the Vaccine and Gene Therapy Institute, Oregon National Primate Research Center, OHSU Brain Institute, Oregon Institute of Occupational Health Science, Oregon Clinical and Translational Research Institute, and the Pacific Northwest Center for Cryo-EM. OHSU also comprises several clinical units, including OHSU Hospital (the Hospital), the OHSU Practice Plan (OPP), and the Institute on Development and Disability (IDD). Doernbecher Children's Hospital is a unit of the Hospital serving pediatric patients. The Knight Cancer Institute is the only National Cancer Institute designated cancer center in the State, and the Knight Cardiovascular Institute provides the State's most comprehensive clinical and heart research program. In addition, OHSU operates a captive insurance company domiciled in Arizona for self-insurance purposes, OHSU Insurance Company (INSCO), which is blended in the accompanying financial statements.

Pursuant to an act of the Oregon Legislature (the Act), on July 1, 1995, OHSU was restructured from one of seven component units of the Oregon University System (OUS) to an independent public corporation. OHSU remains a component unit of the State.

The majority of the real property that constitutes OHSU's main campus on Marquam Hill (and certain off-campus properties) in Portland is owned by the State. Pursuant to the Act, the State retained title of such real property and OHSU was granted exclusive care, custody, and control of such real property. To evidence this condition, the State and OHSU entered into a 99-year lease, dated July 1, 1995 (the State Lease), under which the State leased to OHSU all of the State's leasable interest in such real property. Under the terms of the State Lease, the State may terminate the State Lease if, prior to such termination, the State causes the defeasance or discharge of all then-outstanding obligations of OHSU that were issued to finance improvements on the property subject to the State Lease or to refinance obligations of OHSU to the State. Under the State Lease, improvements include completed and partially completed buildings, fixtures, structures, and other improvements constructed on the property subject to the State Lease. In addition, OHSU was granted ownership of all personal property of the University, as it existed prior to the enactment of the Act.

Oregon Health & Science University Foundation(the Foundation) is a separately incorporated nonprofit Foundation affiliated with OHSU. The primary purpose of the Foundation is to raise money for OHSU research, scientific, charitable, and educational purposes and to promote support for Doernbecher Children's Hospital. Consequently, the financial position and the changes in financial position of the Foundation is blended in the accompanying financial statements.

On February 1, 2016, OHSU affiliated with Tuality Healthcare and subsidiaries (Tuality), doing business as Hillsboro Medical Center, through the execution of a management agreement (the Tuality Agreement) between the organizations. Tuality owns and operates Tuality Community Hospital, a 215-licensed-bed acute care hospital located in Hillsboro, Oregon. Under the Tuality Agreement, OHSU agrees to oversee the unified and integrated clinical enterprises of OHSU and Tuality as a single, integrated economic unit. OHSU and Tuality remain as separate legal entities, own their own assets, and continue to be the licensed operators of their respective facilities. Tuality is a component unit of OHSU as OHSU approves Tuality's annual operating budget. Since Tuality has a separate board of directors and they do not provide services exclusively to OHSU, they are presented as a discretely presented component unit of OHSU.

On January 1, 2020, OHSU partnered with ODS Community Health, Inc. to form OHSU Health IDS, LLC (OHI). OHI is owned 60% by OHSU and 40% by ODS Community Health, Inc. OHI operates as an Integrated Delivery System (IDS) under Health Share of Oregon, a Coordinated Care Organization (CCO) certified by the Oregon Health Authority (OHA) to serve OHP (Medicaid) enrollees in the Portland-metro area. OHI remains a separate legal entity, own their own assets, and maintains its own direct contract with Health Share of Oregon. OHI is a component unit of OHSU as OHSU approves OHI's annual operating budget. Since OHI has a separate board of directors and they do not provide services exclusively to OHSU, they are presented as a discretely presented component unit of OHSU.

(b) Accounting Standards

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America using the accrual basis of accounting. OHSU's financial statements and note disclosures are based on all applicable Governmental Accounting Standards Board (GASB) pronouncements and interpretations. OHSU uses proprietary fund accounting.

OHSU prepares and presents its financial information in accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB 34), known as the "Reporting Model" statement. GASB 34 established the requirements and reporting model for annual financial statements. GASB 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the reporting entity in the form of "management's discussion and analysis." This reporting model also requires the use of a direct-method cash flow statement.

OHSU has also adopted GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities – an amendment of GASB Statement No. 34*. This statement establishes accounting and financial reporting standards for public colleges and universities within the financial reporting guidelines of GASB 34.

(c) New Accounting Pronouncements

In June 2022, the GASB issued Statement No. 101, "Compensated Absences," which will be effective for the fiscal year ending June 30, 2025. This Statement will update the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The Statement amends the existing disclosure requirements to allow governments to disclose only the net change in the liability as long as they identify it as a net change. Management has implemented GASB 101 effective with the start of fiscal 2025, July 1, 2024, which increased OHSU's estimated obligation for compensated absences by approximately $250,000.

(d) Financial Reporting Entity

As defined by generally accepted accounting principles, the financial reporting entity consists of OHSU as the primary government and its component units, which are legally separate organizations for which the primary government is financially accountable. Financial accountability is defined as a) appointment of the voting majority of the component units' board, and either (1) the ability to impose will by the primary government or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government, or (b) the component unit is financially dependent on and there is potential for the component unit to provide specific financial benefits to, or impose specific burdens on, the primary government.

Component units are reported as part of the reporting entity under the blended or discrete method of presentation. Blending involves merging the component unit data with the primary government. There are three situations when blending is allowed: (1) when the board of the component unit is substantially the same as that of the primary government and there is a financial benefit or burden relationship between the primary government and the component unit or management of the primary government has operational responsibility for the component unit, (2) when the component unit provides services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to it, or (3) the component unit's total debt outstanding, including leases, is expected to be repaid entirely or almost entirely with resources of the primary government. The Foundation and INSCO are considered to be blended component units as they serve the primary government exclusively. All transactions between OHSU and its blended component units are eliminated upon consolidation. Tuality and OHI are presented discretely since they have a separate board of directors and they do not provide services exclusively to OHSU. They are both considered a nonmajor component unit as there are no significant transactions with OHSU and there is not a significant financial benefit/burden relationship with OHSU.

Financial reports for INSCO and the Foundation that include financial statements and required supplementary information are publicly available. These reports, and those of Tuality and OHI are, may be obtained by contacting the management of OHSU.

(e) Basis of Accounting

Basis of accounting refers to the timing of when revenues and expenses are recognized in the accounts and reported in the financial statements. OHSU reports as a proprietary fund within the governmental model. OHSU's financial statements have been prepared using the accrual basis of accounting with the economic resources measurement focus. Under this method of accounting, revenue is recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

(f) Use of Estimates

The preparation of financial statements in conformity with US generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates in OHSU's financial statements include patient accounts receivable allowances, liabilities related to self-insurance programs, and valuation of pension liabilities.

(g) Cash and Cash Equivalents

OHSU held $243,404 of cash equivalents within cash and cash equivalents at June 30, 2024 and held $176,842 at June 30, 2023.

(h) Investments

Investments are carried at fair value. The fair value of all debt and equity securities with a readily determinable fair value is based on quotations obtained from national securities exchanges. Investments in joint ventures are recorded using the equity method of accounting. Alternative investments, which are not readily marketable and lack publicly available market values, are carried at estimated fair value as provided by the investment managers. OHSU reviews and evaluates the values provided by its investment managers and considers the valuation methods and assumptions used in determining the fair value of the alternative investments to be reasonable. Those estimated fair values may differ significantly from the values that would have been used had a ready market for those securities existed. These investments may contain elements of both credit and market risk. Such risks may include limited liquidity, absence of regulatory oversight, dependence upon key individuals, and nondisclosure of portfolio composition.

Net unrealized gains and losses are included in the net unrealized gain (loss) in fair value of investments in nonoperating revenues in the statements of revenues, expenses, and changes in net position. Interest, dividends, and realized gains and losses on investments are included in nonoperating revenues as investment income when earned.

(i) Inventories

Inventories consist primarily of supplies and pharmaceutical supplies in organized stores at various locations across the campus and in the Hospital. Inventories are recorded using several different methodologies dependent upon the operational use of the supplies and system capabilities. OHSU utilizes standard-cost and average-cost methodologies to record and report inventory value.

(j) Capital Assets

Capital asset acquisitions (excluding intangible right-to-use lease and subscription IT assets) are stated at cost. Donated items are recorded on the basis of fair market value at the date of donation. OHSU capitalizes equipment additions greater than $5 and capital projects greater than $25. Maintenance, repairs, and minor replacements are expensed as incurred. When properties are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and any gain or loss on disposition is recorded as other in nonoperating revenue.

The provision for depreciation is determined by the straight-line method at rates calculated to amortize the cost of assets over the shorter of their estimated useful lives or the related lease term as follows: buildings and other improvements, 10 to 40 years; and equipment, 3 to 20 years.

(k) Net Position Classifications

Net position is classified into four net asset categories, in accordance with donor-imposed restrictions:

- Net investment in capital assets represents the depreciated value of capital purchases, net of related debt.
- Net position restricted, expendable, carries externally imposed time or purpose restrictions that expire in the future.
- Net position restricted, nonexpendable, carries externally imposed restrictions that never expire.
- Net position unrestricted carries no externally imposed restrictions.

Investment income earned on donor-restricted endowment funds in excess of the annual spending distribution is accounted for in the expendable restricted net position category.

OHSU first applies restricted resources to an expense where an expense is incurred for a purpose for which both restricted and unrestricted funds are available.

(Dollars in thousands)

A summary of restricted funds by restriction category for fiscal years ended June 30, 2024 and 2023 is as follows:

		2024	2023
Restricted expendable:			
Research	$	287,995	339,184
Academic support		92,544	89,324
Instruction		62,844	59,907
Capital projects and planning		13,692	14,119
Student aid		65,098	63,762
Clinical support		22,037	19,033
Institutional support		5,510	5,483
Defined-benefit OPEB		10,576	11,743
Other		39,300	41,308
	$	599,596	643,863
Restricted nonexpendable:			
Research	$	50,434	43,964
Instruction		90,640	89,829
Academic support		125,483	110,287
Student aid		56,799	55,212
Other		45,789	40,944
	$	369,145	340,236

(l) Endowments

The endowment corpus is accounted for in the restricted, nonexpendable net position category and reported on the statements of net position as restricted long-term investments. The Foundation's spending policy for endowment funds is determined by the Executive Committee of the Board of Trustees (Executive Committee) and is calculated using a weighted average methodology comprised of an eight quarter moving average of the fair value of the endowment fund adjusted for inflation, and of the previous year's actual spending distribution adjusted for inflation. The resulting effective spending rate payout is then banded to be between 4.0% and 5.5% each year. The Executive Committee authorized a 4.5% distribution rate to calculate the effective spending rate for the years ended June 30, 2024 and 2023.

The Foundation's management and investment of donor-restricted endowment funds are subject to the provisions of the Uniform Prudent Management of Institutional Funds Act enacted by the State in January 2008.

The endowment fund investment pool (endowment fund) held by the Foundation is the repository for funds from restricted, nonexpendable contributions where the principal amount cannot be used, but a spending distribution, described below, can be used for the designated purpose. The endowment fund also holds quasi-endowment funds, which have been designated as endowment by the Foundation's board of trustees. All interest, dividends, and changes in fair value on the endowment fund are allocated to the appropriate unrestricted or restricted net position classification as specified by the donor at the time of receipt. Endowment accounts receive spending distributions subject to the Foundation's board of trustees' approved spending policy, which provides a predetermined amount of total return that can be spent for purposes designated by the donor. All expendable income restricted by the donor is carried as restricted, expendable net position until such time as the restriction has been met. At June 30, 2024 and 2023, the fair value of investments in the endowment fund was $985,900 and $950,900, respectively. The fair value of the unspent portion of endowments in excess of corpus at June 30, 2024 and 2023 was $107,200 and $103,800, respectively.

At June 30, 2024 and 2023, accumulated loss of $0.3 million and $0.4 million, respectively, related to endowment accounts with market value below corpus was reflected in nonexpendable restricted net position.

(m) Federal Income Taxes

OHSU, as a division of the State, is not subject to federal income taxes of the Internal Revenue Code, except for unrelated business income.

(n) State Appropriations

The Oregon State Legislature makes an appropriation to OHSU on a biennial basis. The appropriation is recognized as nonoperating revenues over the related appropriation period as applicable eligibility requirements are met.

(o) Research Activity

Restricted grants receivable represent receivables for grant activities on which OHSU has met all applicable eligibility requirements and on which the funds are available from the granting agency. As of June 30, 2024 and 2023, the grants receivable balance was $31,165 and $32,834, respectively, and was included in grant and contract receivables in the accompanying statements of net position. The balance in unearned revenue as of year-end represents amounts advanced for which OHSU has not met all applicable eligibility requirements. As of June 30, 2024 and 2023, the grants unearned revenue balance was $49,627 and $56,990, respectively.

(p) Operating Revenues

OHSU includes patient service revenue, student tuition and fees, gifts, grants and contracts, and other income from sales and services in operating revenues. These revenues are key components of the operations of OHSU.

(Dollars in thousands)

(q) Net Patient Service Revenue

A summary of patient service revenues during the years ended June 30, 2024 and 2023 is as follows:

		2024	2023
Gross patient charges	$	8,907,123	8,059,588
Contractual discounts		(5,221,412)	(4,710,044)
Bad debt adjustments		(16,901)	(11,716)
Net patient service revenues	$	3,668,810	3,337,828

OHSU has agreements with third-party payors that provide for payments at amounts different from established rates. Payment arrangements include prospectively determined rates per discharge, outpatient case rates, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts due and determined to be collectible from patients, third-party payors, and others for services rendered and includes estimates for potential retroactive revenue adjustments under reimbursement agreements with third-party payors. Such estimates are adjusted in future periods as final settlements are determined.

A significant portion of OHSU’s services are provided to Medicare, Medicaid, and Oregon Health Plan (OHP) patients under contractual arrangements. Inpatient acute care services rendered by OHSU to Medicare, Medicaid, and OHP program beneficiaries are generally reimbursed at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors (i.e., Medicare severity diagnosis related groups or MS DRGs). Such payments include a capital cost component and may be greater or less than the actual charges for services. Most outpatient services related to Medicare beneficiaries are reimbursed prospectively under the ambulatory payment classifications methodology. Home health services related to Medicare beneficiaries are reimbursed under a prospective payment system methodology. OHSU is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after audits of OHSU’s annual cost reports by the Medicare Administrative Contractor and Medicaid.

In 2017, OHSU worked with the state legislature and the Oregon Health Authority to build a program that leverages federal funds for the state's Medicaid program, maintains historical principles of support for OHSU's missions, and simplifies the complexity of prior funding programs between OHSU and the State. The legislature approved the program in the Oregon Health Authority's 2017-2019 budget and Oregon's OHSU IGT Program was approved by the US Centers for Medicare and Medicaid Services (CMS) and implemented on January 1, 2018, with the corresponding funding payments between entities beginning in March 2018. Under this IGT program, OHSU no longer pays the provider tax paid by other hospitals in Oregon. Instead, because OHSU is an Oregon public corporation, it transfers funds directly to the state to be used for Oregon's Medicaid program. The federal government matches funds used in the Medicaid program on approximately a three to one basis.

(Dollars in thousands)

Oregon's Medicaid coordinated care organizations (CCOs) pay OHSU an additional amount per clinical service provided to patients as Quality and Access payments. These additional payments have been approved by CMS and are funded through a combination of OHSU's IGT and federal dollars. The purpose of these funds is to maintain access to the high quality unique academic health center services OHSU provides to Medicaid patients.

During fiscal years 2024 and 2023, respectively, OHSU made IGT of $460,228 and $315,672 to the State of Oregon. The State of Oregon used these dollars, and the corresponding federal match, for payment of Medicaid services throughout Oregon. Oregon's Medicaid CCO's paid OHSU $660,775 and $584,198, in fiscal years 2024 and 2023, respectively, through Quality and Access payments. The Quality and Access Payments and the IGT, are included as a net reduction in the contractual discounts and represents a portion of the Medicaid payment for patient care services. A net benefit of the program, including funding from other sources, allows the University to have resources available to support OHSU's missions. During the years ended June 30, 2024 and 2023, the University was able to provide support for its missions of $220,200 and $268,500, respectively.

The laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that estimated third-party payor settlements payable, net will change by a material amount in the near term. For the years ended June 30, 2024 and 2023, OHSU received third-party settlements of $4,557 and $4,333, respectively, as a result of final settlements of prior years' cost reports and revisions of estimates for prior years cost report settlements.

OHSU has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations to provide medical services to subscribing participants. The basis for payment to OHSU under these agreements includes prospectively determined rates per discharge, discounts from established charges, prospectively determined fee schedules, and certain capitated per member per month payment arrangements.

Significant concentrations of gross patient accounts receivable as of June 30, 2024 and 2023 were approximately as follows:

	2024	2023
Medicare and Medicare managed care contracts	24 %	25 %
Medicaid and OHP	21	19
Commercial and managed care insurance	54	54
Nonsponsored	1	2
	100 %	100 %

(Dollars in thousands)

(r) Student Tuition and Fees Revenues

A summary of student tuition and fees revenues during the years ended June 30, 2024 and 2023 is as follows.

	2024	2023
Gross student tuition	$ 99,781	98,059
Tuition discounts	(18,488)	(16,442)
Student tuition and fees revenues, net	$ 81,293	81,617

(s) Charity Care

OHSU provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its published rates. Because OHSU does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

OHSU maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy. Charity care provided measured as charges forgone and based on established rates was $39,448 and $58,056 in 2024 and 2023, respectively.

(t) Pledges and Estates Receivable

Pledges and estates receivable are recorded as receivables and revenues when all eligibility criteria are met in the appropriate net asset category based upon donor-imposed restrictions and are reported at fair value at the date the promise is received. Pledges are generally received within 5 to 10 years of the date of original commitment. The majority of estates are received within one year. Pledges and estates receivable, less reserves for estimated uncollectible amounts, are discounted to their present value using rates that range from 0.14% to 4.88%.

(u) Life Income Agreements

The Foundation has been named as remainder beneficiary for various life income agreements. Life income agreements provide for contractual payments to designated beneficiaries for a specific period, after which the remaining principal and interest revert to the Foundation. Contributions received under life income agreements are included in long-term investments, restricted, with the corresponding commitment to the beneficiary included in liability for life income agreements in the accompanying statements of net position. The Foundation has investments with a fair value of $58,300 and $51,000 as at June 30, 2024 and 2023, respectively, related to its individually managed life income agreements.

(v) Moda Note Receivable

OHSU has contracts with, and receives patient revenues from, the major health plans in Oregon. OHSU's guiding principle in developing payor provider partnerships is to ensure that Oregonians continue to have access to Oregon's public health sciences university and academic health center and its affiliates and that OHSU has access to major populations of Oregon across its missions of patient care, education, research, and outreach.

Since 2013, OHSU has partnered with Moda Health Plan, Inc. (Moda) to advance population health management. In December 2014, OHSU invested $50,000 in Moda through a 10-year surplus note to help capitalize Moda's Oregon healthcare efforts. The principal balance of this note shall become due and payable in full on December 15, 2024, and the note bears interest on its unpaid principal balance at a rate equal to 4% per annum.

Moda had a large share of Oregon's individual insurance market during the initial years of the Affordable Care Act and had significant receivables due from the federal government under the risk corridor program that was designed to encourage plans to offer individual coverage. At that time, it was uncertain if, or when, the federal government would pay these amounts. In light of uncertain payment of federal risk corridor receivables, higher risk from losses at Moda, and the likelihood that interest payments could have been deferred, OHSU recorded a valuation reserve of $16,500 against the surplus note receivable as of June 30, 2015. In April 2020, the US Supreme Court ruled in favor of Moda Health Plan and other insurers that had sued the federal government for backing out of support under the Affordable Care Act. The justices reversed a lower court's ruling that Congress had suspended the government's obligation to make such payments under the Affordable Care Act.

Payment of interest and principal is subject to approval by the Oregon insurance commissioner, which is part of the Department of Consumer and Business Services (DCBS). The Oregon insurance commissioner allowed payment of a portion of the principal to OHSU of $25,000 in fiscal year 2024, and accrued interest to OHSU of $1,542 and $2,000 in fiscal years 2024 and 2023, respectively.

OHSU reviewed the valuation of the note receivable as of June 30, 2024 and 2023 and has retained the current net valuation of $8,500 and $33,500 which represents 0.2% and 0.8% of the University's total net position as of June 30, 2024 and 2023, respectively.

(w) Leases (Lessee) and Similar Subscription-Based Information Technology (IT) Arrangements

OHSU is a lessee for various noncancelable leases of buildings and equipment. OHSU also has noncancelable subscription IT arrangements (similar to a lease) for the right-to-use information technology hardware and software (subscription IT arrangements).

Short-term Leases and Subscription IT arrangements

For leases and subscription IT arrangements with a maximum possible term of 12 months or less at commencement, OHSU recognizes expense based on the provisions of the lease contract or subscription IT arrangement, respectively.

Leases and Subscription IT arrangements other than short term

For all other leases and subscription IT arrangements (i.e., those that are not short term) whose total discounted minimum payment obligation are greater than $100, OHSU recognizes a lease or subscription IT liability, respectively, and an intangible right-to-use lease asset or subscription IT asset, respectively.

Measurement of Lease Amounts

At lease commencement, OHSU initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized into depreciation expense on a straight-line basis over the lease term.

Measurement of Subscription IT Amounts

At subscription commencement, OHSU initially measures the subscription IT liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription IT liability is reduced by the principal portion of subscription payments made. The subscription IT asset is initially measured as the initial amount of the subscription IT liability less any vendor incentives received at or before the subscription commencement date, plus the capitalizable implementation costs. Subsequently, the subscription IT asset is amortized into depreciation expense on a straight-line basis over the subscription term.

Key Estimates and Judgments

Key estimates and judgments include how the OHSU determines (1) the discount rate it uses to calculate the present value of the expected lease and subscription payments, (2) lease and subscription term, and (3) lease and subscription payments.

- OHSU generally uses its estimated incremental borrowing rate as the discount rate for leases and subscription IT arrangements unless the rate that the lessor/vendor charges is known. OHSU obtains its current incremental borrowing rate from its primary banking institution on a periodic basis. OHSU's incremental borrowing rate for leases and subscription IT arrangements is based on the rate of interest it would need to pay if it issued general obligation bonds to borrow an amount equal to the lease or subscription payments, respectively, under similar terms at the commencement or remeasurement date.
- The lease or subscription term includes the noncancelable period of the lease or subscription IT arrangement, respectively, plus any additional periods covered by either an OHSU or lessor unilateral option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Periods in which both OHSU and the lessor/vendor have an option to terminate (or if both parties have to agree to extend) are excluded from the lease or subscription term.

Remeasurement of Lease and Subscription Amounts

OHSU monitors changes in circumstances that may require remeasurement of a lease or subscription IT arrangement. When certain changes occur that are expected to significantly affect the amount of the lease or subscription IT liability, the liability is remeasured and a corresponding adjustment is made to the lease or subscription IT asset, respectively.

Presentation in Statements of Net Position

Lease and subscription IT assets are reported with capital assets and lease and subscription IT liabilities are reported with long-term leases in the statements of net position.

(2) Cash and Investments

OHSU holds substantially all of its cash, cash equivalents, and investment balances at financial institutions. OHSU's cash is insured by the Federal Deposit Insurance Corporation subject to standard limits. Additionally, a portion of cash and cash equivalents are collateralized deposits as required under the Oregon Revised Statutes (ORS).

(Dollars in thousands)

OHSU's investment policies are approved by the board of directors and are accounted for as prescribed by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in the fair value of investments are included in nonoperating revenues. The composition of investments at fair value at June 30, 2024 and 2023 is as follows:

		2024	2023
Short-term investments:			
US government securities	$	22,191	22,040
		22,191	22,040
Funds held by trustee, current portion:			
Cash and cash equivalents		30,835	30,423
		30,835	30,423
Funds held by trustee, less current portion:			
Cash and cash equivalents		26,624	45,983
US government securities		84,205	89,130
Corporate obligations		—	100,511
		110,829	235,624
Long-term investments – less current portion:			
Cash and cash equivalents		37,427	20,819
US government securities		220,335	251,115
US agency securities		126,006	149,820
Corporate obligations		187,113	221,500
Fixed income		214,075	216,881
Equities		1,170,751	966,071
Alternative investments		267,934	247,116
Venture Capital and private equity		665,985	656,810
Real estate investments and other		78,129	72,143
		2,967,755	2,802,275
Total investments, all categories	$	3,131,610	3,090,362

The methods used to determine the fair value of financial instruments reflect market participant objectives and are based on the application of a valuation hierarchy that prioritizes observable market inputs over unobservable inputs. The hierarchy is based on the reliability of inputs as follows:

- Level 1 – Valuation is based on quoted prices for identical financial instruments in active markets. OHSU does not adjust the quoted price for Level 1 financial instruments.

(Dollars in thousands)

- Level 2 – Valuation is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and independent pricing models or other model-based valuation techniques using observable inputs.
- Level 3 – Certain types of financial instruments are classified as Level 3 within the valuation hierarchy because these financial instruments trade infrequently and, therefore, have little or no price transparency.

The following table presents a categorization, based on the foregoing valuation hierarchy, of OHSU's financial instruments measured at fair value as of June 30, 2024:

	Level 1	Level 2	Level 3	Fair value
Cash and cash equivalents	$ —	57,459	—	57,459
US government securities	—	326,731	—	326,731
US agency securities	—	126,006	—	126,006
Domestic equity securities	122,637	—	134	122,771
International equity securities	37,048	—	—	37,048
US corporate securities	—	155,965	—	155,965
Non-US corporate securities	—	31,148	—	31,148
Asset-backed securities	—	64,882	—	64,882
Venture capital and private equity	—	—	26,180	26,180
Mutual funds – fixed income only	183,037	—	—	183,037
Municipal bonds	—	3,483	—	3,483
Other fixed income	—	100	—	100
Alternative Investments	—	—	733	733
Real estate investments and other	1,247	1,051	13,425	15,723
	$ 343,969	766,825	40,472	1,151,266
Investments measured using NAV per share or its equivalent				1,866,454
Equity method investments				113,890
Total assets				$ 3,131,610

(Dollars in thousands)

The following table presents a categorization, based on the foregoing valuation hierarchy, of OHSU's financial instruments measured at fair value as of June 30, 2023:

	Level 1	Level 2	Level 3	Fair value
Cash and cash equivalents	$ —	76,406	—	76,406
US government securities	—	362,285	—	362,285
US agency securities	—	149,820	—	149,820
Domestic equity securities	98,470	—	134	98,604
International equity securities	33,609	—	—	33,609
US corporate securities	—	281,382	—	281,382
Non-US corporate securities	—	40,629	—	40,629
Asset-backed securities	—	56,032	—	56,032
Venture capital and private equity	—	—	28,140	28,140
Mutual funds – fixed income only	164,950	1,150	—	166,100
Municipal bonds	—	3,862	—	3,862
Other fixed income	—	361	11,345	11,706
Alternative Investments	—	—	750	750
Real estate investments and other	1,073	1,101	2,323	4,497
	$ 298,102	973,028	42,692	1,313,822
Investments measured using NAV per share or its equivalent				1,673,986
Equity method investments				102,554
Total assets				$ 3,090,362

There were no transfers of financial instruments between Level 1 or Level 2 classifications either in 2024 or 2023. Changes in Level 3 financial instruments are as follows:

	2024	2023
Balance at beginning of year	$ 42,692	38,193
Contributions	110	110
Net realized (losses)	(39)	(537)
Net unrealized (losses)	(37)	(33)
Purchases	26,939	28,895
Sales	(303)	(1,969)
Transfer from (to) NAV per share, or its equivalent, classification from sales	(28,890)	(21,967)
Balance at end of year	$ 40,472	42,692

(Dollars in thousands)

OHSU uses a practical expedient for the estimation of the fair value of investments in funds for which the investment does not have a readily determinable fair value. The practical expedient used by OHSU for certain financial instruments is the NAV per share. Valuations provided by fund administrators for these financial instruments consider variables such as the financial performance of underlying investments, recent sales prices, and other pertinent information. The valuation is adjusted when changes to inputs and assumptions are corroborated by evidence, such as completed or pending third-party transactions in the underlying security and changes in financial results, data or cash flows.

The following table presents information for investments where either the NAV per share or its equivalent was used to value the investments as of June 30, 2024 and 2023:

	Redemption frequency	Redemption notice period
Domestic equities	Weekly to every two years	3–180 days
Non-US equities	Weekly to every four years	3–180 days
Global equities	Quarterly	3–180 days
Venture capital/private equity	Event-driven	N/A
Marketable alternative investments – nonfixed income	Monthly to every three years	15–180 days
Marketable alternative investments – fixed income only	Monthly	15–35 days
Real estate investments and contracts	Event-driven	N/A

Domestic Equities, Non-U.S. Equities, Global Equities, and Natural Resources funds represent investments in equities, both U.S. and international, and may include investments in developed and emerging markets.

Alternative investments are defined under U.S. generally accepted accounting principles as those investments without readily determinable fair values. These investment vehicles differ by fund and can be in the form of limited partnerships, limited liability corporations, investment trusts, institutional funds, and offshore investment funds and are included primarily in the venture capital/private equity, real estate investments and contracts, and marketable alternative investment categories in the tables above. Alternative investment funds can contain certain types of financial instruments, including, among others, derivatives, futures, forward contracts, options, swaps, and securities sold not yet purchased, intended to hedge against changes in the fair value of investments or enhance potential risk-adjusted returns. The investment styles employed by the underlying managers include, but are not limited to, private equity, venture capital, buyout, absolute return, diversified arbitrage, merger arbitrage, event driven, commodities, real estate, energy, domestic long/short, global long/short, market neutral, and distressed.

These financial instruments involve varying degrees of risk. Such risks include, but are not limited to, limited liquidity, absence of regulatory oversight, dependence upon key individuals, emphasis on speculative investments (both derivatives and nonmarketable investments), and nondisclosure of full portfolio composition.

Alternative investments can be less liquid than other investments. When liquidity limitations are imposed on these alternative investments, the types of restrictions can include, but are not limited to, lockup provisions whereby the foundation is unable to redeem shares or invested capital of an investment for a period of time, usually one year or more after the initial investment for marketable alternative funds and ten to twelve years for private equity and venture capital funds, notice provisions whereby the foundation is required to give notice, ranging up to 180 days, to transact a redemption of an investment after the expiration of any lockup provisions, and the establishment of gates that further limit the timing and amount of a requested fund distribution beyond the specified lockup provisions.

OHSU's university investment policy seeks to maximize total return on a risk-adjusted basis with the goal of maintaining a level of financial assets sufficient to support the organization's strategic initiatives, capital expenditures, and maintenance of a stable credit profile.

The Foundation investment policies are established based on the investment objectives of the portfolio. The endowment portfolio seeks to produce a predictable and stable payout stream that increases over time, while achieving growth of corpus. The endowment fund may invest in cash and cash equivalents, fixed-income securities, U.S. and non-U.S. equity securities and other alternative investments. The objective for the current fund is to provide a reliable source of liquidity to meet short-term working capital needs. The current fund may invest in cash, cash equivalents, fixed income securities, equity mutual funds and ETFs, and quasi endowment within the endowment fund. The duration of the C/F 1-5 year portfolio shall be within a range of 75% to 125% of the Barclay's 1–5 Year Government/Credit Bond Index. The charitable gift annuity pool seeks to produce a relatively predictable and stable payout stream that will satisfy the funds distribution obligations while achieving long-term capital appreciation of the overall fund balance. The charitable gift annuity pool seeks to produce a relatively predictable and stable payout stream that will satisfy the funds distribution obligations while achieving long-term capital appreciation of the overall fund balance. The charitable gift annuity pool may invest in cash and cash equivalents, U.S. and non-U.S. equities, fixed-income, and real estate. Charitable trust investment objectives and asset allocation guidelines are determined based on the individual circumstances of each trust account. Allowable investments for charitable trusts include cash and cash equivalents, U.S. and non-U.S. equities, fixed-income, real estate, and commodities.

(Dollars in thousands)

(3) Investments and Related Policies

(a) Interest Rate Risk

As of June 30, 2024 and 2023, OHSU had the following investments and maturities at fair value:

	2024 Maturity				
	Less than 1 year	1–5 Years	6–10 Years	More than 10 years or none	Total
Cash and cash equivalents	$ 57,459	—	—	—	57,459
US government securities	89,783	144,497	57,749	34,702	326,731
US agency securities	1,441	6,026	12,057	106,482	126,006
Domestic equity securities	—	—	—	690,843	690,843
International equity securities	—	—	—	479,908	479,908
US corporate securities	11,256	77,841	33,483	33,385	155,965
Non-US corporate securities	2,812	14,757	7,891	5,688	31,148
Asset-backed securities	2,838	28,963	7,320	25,761	64,882
Venture capital and private equity	—	—	—	665,985	665,985
Mutual funds – fixed income only	46,138	51,319	61,243	24,337	183,037
Municipal bonds	—	1,526	1,029	928	3,483
Other fixed income	—	84	16	—	100
Alternative Investments	—	—	—	267,934	267,934
Real estate investments and other	—	—	—	78,129	78,129
	$ 211,727	325,013	180,788	2,414,082	3,131,610

	2023 Maturity				
	Less than 1 year	1–5 Years	6–10 Years	More than 10 years or none	Total
Cash and cash equivalents	$ 76,406	—	—	—	76,406
US government securities	97,622	156,636	63,281	44,746	362,285
US agency securities	923	8,715	11,447	128,735	149,820
Domestic equity securities	—	—	—	556,833	556,833
International equity securities	—	—	—	409,238	409,238
US corporate securities	110,016	91,713	38,977	40,676	281,382
Non-US corporate securities	2,587	20,996	8,376	8,670	40,629
Asset-backed securities	2,226	21,324	6,183	26,299	56,032
Venture capital and private equity	—	—	—	656,810	656,810
Mutual funds – fixed income only	34,574	51,355	51,775	28,396	166,100
Municipal bonds	96	1,566	1,506	694	3,862
Other fixed income	—	340	21	11,345	11,706
Alternative Investments	—	—	—	247,116	247,116
Real estate investments and other	—	—	—	72,143	72,143
	$ 324,450	352,645	181,566	2,231,701	3,090,362

OHSU held $64,882 and $56,032 of asset-backed securities collateralized primarily by auto loans, credit card receivables, and collateralized mortgage obligations as of June 30, 2024 and 2023, respectively. These securities are valued at their estimated fair values. The valuation of these securities is sensitive to principal prepayments, which may result from a decline in interest rates, and they are sensitive to an increase in average maturity, which may result from interest rate increases that lead to decreasing prepayments.

(b) Credit Risk

The investment policy of the short duration 1–5 year separately managed account requires minimum ratings or better from Standard & Poor's, Moody's, or Fitch as follows:

	Minimum Standard & Poor's rating	Minimum Moody's rating	Minimum Fitch rating
US and foreign corporate indebtedness	BBB- or A-2	Baa3 or P-2	BBB- or F-2
Certificates of deposit	BBB- or A-2	Baa3 or P-2	BBB- or F-2
Foreign government, foreign agency, or supranational organization debt	A or A-1	A2 or P-1	A or F-1
Agency mortgage-backed securities	AAA	Aaa	AAA
Commercial mortgage-backed securities	AAA	Aaa	AAA
Asset-backed securities	AAA	Aaa	AAA
Municipal bonds	A	A2	A

At the time of purchase, securities must be rated by at least two of the three rating agencies. If the security is rated by all three agencies, the middle rating will apply. If only two ratings are available, then the lower rating will be used.

If the credit quality of a holding in the current fund declines so that it is below the level required as stated above, a decision will be made by the Investment Committee to hold or sell the security.

Investments in the charitable gift annuity pool shall have a minimum credit quality rating of Baa/BBB or an average credit rating of Baa/BBB for mutual funds or pooled funds and a minimum rating of A-1/P-1 for investments in commercial paper. The charitable trust investments generally have a minimum credit quality rating in investment-grade Baa/BBB bond investments and a minimum rating of A-1/P-1 for investments in commercial paper. However, an individual trust may hold up to 9% of the portfolio in below-investment-grade investments.

(Dollars in thousands)

As of June 30, 2024 and 2023, OHSU had the following investments with credit rating at fair value:

Investment type	Credit rating S&P or equivalent	Total 2024	Total 2023
Cash and money market funds	AAA	$ 57,459	76,406
US government securities	AAA	—	35,375
	AA+	326,059	325,534
	AA	672	925
	A-	—	410
	BBB-	—	41
US agency securities	AAA	16,890	17,658
	AA+	100,113	132,162
	BBB+	395	—
	Not rated	8,608	—
US corporate securities	AAA	3,563	11,457
	AA+	3,109	8,073
	AA	4,920	7,458
	AA-	5,230	19,953
	A+	6,401	30,674
	A	27,810	60,162
	A-	16,044	52,277
	BBB+	15,196	24,090
	BBB	36,093	51,126
	BBB-	9,366	10,268
	BB	1,742	2,882
	B	438	498
	Below B	119	28
	Not rated	25,934	391
	NA	—	2,045
Non-U.S. Corporate Securities	AAA	3,533	6,948
	AA+	—	499
	AA	1,003	1,133
	AA-	491	1,345
	A+	1,144	2,199
	A	1,820	5,050
	A-	5,434	7,703
	BBB+	3,436	7,130
	BBB	3,929	5,669

(Continued)

(Dollars in thousands)

Investment type	Credit rating S&P or equivalent	Total 2024	Total 2023
Non-U.S. corporate securities	BBB-	$ 2,042	2,080
	Not rated	8,316	—
	NA	—	874
Asset-backed securities	AAA	23,977	17,122
	AA+	—	171
	AA	4,340	4,267
	A	3,598	1,687
	BBB+	—	342
	BBB	5,135	3,907
	BBB-	437	413
	BB	1,226	3,198
	B	1,832	1,788
	Below B	1,749	2,177
	Not rated	22,588	16,994
	NA	—	3,966
Mutual funds – fixed income only	AAA	96,925	97,810
	AA	32,145	7,557
	A	13,195	16,424
	BBB	16,902	19,762
	BB	5,490	6,479
	B	5,350	5,064
	Below B	7,925	5,962
	Not rated	5,105	7,042
Municipal bonds	AAA	449	493
	AA	2,917	2,870
	A	79	437
	BBB	—	11
	BB	38	51
Other fixed income	BBB	—	44
	BB	31	178
	B	55	124
	Below B	5	15
	Not rated	9	11,345
Venture capital and private equity	NA	665,985	656,810
Alternative investments	NA	267,934	247,116
Real estate investments and other	NA	78,129	72,143
Domestic equity securities	NA	690,843	556,833
International equity securities	NA	479,908	409,238
		$ 3,131,610	3,090,362

(Continued)

(c) Concentration of Credit Risk

The investment policy of the short duration 1-5 year separately managed account limits investments in any issue or issuer as follows:

	Maximum concentration
U.S. and foreign corporate indebtedness	No more than 3% per issuer
Certificates of deposit	No more than 5% per issuer
Foreign government, foreign agency or supranational organization debt	No more than 5% per issuer
Agency mortgage-backed securities	No more than 15% per cusip
Commercial mortgage-backed securities	No more than 5% per cusip
Asset-backed securities	No more than 5% per cusip
Municipal bonds	No more than 5% per cusip

The investment policy relating to the charitable gift annuity pool limit investments in any one issue to a maximum of 5%, except for issues of the U.S. government and its agencies or diversified mutual funds, which may be held without limitation. The investment policy for charitable trusts limits investments in any one issue to a maximum of 5%, except for issues of the U.S. government and its agencies or diversified mutual funds.

As of June 30, 2024, OHSU held no individual investments or investments with an issuer that have balances in excess of the limits described above.

(Dollars in thousands)

(d) Foreign Currency Risk

The investment policies permit investments in international equity and other asset classes, which can include foreign currency exposure. The endowment fund allows for investments in international equities and in non-U.S. dollar-denominated bonds. The current fund allows up to 20% of the portfolio to be invested in non-U.S. sovereign or supranational issues. The charitable gift annuity pool investment policy allows up to 30% of the portfolio to be invested in international equities. The charitable trust investment policy allows up to 32% of the portfolio to be invested in international equities, based on the individual circumstances of each trust account. The following table details the fair value of foreign-denominated securities by currency type as of June 30, 2024 and 2023:

	Value (US dollar)	
Foreign currency	**2024**	**2023**
Euro	$ 14,704	15,462
British sterling pound	11,071	11,589
Canadian dollar	138	187
Danish Krone	1,835	—
Total	$ 27,748	27,238

(4) Due from/to Contractual Agencies

Due from contractual agencies, reflected in patient accounts receivable under current assets in the statements of net position, represents amounts receivable from the State Medicaid Program (Medicaid), the Federal Medicare Program (Medicare), and other contractual agencies. Due to contractual agencies, reflected in other current liabilities in the statements of net position, represents amounts payable to Medicaid, Medicare, and other contractual agencies. A summary of the balances as of June 30, 2024 and 2023 is as follows:

	Due from contractual agencies		Due to contractual agencies		Net, due from (to)	
	June 30, 2024	**June 30, 2023**	**June 30, 2024**	**June 30, 2023**	**June 30, 2024**	**June 30, 2023**
Medicaid	$ 20,677	55,480	—	—	20,677	55,480
IGT	2,972	—	(2,100)	(2,021)	872	(2,021)
Medicare	5,710	6,598	—	—	5,710	6,598
Other contractual agencies	12,506	6,644	—	—	12,506	6,644
	$ 41,865	68,722	(2,100)	(2,021)	39,765	66,701

(Dollars in thousands)

(5) Capital Assets

Capital assets for fiscal years ended June 30, 2024 and 2023 are listed by category below:

		2024	2023
Land and land improvements	$	89,201	84,835
Buildings and other improvements		3,110,759	3,033,056
Equipment		1,150,242	1,222,779
Construction in progress		425,538	219,524
Accumulated depreciation		(2,462,877)	(2,433,216)
Total capital assets, net excluding lease and subscription IT assets		2,312,863	2,126,978
Lease and subscription IT assets, net (note 13(g))		113,313	104,902
Total capital assets, net as reported in the statement of net position	$	2,426,176	2,231,880

(Dollars in thousands)

The following is a summary of capital assets for the fiscal years ended June 30, 2024 and 2023:

	Balance June 30, 2023	Increases	Decreases	Balance June 30, 2024
Capital assets not depreciated:				
Land and land improvements	$ 84,835	4,366	—	89,201
Construction in progress	219,524	276,258	(70,244)	425,538
Total capital assets not depreciated	304,359	280,624	(70,244)	514,739
Other capital assets:				
Buildings and other improvements	3,033,056	77,923	(220)	3,110,759
Equipment	1,222,779	82,533	(155,070)	1,150,242
Total other capital assets	4,255,835	160,456	(155,290)	4,261,001
Less accumulated depreciation:				
Buildings and other improvements	(1,455,609)	(106,520)	—	(1,562,129)
Equipment	(977,607)	(77,537)	154,396	(900,748)
Total accumulated depreciation	(2,433,216)	(184,057)	154,396	(2,462,877)
Other capital assets, net	1,822,619	(23,601)	(894)	1,798,124
Total capital assets, net	$ 2,126,978	257,023	(71,138)	2,312,863
Lease and subscription IT assets, net (note 13(g))				113,313
Total capital assets, net as reported in the statement of net position				$ 2,426,176

(Dollars in thousands)

	Balance June 30, 2022	Increases	Decreases	Balance June 30, 2023
Capital assets not depreciated:				
Land and land improvements	$ 84,835	—	—	84,835
Construction in progress	120,952	165,881	(67,309)	219,524
Total capital assets not depreciated	205,787	165,881	(67,309)	304,359
Other capital assets:				
Buildings and other improvements	2,969,181	63,875	—	3,033,056
Equipment	1,166,596	63,185	(7,002)	1,222,779
Total other capital assets	4,135,777	127,060	(7,002)	4,255,835
Less accumulated depreciation:				
Buildings and other improvements	(1,342,998)	(108,271)	(4,340)	(1,455,609)
Equipment	(914,738)	(69,414)	6,545	(977,607)
Total accumulated depreciation	(2,257,736)	(177,685)	2,205	(2,433,216)
Other capital assets, net	1,878,041	(50,625)	(4,797)	1,822,619
Total capital assets, net	$ 2,083,828	115,256	(72,106)	2,126,978
Lease and subscription IT assets, net (note 13(g))				104,902
Total capital assets, net as reported in the statement of net position				$ 2,231,880

(6) Compensated Absences Payable

Vacation pay for classified employees is generally earned at 8 to 24 hours per month, depending on the length of service and classification, with a maximum accrual of up to 364 hours per employee and a maximum payment upon separation of up to 364 hours. A maximum of 96 to 288 hours of vacation can be earned per year, depending on the length of service and classification. Vacation/PTO pay for unclassified employees is earned at 14.67 to 17.33 hours per month, with a maximum accrual of 256 hours. The maximum payment of unused vacation/PTO hours for unclassified employees at termination is 80 hours at a 50% payment rate. There are a few exceptions, such as that the previous Management Service employees who transitioned to Unclassified Administrative on July 8, 1996 will be paid up to 250 hours unused accrued vacation at 100% pay rate. Eligible employees may have the opportunity to cash-out unused accrued vacation hours, up to 100 hours per year based on their representational group. Employees under the House Officers representation group are granted front-loaded vacation banks.

Sick leave is recorded as an expense when paid. Sick leave for employees is generally earned at the rate of 8 hours per month and a maximum of 96 hours per year, with no restrictions on maximum hours accrued. Employees in the following groups earn sick leave at the rate of 1 hour for 30 hours worked: resource, flex, temporary, unclassified below 0.5FTE, OHSU student, non-OHSU student, and graduate assistant.

There are two representational groups setup with time off accruals based on the academic year: Graduate Researchers United (GRU) and House Officers Union (HOU). PTO for GRU represented employees is earned at the rate of 13.33 hours per month, with a maximum of 160 hours per year. These hours can be used for time off and sick leave. No cash-out of unused PTO GRU is available. GRU represented employees can carryover 10 days from one academic year to another. House Officers are granted 160 hours of vacation and 120 hours sick leave, front-loaded at the beginning of the academic year. Sick leave hours unused by the HOU represented employees during the academic year will carry over to the following appointment year. Vacation cash-out is not allowed for HOU represented employees and sick leave hours are not paid at separation.

(7) Retirement Plans

The University, excluding blended component units, offers various pension plans to all qualified employees: the State's Public Employees Retirement System (PERS), which includes a cost-sharing, defined-benefit plan, and defined-contribution plans (individual account plan – IAP), the University Pension Plan (UPP), and the Clinical Retirement Plan (CRP).

(a) Defined-Benefit Pension Plan Descriptions

PERS is a cost-sharing, multiemployer retirement system available to units of state government, political subdivisions, community colleges, and school districts, containing multiple actuarial pools. Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the plan. As of the June 30, 2023 measurement date, there were 897 participating employers.

PERS is administered in accordance with ORS Chapter 238, Chapter 238A, and Internal Revenue Code Section 401(a). The State's legislature has delegated authority to the Public Employees Retirement Board (PERS Board) to administer the system. The PERS Board is composed of five trustees who administer retirement (service and disability), death, and retiree health insurance benefits. All members of the PERS Board are appointed by the governor and confirmed by the state senate. The governor designates the chairperson. Statute specifies PERS Board membership must be three people with experience in business management, pension management, or investing who are not members of the PERS system; one person who is either an employee of the state in a management position or a person who holds an elective office in the governing body of a participating public employer other than the state; and one person representing public employees and retirees.

The State's PERS issues a publicly available financial report that includes financial statements and required supplementary information, including a 10-year historical trend information showing the accumulation of sufficient assets to pay benefits when due. Copies of the State's PERS's Annual Comprehensive Financial Report (ACFR) and Actuarial Valuations may be obtained from the PERS website at *https://www.oregon.gov/pers/EMP/Pages/Actuarial-Financial-Information.aspx.*

PERS comprises three separate defined-benefit groups: PERS Tier 1, PERS Tier 2, and Oregon Public Service Retirement Plan (OPSRP).

(i) Benefits Provided

The following describes the benefits provided through the PERS plan:

(1) PERS Tier 1/PERS Tier 2

(a) The Tier 1/Tier 2 plans are closed to new members hired on or after August 29, 2003.

(b) Members are provided retirement, disability, and death benefits.

(c) Vesting occurs if either of the following conditions are met, unless the account is withdrawn:

1. An active member in each of 5 calendar years
2. Reached at least 55 years of age while working in a qualifying position (age 50 for police and fire members).

(d) The 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.

(e) The basic benefit is based on years of service and final average salary. A percentage (2.00% for police and fire employees, 1.67% for general 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.

(f) Normal retirement age for general members is age 58 for Tier 1 and age 60 for Tier 2, or any age with 30 years or more of retirement credit. Normal retirement age for police and fire members is age 55, or age 50 with 25 years or more of retirement credit. Benefits are reduced if normal retirement age is not attained.

(g) Annual Cost of Living Adjustments (COLA) of up to 2% annually for service time accrued before October 1, 2013; COLA for service time after that date uses a lower rate. Service time accrued in both periods is "blended."

(2) PERS OPSRP

(a) The OPSRP plan is open to members hired on or after August 29, 2003.

(b) Members are provided retirement, disability, and death benefits.

(c) Vesting occurs if either of the following conditions are met, unless the account is withdrawn:

1. Completion of at least 600 hours of service in each of five calendar years

2. Reached normal retirement age as an active member on that date.

(d) The retirement allowance is payable monthly for life.

(e) The basic benefit is based on years of service and final average salary. A percentage (1.8% for police and fire employees, 1.5% for general employees) is multiplied by the number of years of service and the final average salary.

(f) Normal retirement age for general members is age 65, or age 58 with 30 years or more of retirement credit. Normal retirement age for police and fire members is age 60, or age 53 with 25 years or more of retirement credit. Benefits are reduced if normal retirement age is not attained.

(g) Annual COLA of up to 2% annually for service time accrued before October 1, 2013; COLA for service time after that date uses a lower rate. Service time accrued in both periods is "blended."

(ii) Contributions

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 benefits (OPEB) plans.

The employer contribution rate for active employees is established by the PERS Board based upon actuarial valuations, which are performed once every two years to determine the level of employer contributions. Employer contribution rates during the period were based on the December 31, 2021 actuarial valuation. The rates were based on a percentage of payroll and first became effective July 1, 2023. The employer contribution rate for PERS Tier 1 and Tier 2 was 17.40% from July 1, 2023 to June 30, 2024. The employer contribution rate for OPSRP was 13.58% (OPSRP Police and Fire, 18.37%) from July 1, 2023 to June 30, 2024.

The State and certain schools, community colleges, and political subdivisions have made lump-sum payments to establish side accounts and their rates have been reduced. OHSU made $0 and $10,000 lump-sum payments to PERS during fiscal years 2024 and 2023, respectively.

Amounts contributed post measurement date, including fiscal years 2024 and 2023 side account contributions of $0 and $10,000 are recorded as deferred outflows in the amount of $61,583 and $63,913 for the years ended June 30, 2024 and 2023, respectively. In fiscal year 2022, OHSU participated in the Employer Incentive Fund (EIF), a program that provided a 25% match on qualifying employer lump-sum payments. OHSU recognized the $2,500 match payment as state appropriations in fiscal year 2024.

The defined-benefit pension plan contributions can be found in the required supplementary information.

(iii) *Net Pension Liability*

OHSU's proportionate share of the net pension liability for PERS as of June 30, 2024 and 2023 is $512,611 and $396,378, respectively, utilizing a June 30, 2023 and 2022 measurement date, respectively. The net pension liability for the June 30, 2024 and 2023 fiscal year-end was determined based on the results of the December 31, 2021 and 2020 actuarial valuation rolled forward to the respective measurement dates using standard actuarial procedures.

The basis for OHSU's proportion is actuarially determined by comparing OHSU's projected long-term contribution effort to the PERS cost-sharing, multiple-employer defined-benefit pension plan with the total projected long-term contribution effort of all participating employers. OHSU's proportionate share was 2.74% for the June 30, 2023 measurement date and 2.59% for the June 30, 2022 measurement date.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of PERS, and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(iv) *Proportionate Share of Pension Expense and Deferrals Related to Pensions*

OHSU's pension expense for the years ended June 30, 2024 and 2023 was $75,214 and $37,947, respectively. The pension expense, which is considered period interest cost, service cost, amortization of deferred outflows and inflows, and changes in benefit terms, has increased since prior year and is included in salaries, wages, and benefits in the statements of revenues, expenses, and changes in net position.

In July 2021, the assumed rate of return on investments was reduced from 7.20% to 6.90%. The new assumed rate was also used in the actuarial valuation, which established the employer contribution rates for the 2023-25 biennium.

(Dollars in thousands)

Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of the fiscal years ended June 30, 2024 and 2023:

	Deferred outflow of resources		Deferred inflow of resources	
	2024	2023	2024	2023
Differences between expected and actual experience	$ 25,068	19,241	(2,033)	(2,472)
Changes of assumptions	45,537	62,194	(340)	(568)
Net difference between projected and actual earnings on pension plan investments	9,214	—	—	(70,865)
Changes in proportionate share	21,522	4,370	(20,043)	(33,275)
Differences between contributions and OHSU's proportionate share of system contributions	3,541	3,503	(26,106)	(33,860)
Total (prior to post-MD contributions)	104,882	89,308	(48,522)	(141,040)
Contributions subsequent to the measurement date	61,583	63,913	—	—
Gross deferred outflow (inflow) of resources	$ 166,465	153,221	(48,522)	(141,040)

The contributions made subsequent to the measurement date of $61,583 will be recognized as a reduction in the net pension liability during the year ending June 30, 2024.

(Dollars in thousands)

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

Fiscal year ending		Deferred outflow (inflow) of resources
2025	$	1,102
2026		(19,253)
2027		50,978
2028		20,480
2029		3,053
Total	$	56,360

(v) Actuarial Methods and Assumptions

The following methods and assumptions were used in developing total pension liability reported as of June 30, 2024 and 2023:

Actuarial methods and Assumptions	2024	2023
Valuation date	December 31, 2021	December 31, 2020
Measurement date	June 30, 2023	June 30, 2022
Experience study report	2020, published July 2021 Based on data for the experience period January 1, 2017 to December 31, 2020	2020, published July 2021 Based on data for the experience period January 1, 2017 to December 31, 2020
Actuarial assumptions:		
Actuarial cost method	Entry age normal	Entry age normal
Inflation rate	2.40%	2.40 %
Long-term expected rate of return	6.90	6.90
Discount rate	6.90	6.90
Projected salary increases	3.40	3.40
Cost of Living Adjustments (COLA)	Blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with *Moro* case decision; blend based on service	Blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with *Moro* case decision; blend based on service

(Dollars in thousands)

Actuarial methods and Assumptions	2024	2023
Mortality	***Healthy retirees and beneficiaries:*** Pub-2010 Healthy annuitant, sex-distinct, generational with Unsex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation ***Active members:*** Pub-2010 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and setbacks as described in the valuation ***Disabled retirees:*** Pub-2010 Disabled retirees, sex-distinct, generational with Unsex, Social Security Data Scale.	***Healthy retirees and beneficiaries:*** Pub-2010 Healthy annuitant, sex-distinct, generational with Unsex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation ***Active members:*** Pub-2010 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and setbacks as described in the valuation ***Disabled retirees:*** Pub-2010 Disabled retirees, sex-distinct, generational with Unsex, 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. The 2020 experience study, used in developing total pension liability measured as of June 30, 2023, was based on the data for the experience period January 1, 2017 to December 31, 2020.

(vi) Discount Rate

The discount rate used to measure the total pension liability for the fiscal years ended June 30, 2024 and 2023 was 6.90% and 6.90%, respectively. 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 for PERS was applied to all periods of projected benefit payments to determine the total pension liability. The impact of a 1.00% decrease and increase in the discount rate on the net pension liability is as follows:

Discount Rate Sensitivity – Net Pension Liability

(Dollars in thousands)

OHSU's proportionate share		1% Decrease	Current discount rate	1% Increase
June 30, 2024	$	846,737	512,611	232,983
June 30, 2023		702,942	396,378	139,798

(vii) Investments

The Oregon State Treasury is the investment officer for the State. Investment standards are established in ORS 293.726 and require funds to be managed as a prudent investor would do. The Oregon Investment Council (OIC) establishes policies for the investment and reinvestment of moneys in the Oregon Public Employees Retirement Fund (OPERF).

ORS 293.701 defines the investment funds over which OIC has responsibility. Included is the OPERF, which comprises the defined-benefit pension plan, the individual account program, and the other postemployment benefit plans. OIC establishes policies for the investment and reinvestment of moneys in the investment funds as well as the acquisition, retention, management, and disposition of investments in the investment funds. OIC is also responsible for providing an examination of the effectiveness of the investment program.

(Dollars in thousands)

(1) *Assumed Asset Allocation*

The following table illustrates both the assumed and actual asset allocation. Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of the measurement date June 30, 2023:

OIC Target and Actual Investment Allocation as of June 30, 2023

Asset class/strategy	OIC policy low range	OIC policy high range	OIC target allocation	Asset class/strategy	Actual allocation[2]
Debt securities	20.0 %	30.0 %	25.0 %	Debt securities	20.0 %
Public equity	22.5	32.5	27.5	Public equity	23.3
Real estate	9.0	16.5	12.5	Real estate	13.6
Private equity	17.5	27.5	20.0	Private equity	26.5
Real assets	2.5	10.0	7.5	Real Assets	9.1
Diversifying strategies	2.5	10.0	7.5	Diversifying Strategies	5.0
Opportunity portfolio[1]	—	5.0	—	Opportunity portfolio[1]	2.5
Total			100.0 %	Total	100.0 %

[1] Opportunity Portfolio is an investment strategy. Up to 5% of total Fund assets may be invested in it.

[2] The target allocation of Debt Securities is increased by 5% and Public Equity is reduced by 2.5% from FY2022, and the allocation to Risk Parity is eliminated.

(Dollars in thousands)

The following table illustrates both the assumed and actual asset allocation. Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of the measurement date June 30, 2022:

OIC Target and Actual Investment Allocation as of June 30, 2022*

Asset class/strategy	OIC policy low range	OIC policy high range	OIC target allocation	Asset class/strategy	Actual allocation[3]
Debt securities	15.0 %	25.0 %	20.0 %	Debt securities	19.8 %
Public equity	25.0	35.0	30.0	Public equity	21.2
Real estate	7.5	17.5	12.5	Real estate	13.6
Private equity	15.0	27.5	20.0	Private equity	28.0
Risk Parity[2]	—	3.5	2.5	Risk Parity[2]	2.0
Real Assets	2.5	10.0	7.5	Real Assets	7.9
Diversifying Strategies	2.5	10.0	7.5	Diversifying Strategies	4.9
Opportunity portfolio[1]	—	5.0		Opportunity portfolio[1]	2.6
Total			100.0 %	Total	100.0 %

[1] Opportunity portfolio is an investment strategy, and it may be invested up to 5% of total Fund assets

[2] Risk Parity is a new investment strategy added to the asset allocation mix in 2019.

[3] Based on the actual investment value at 6/30/2022.

* The OIC target allocations are based on OIC asset classes as determined by each manager's primary investment type, not the financial statement classification of individual holdings. The target allocation amounts do not include deferred compensation plan investments. The actual investment allocation is based on the financial statement investment classifications, including deferred compensation plan investments. Risk parity is included with the alternatives portfolio.

(2) Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, the PERS Board reviews long-term assumptions developed by the consulting actuary's capital market assumptions team and the OIC investment advisers. The table below shows the actuary'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. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class 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.

(Dollars in thousands)

Asset class	2024 Target allocation[1]	2024 Compound annual return (Geometric)[2]	Asset class	2023 Target allocation[1]	2023 Compound annual return (Geometric)[2]
Global Equity	27.50 %	7.07 %	Global Equity	30.62 %	5.85 %
Private Equity	25.50	8.83	Private Equity	25.50	7.71
Core Fixed Income	25.00	4.50	Core Fixed Income	23.75	2.73
Real Estate	12.25	5.83	Real Estate	12.25	5.66
Master Limited Partnerships	0.75	6.02	Master Limited Partnerships	0.75	5.71
Infrastructure	1.50	6.51	Infrastructure	1.50	6.26
Commodities			Commodities	0.63	3.10
Hedge Fund of Funds – Multistrategy	1.25	6.27	Hedge Fund of Funds – Multistrategy	1.25	5.11
Hedge Funds Equity – Hedge	0.63	6.48	Hedge Funds Equity – Hedge	0.63	5.31
Hedge Funds – Macro	5.62	4.83	Hedge Funds – Macro	5.62	5.06
US Cash			US Cash	(2.50)	1.76
Assumed Inflation – Mean		2.35	Assumed Inflation – Mean	—	2.40
	100.00 %			100.00 %	

[1] Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of January 25, 2023.

[2] The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

(b) Other Retirement Plans

In addition to the PERS defined-benefit retirement plan, OHSU has two defined-contribution plans – the University Pension Plan (UPP) and Clinical Retirement Plan (CRP). OHSU also offers employees the opportunity to supplement their retirement income through pre-tax and/or post-tax Roth contributions to the Voluntary Retirement Savings Plans.

(i) University Pension Plan (UPP)

Effective July 1, 1996, OHSU established the UPP. The UPP is a defined-contribution plan, which is available as an alternate to PERS for employees who are not eligible for the CRP. Employees become fully vested in employer contributions over a three- to four-year period (depending on collective bargaining agreements) or upon reaching age 50. Contribution levels are determined by the collective bargaining agreements for union represented employees and the board of directors of OHSU for noncollective bargaining employees.

(Dollars in thousands)

401(a) UPP contributions are made at 6% for AFSCME represented, Research and Unclassified Administrative employees. This contribution is employer paid and is fully vested at the time of the contribution. For ONA-represented employees contribution begins at 5%, increasing to 6% contribution after three years. Non-Clinical Faculty contributions are made at 12%, half of which is vested immediately.

403(b) Matching Plan is offered to eligible employees enrolled in the 401(a) University Pension Plan (UPP), with contributions stopping once the annual IRS elective contribution limit is reached each year. ONA employees enrolled into the UPP are automatically defaulted into the 403b for a 6% pre-tax deduction. 403(b) match contributions are always 100% vested.

457(b) is available for House Officers and Postdoctoral Scholars. Eligible participants receive an annual retirement plan contribution from OHSU, currently at 3%, which is fully vested immediately. This contribution reduces the employee elective deferral limit for the 457(b) voluntary retirement savings plan.

(ii) Clinical Retirement Plan (CRP)

For employees who are members of OHSU Practice Plan (OPP) who work in a qualifying position, OHSU offers participation in the CRP. The CRP is an employer-paid, defined-contribution plan, and contributions to this plan are fully vested at the time of the contribution. A variable contribution rate is used for employees enrolled prior to January 1, 2009. After January 1, 2009, a 12% contribution rate is used, with an annual earning cap.

		2024	2023
UPP:			
Employer contribution	$	81,730	68,709
Employee contribution [1]		24,812	23,301
	$	106,542	92,010
CRP:			
Employer contribution	$	46,225	40,899
	$	46,225	40,899

[1] Of the employees' share, the employer paid $24,812 and $23,301 related to noncollective bargaining employees and ONA-represented employees in fiscal years 2024 and 2023, respectively.

(iii) Voluntary Savings Plans

OHSU offers all eligible employees, full and part time, an option to participate in one of two tax-deferred savings plans through the University Voluntary Savings Program. The 403(b) Plan is often referred to as a tax-deferred investment plan while the 457(b) Plan is referred to as a deferred compensation plan. Both plans offer a variety of investment options. The contribution and investment earnings under these plans are tax deferred, which may be accumulated by the employee for distribution at a future date. ONA-represented, research and unclassified administrative employees hired July 1, 2017 or later, and enrolled in the UPP, are eligible for a 403(b) match paid by the employer, otherwise, all other contributions to these plans are made by the employee and are fully vested at the time of the contribution. The IRS sets the contribution limit for the voluntary retirement plans each year.

The Foundation has defined-contribution plans available for substantially all employees. The plans are funded through the purchase of a group annuity contract with an insurance company at a discretionary amount equal to 12% of eligible compensation. Contributions are fully vested after five years. The Foundation contributed $1,500 and $1,100 for the purchase of retirement annuities during the fiscal years ended June 30, 2024 and 2023, respectively

(8) Postemployment Benefits Other than Pensions (OPEB)

OHSU administers a single-employer, defined-benefit healthcare plan for qualified employees and postemployment healthcare for retiring employees eligible to receive medical coverage. Additionally, for eligible PERS members, PERS administers the Retirement Health Insurance Account (RHIA) cost-sharing, multiple-employer defined-benefit OPEB plan.

(a) Single-Employer, Defined-Benefit Plan

(i) Plan Description

OHSU provides retiree health program coverage to current and future retirees of OHSU who qualify for retirement. Members who terminate prior to retirement eligibility or are not participating in the plan at retirement are not eligible to participate in the program. The employee must be actively enrolled in an OHSU medical plan at the time of separation from OHSU.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

(ii) Employees Covered by Benefit Terms

The plan provides access for retiring employees to OHSU's employee medical plans at the same premium rates assessed to active employees. As of the measurement date of October 1, 2023, the following employees were covered by the benefit terms.

(Dollars in thousands)

OHSU had a reduction of force occur between the measurement date of October 1,2023 and reporting date of June 30, 2024. As a part of OHSU's strategic alignment there was the termination of 500 positions as of June 30,2024. Actuarial reporting will be updated for this change and OHSU's financials will show corresponding adjustment and impact on fiscal year 2025 financials.

	October 1	
	2023	**2022**
Active employees	18,644	15,304
Retired members and others, receiving benefits	106	125
Total participants	18,750	15,429

(iii) *Benefit Payments*

Benefit payments made for the fiscal years ended June 30, 2024 and 2023 were $764 and $664, respectively.

(iv) *Total OPEB Liability*

The total OPEB liability as of the reporting date June 30, 2024 and 2023 is $22,363 and $21,064, respectively. The total OPEB liability was determined by an actuarial valuation as of October 1, 2023, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. The liability is included in other noncurrent liabilities in the accompanying statements of net position.

(v) *Actuarial Assumptions and Other Inputs*

The following methods and assumptions were used in developing the total OPEB liability.

Fiscal year ended	**June 30, 2024**	**June 30, 2023**
Valuation date	October 1, 2023	October 1, 2021
Measurement date	October 1, 2023	October 1, 2022
Reporting date	June 30, 2024	June 30, 2023
Experience study report	2020 Oregon PERS Experience Study Based on January 1, 2017 to December 31, 2020	2018 Oregon PERS Experience Study Based on January 1, 2015 to December 31, 2018
Inflation	2.40 %	2.40 %
Discount rate*	4.09 %	4.02 %

* The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

(Dollars in thousands)

(vi) Expense and Deferred (Inflows)/Outflows of Resources Related to OPEB

The OPEB expense, which is considered concurrent period interest cost, service cost, amortization of deferred outflows and inflows, and effect of plan changes, was $2,811 and $2,933 for the fiscal year ended June 30, 2024 and 2023, respectively.

As of June 30, 2024 and 2023, the deferred inflows and outflows of resources were as follows:

	Deferred outflow of resources		Deferred inflow of resources	
	2024	**2023**	**2024**	**2023**
Differences between expected and actual experience	$ 2,231	1,945	—	—
Changes of assumptions	2,563	3,970	(5,330)	(5,825)
Total (prior to post-MD contributions)	4,794	5,915	(5,330)	(5,825)
Contributions subsequent to the measurement date	765	664	—	—
Gross deferred outflow (inflow) of resources	$ 5,559	6,579	(5,330)	(5,825)

The contributions made subsequent to the measurement date of $765 will be recognized as a reduction in the total OPEB liability during the year ending June 30, 2025.

(b) Cost-Sharing, Multiple-Employer Defined-Benefit Plan

(i) Plan Description

ORS 238.420 established the RHIA. RHIA is a cost-sharing, multiple-employer OPEB plan for 904 participating employers. The plan was closed to new entrants hired on or after August 29, 2003.

The State's PERS issues a publicly available financial report that includes financial statements and required supplementary information, including a 10-year historical trend information showing the accumulation of sufficient assets to pay benefits when due. Copies of the Oregon Public Employees Retirement System's Comprehensive Annual Financial Report and Actuarial Valuations may be obtained from the PERS Web site at: www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx.

(ii) *Benefits Provided*

The plan authorizes a payment of up to sixty dollars from RHIA toward the monthly cost of health insurance for eligible PERS members.

(iii) *Contributions*

Contributions are advance-funded on an actuarially determined basis. The contractually required contributions for retiree healthcare liabilities for the period July 1, 2023 through June 30, 2025 are 0.04% for Tier One and Tier Two member-covered salaries to amortize the unfunded actuarial accrued liability. These rates were based on the December 31, 2021 actuarial valuation.

Contributions to the OPEB plan from OHSU were $4 and $57 for the years ended June 30, 2024 and 2023, respectively. Employees are not required to contribute to the OPEB plan.

(iv) *OPEB Asset, OPEB Expense (Income), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

At fiscal years ended June 30, 2024 and 2023, OHSU reported an asset of $10,576 and $11,743 for its proportionate share of the net OPEB asset, respectively. The net OPEB asset was measured as of June 30, 2020 and 2019 and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2021 and 2020, respectively. OHSU's proportion of the net OPEB asset was based on a projection of OHSU's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating members, actuarially determined. At the June 30, 2023 and 2022 measurement date, OHSU's proportionate share was 2.89% and 3.30%, respectively.

(Dollars in thousands)

The OPEB expense (income), which is considered concurrent period interest cost, service cost, amortization of deferred outflows and inflows, and effect of plan changes, was ($1,450) and ($2,198), for the years ended June 30, 2024 and 2023, respectively. As of June 30, 2024 and 2023, the deferred inflows and outflows of resources were as follows:

		Deferred outflow of resources		Deferred inflow of resources	
		2024	2023	2024	2023
Differences between expected and actual experience	$	—	—	(266)	(318)
Changes of assumptions		30	92	(114)	(391)
Net difference between projected and actual earnings on investments		729	—	(189)	(896)
Changes in proportionate share		—	—	—	(976)
Total (prior to post-MD contributions)		759	92	(569)	(2,581)
Contributions subsequent to the measurement date		4	57	—	—
Gross deferred outflow (inflow) of resources	$	763	149	(569)	(2,581)

The contributions made subsequent to the measurement date of $4 will be recognized as a reduction in the total OPEB liability during the year ending June 30, 2024.

(Dollars in thousands)

(v) Actuarial Assumptions and Other Inputs

The total OPEB asset (liability) in the December 31, 2021 and 2020 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement.

Fiscal year ended	June 30, 2024	June 30, 2023
Valuation date	December 31, 2021	December 31, 2020
Measurement date	June 30, 2023	June 30, 2022
Reporting date	June 30, 2024	June 30, 2023
Experience study report	2020, published July 20, 2021 Based on data for the experience period January 1, 2017 to December 31, 2020	2020, published July 20, 2021 Based on data for the experience period January 1, 2017 to December 31, 2020
Actuarial assumptions:		
Actuarial cost method	Entry age normal	Entry age normal
Inflation rate	2.40%	2.40%
Long-term expected rate of return	6.90%	6.90%
Discount rate	6.90%	6.90%

(9) Long-Term Debt, Bonds, and Right-to-Use Lease Liabilities

Long-term debt and long-term leases at June 30, 2024 and 2023 is as follows:

	2024	2023
Revenue bonds:		
Series 2015C	$ 100,000	100,000
Series 2016B	199,835	199,835
Series 2017A	65,460	65,460
Series 2019A	110,255	117,840
Series 2019B-2	150	150
Series 2019C	63,115	65,045
Series 2021A	338,380	338,380
Series 2021B-1	45,990	45,990
Series 2021B-2	45,970	45,970
Series 2021C	11,585	11,585

(Dollars in thousands)

		2024	2023
Direct placement and direct purchase revenue bonds:			
Series 2017B	$	50,000	50,000
Series 2019D		46,915	50,000
Series 2022A		35,595	46,150
Other debt:			
State of Oregon DSPA and TIC Agreements		23,430	24,421
City of portland local improvement district agreements		5,831	7,686
Line of credit		—	—
Unamortized bond premiums and discounts		104,517	115,628
Financed purchases		2,477	4,059
Long-term leases [a]		97,483	92,761
		1,346,988	1,380,960
Less: Current portion of long-term debt and long-term leases		(37,308)	(40,458)
Noncurrent long-term debt and long-term leases	$	1,309,680	1,340,502

[a] The Foundation recorded lease liabilities and subscription IT liabilities of $10,546 and $11,148 as of June 30, 2024 and 2023, respectively.

(a) Revenue Bonds

2015C Revenue Bonds

OHSU Series 2015C Revenue Bonds (2015C Bonds) are taxable fixed rate bonds with an outstanding principal amount of $100,000 as of June 30, 2024. The 2015C Bonds have a maturity date of July 1, 2045, and require semiannual interest payments at a coupon rate of 5.0%. Proceeds from the 2015C Bonds were used for general public corporation or other public purposes, including, but not limited to, financing capital expenses, noncapital expenses, and costs related to the issuance of the bonds. The 2015C Bonds are limited obligations of OHSU and are secured by OHSU's gross revenues. The 2015C Bonds are not general obligation bonds and are payable solely from revenue pledged.

2016B Revenue Bonds

OHSU Series 2016B Revenue Bonds (2016B Bonds) are tax-exempt fixed rate bonds with an outstanding principal amount of $199,835 as of June 30, 2024. The 2016B Bonds have maturities due beginning July 1, 2028 through July 1, 2046 requiring semiannual interest payments with coupon rates ranging from 2.5% to 5.0%. The 2016B Bonds were issued to advance refund the Series 2009A Bonds and for capital improvements related to the construction of an ambulatory care tower and as a prerequisite to the receipt of state matching grant funds for the construction of a new Knight Cancer Research Building. The 2016B Bonds are limited obligations of OHSU and are secured by OHSU's gross revenues. The 2016B Bonds are not general obligation bonds and are payable solely from revenue pledged.

2017A Revenue Bonds

OHSU Series 2017A Revenue Bonds (2017A Bonds) are tax-exempt fixed rate bonds with an outstanding principal amount of $65,460 as of June 30, 2024. The 2017A Bonds have maturities due beginning July 1, 2033 through July 1, 2046 requiring semiannual interest payments with coupon rates ranging from 3.5% to 5.0%. The Series 2017A Bonds were issued for capital improvements related to the construction of an ambulatory care tower and as a prerequisite to the receipt of State matching grant funds for the construction of a new Knight Cancer Research Building. The 2017A Bonds are limited obligations of OHSU and are secured by OHSU's gross revenues. The 2017A Bonds are not general obligation bonds and are payable solely from revenue pledged.

2019A Revenue Bonds

OHSU Series 2019A Revenue Bonds (2019A Bonds) are tax-exempt fixed rate bonds with an outstanding principal amount of $110,255 as of June 30, 2024. The 2019A Bonds have remaining maturities due July 1, 2024 through July 1, 2049, requiring semiannual interest payments with coupon rates ranging from 3.0% to 5.0%. The 2019A Bonds were issued as part of a financing transaction used to refund several prior bond series, to pay for capital improvements for the University, and to pay for costs of issuance for the bonds. The 2019A Bonds are limited obligations of OHSU and are secured by OHSU's gross revenues. The 2019A Bonds are not general obligation bonds and are payable solely from revenue pledged.

2019B-2 Revenue Bonds (Partially Refunded)

OHSU Series 2019B-2 Revenue Bonds (2019B-2 Bonds) were partially refunded on December 21, 2021. Several 2019B-2 Bonds were refunded for a total principal amount of $48,970, following acceptance of stated amounts in a bond tender offer and exchange. Not all bonds were tendered, and there remains an outstanding principal amount of $150 as of June 30, 2024. The remaining 2019B-2 Bonds are tax-exempt put bonds with maturities due beginning July 1, 2040 through July 1, 2042, that have a first optional redemption date of November 1, 2024, and a mandatory purchase date of February 1, 2025. The 2019B-2 Bonds require semiannual debt service payments at a coupon rate of 5.0%. The 2019B-2 Bonds were issued as part of a financing transaction used to refund several prior bond series and to pay for capital improvements for the University, and to pay for costs of issuance for the bonds. The 2019B-2 Bonds are limited obligations of OHSU and are secured by OHSU's gross revenues. The 2019B-2 Bonds are not general obligation bonds and are payable solely from revenue pledged.

2019C Revenue Bonds

OHSU Series 2019C Revenue Bonds (2019C Bonds) are taxable fixed rate bonds with an outstanding principal amount of $63,115 as of June 30, 2024. The 2019C Bonds have remaining maturities due July 1, 2024 through July 1, 2032, and require semiannual interest payments with coupon rates ranging from 2.2% to 3.0%. The 2019C Bonds were issued as part of a financing transaction used to refund several prior bond series, to pay for capital improvements for the University, and to pay for costs of issuance for the bonds. The 2019C Bonds are limited obligations of OHSU and are secured by OHSU's gross revenues. The 2019C Bonds are not general obligation bonds and are payable solely from revenue pledged.

2021A Revenue Bonds

OHSU Series 2021A Revenue Bonds (2021A Bonds) are tax-exempt fixed rate bonds with an outstanding principal amount of $338,380 as of June 30, 2024. The 2021A Bonds have maturities due beginning July 1, 2033 through July 1, 2051, and require semiannual interest payments with coupon rates ranging from 3.0% to 5.0%. The 2021A Bonds were issued as part of a financing transaction used to refund several prior bond series, to pay for capital improvements for the University including acquisition of an office building, and to pay for costs of issuance for the bonds. The 2021A Bonds are limited obligations of OHSU and are secured by OHSU’s gross revenues. The 2021A Bonds are not general obligation bonds and are payable solely from revenue pledged.

2021B-1 Revenue Bonds

OHSU Series 2021B-1 Revenue Bonds (2021B-1 Bonds) are tax-exempt long-term rate bonds with an outstanding principal amount of $45,990 as of June 30, 2024. The 2021B-1 Bonds have maturities due beginning July 1, 2040 through July 1, 2046, and require semiannual interest payments with coupon rates of 5.0%. The 2021B-1 Bonds have a first optional redemption date of November 1, 2029, and an initial long-term rate mandatory purchase date of February 1, 2030. The 2021B-1 Bonds were issued as part of a financing transaction used to refund several prior bond series, to pay for capital improvements for the University including acquisition of an office building, and to pay for costs of issuance for the bonds. The 2021B-1 Bonds are limited obligations of OHSU and are secured by OHSU’s gross revenues. The 2021B-1 Bonds are not general obligation bonds and are payable solely from revenue pledged.

2021B-2 Revenue Bonds

OHSU Series 2021B-2 Revenue Bonds (2021B-2 Bonds) are tax-exempt long-term rate bonds with an outstanding principal amount of $45,970 as of June 30, 2024. The 2021B-2 Bonds have maturities due beginning July 1, 2040 through July 1, 2046, and require semiannual interest payments with coupon rates of 5.0%. The 2021B-2 Bonds have a first optional redemption date of November 1, 2031, and an initial long-term rate mandatory purchase date of February 1, 2032. The 2021B-2 Bonds were issued as part of a financing transaction used to refund several prior bond series, to pay for capital improvements for the University including acquisition of an office building, and to pay for costs of issuance for the bonds. The 2021B-2 Bonds are limited obligations of OHSU and are secured by OHSU’s gross revenues. The 2021B-2 Bonds are not general obligation bonds and are payable solely from revenue pledged.

2021C Revenue Bonds

OHSU Series 2021C Revenue Bonds (2021C Bonds) are tax-exempt long-term rate bonds with an outstanding principal amount of $11,585 as of June 30, 2024. The 2021C Bonds have maturities due beginning July 1, 2040 through July 1, 2042, and require semiannual interest payments with coupon rates of 4.0%. The 2021C Bonds have a first optional redemption date of November 1, 2028, and an initial long-term rate mandatory purchase date of February 1, 2029. The 2021C Bonds were issued as part of a financing transaction used to refund several prior bond series, to pay for capital improvements for the University including acquisition of an office building, and to pay for costs of issuance for the bonds. The 2021C Bonds are limited obligations of OHSU and are secured by OHSU's gross revenues. The 2021C Bonds are not general obligation bonds and are payable solely from revenue pledged.

(b) Direct Placement and Direct Purchase Bonds

2017B Revenue Bonds

OHSU Series 2017B Revenue Bonds (2017B Bonds) are tax-exempt fixed rate direct placement bonds with an outstanding principal amount of $50,000 as of June 30, 2024. The 2017B Bonds were issued for capital improvements related to the construction of an ambulatory care tower and as a prerequisite to the receipt of state matching grant funds for the construction of a new Knight Cancer Research Building. The 2017B Bonds are subject to event of default provisions that may cause the full outstanding amount to become immediately due and payable at the discretion of the bondholder representative. Event of default provisions are extensive with certain provisions subjective in nature based on materiality. Some notably event of default provisions included, but not limited to, are if the University fails to pay principal or interest on any bond when due, if the University makes any material misrepresentation in connection to the agreement, and if the University fails to meet the debt covenants requiring financial disclosures. The 2017B Bonds are limited obligations of OHSU and are secured by OHSU's gross revenues. The 2017B Bonds are not general obligation bonds and are payable solely from revenue pledged.

2019D Revenue Refunding Bonds

OHSU Series 2019D Revenue Bonds (2019D Bonds) were converted to tax-exempt fixed rate direct purchase rate bonds from taxable fixed rate direct purchase rate bonds on April 5, 2022. The 2019D Bonds have an outstanding principal amount of $46,915 as of June 30, 2024. The 2019D Bonds were originally issued to refund a portion of the OHSU Series 2012E Revenue Bonds on an advance refunding basis. The 2019D Bonds are subject to event of default provisions that may cause the full outstanding amount to become immediately due and payable at the discretion of the bondholder representative. Event of default provisions are extensive with certain provisions subjective in nature based on materiality. Some notably event of default provisions included, but not limited to, are if the University fails to pay principal or interest on any bond when due, if the University makes any material misrepresentation in connection to the agreement, and if the University fails to meet the debt covenants requiring financial disclosures. The 2019D Bonds are limited obligations of OHSU and are secured by OHSU's gross revenues. The 2019D Bonds are not general obligation bonds and are payable solely from revenue pledged.

2022A Revenue Refunding Bonds

OHSU Series 2022A Revenue Bonds (2022A Bonds) were issued on April 5, 2022 as tax-exempt direct purchase rate bonds with a par amount of $56,495. The 2022A Bonds have an outstanding principal amount of $35,595 as of June 30, 2024. The 2022A Bonds were issued to refund on a current basis a portion of the OHSU Series 2012A Revenue Bonds. The 2022A Bonds are subject to event of default provisions that may cause the full outstanding amount to become immediately due and payable at the discretion of the bondholder representative. Event of default provisions are extensive with certain provisions subjective in nature based on materiality. Some notably event of default provisions included, but not limited to, are if the University fails to pay principal or interest on any bond when due, if the University makes any material misrepresentation in connection to the agreement, and if the University fails to meet the debt covenants requiring financial disclosures. The 2022A Bonds are limited obligations of OHSU and are secured by OHSU's gross revenues. The 2022A Bonds are not general obligation bonds and are payable solely from revenue pledged.

(c) Other Debt

OHSU Portion of State of Oregon Article XI-F(1) Debt (Pursuant to DSPA and TIC Agreements)

OHSU has agreements with the Oregon State Board of Higher Education (on behalf of the State of Oregon) pursuant to which OHSU makes semiannual payments to the State in amounts sufficient to pay, when due, principal, interest, and other charges with respect to debt incurred by the State for the benefit of OHSU. This debt is commonly referred to as Article XI-F(1) debt and the agreements between OHSU and the State are commonly referred to as the Debt Service Payment Agreement (DSPA) and the Tenancy in Common Agreement (TIC).

In 1995, OHSU became an independent public corporation pursuant to an act of the Oregon Legislative Assembly (the Act). Pursuant to the Act, OHSU assumed liability for outstanding indebtedness of the State previously incurred for the benefit of OHSU. To evidence this obligation, OHSU and the Oregon State Board of Higher Education (on behalf of the State of Oregon) entered into the DSPA.

In 2011, OHSU entered into a joint construction project with the Oregon State Board of Higher Education to build the Robertson Life Sciences Building (previously referred to as the Collaborative Life Sciences Building) on OHSU's Schnitzer Campus located in Portland's South Waterfront to be jointly owned, developed, and operated collaboratively with Portland State University and Oregon State University. As partial consideration for OHSU's receipt of 50% undivided percentage interest in the tenancy in common of the Robertson Life Sciences Building, OHSU entered into the TIC in which OHSU agreed to pay to the State for a portion of the debt issued by the State to fund the construction of the project.

Pursuant to the DSPA and TIC, OHSU has an obligation to the State, and the State is the bond issuer. From time to time, the State has refinanced its bonds, some of which has affected the underlying bonds that were assigned to the DSPA and TIC. The total amount outstanding for the State of Oregon Article XI-F(1) debt assigned to OHSU under the DSPA and TIC as of June 30, 2024 and 2023 are $23,430 and $24,421. These balances are included in long-term debt in the statements of net position. Payments under the terms of the DSPA and TIC by OHSU represents full satisfaction of any legal obligation related to such outstanding indebtedness.

City of Portland Local Improvement District Agreements

OHSU initially entered into various local improvement district agreements (LIDs) with the City of Portland, Oregon during fiscal years 2007 and 2008 for real improvements to Portland's South Waterfront District. During fiscal year 2012, OHSU entered into additional LIDs with the City of Portland for real improvements to the same Portland South Waterfront District. All outstanding LIDs debt is scheduled to be repaid in semiannual installments, with maturities through fiscal year 2029 and interest rates ranging between 4.19% and 4.71%. The total outstanding amount of principal as of June 30, 2024 and 2023 are $5,831 and $7,686, respectively, and have been included in long-term debt in the statements of net position.

(a) Line of Credit

OHSU has a single line of credit available with U.S. Bank National Association for an aggregate principal amount not to exceed $100,000. Interest is payable on a monthly basis and interest rates are variable based on the monthly SOFR rate and an applicable margin. As of June 30, 2024, OHSU has not drawn on its line of credit.

Pursuant to the Fourth Amendment to Credit Agreement (Fourth Amendment) dated as of May 1, 2024, the Fourth Amendment made changes, including, without limitation, extending the Maturity Date of the Line of Credit to April 30, 2025.

The line of credit is subject to event of default provisions that would cause the full outstanding amount to become immediately due and payable. Event of default provisions are extensive with certain provisions subjective in nature based on materiality. Some notably event of default provisions included, but not limited to, are if the University fails to pay principal or interest on the loan when due, if the University makes any material misrepresentation in connection to the agreement, and if the University fails to meet the debt covenants requiring financial disclosures.

(b) Unamortized Bond Premiums and Discounts

OHSU has issued bonds at a premium and bonds at a discount. The premium and discount are amortized over the original life of the bond or through the bond mandatory tender date as applicable. The unamortized balances are included in long-term debt in the statements of net position. The unamortized net premium balances as of June 30, 2024 and 2023 are $104,517 and $115,628, respectively.

(Dollars in thousands)

(h) Summary of Principal and Interest Payments

Principal and interest payments under the outstanding long-term debt and long-term lease obligations are as follows:

	Principal	Interest	Total
Year(s) ending June 30:			
2025	$ 37,308	50,212	87,520
2026	48,457	48,094	96,551
2027	43,966	46,343	90,309
2028	35,798	44,761	80,559
2029	32,954	43,392	76,346
2030–2034	174,353	198,179	372,532
2035–2039	170,159	162,267	332,426
2040–2044	205,774	119,959	325,733
2045–2049	311,497	60,185	371,682
2050–2054	182,205	9,785	191,990
	$ 1,242,471	783,177	2,025,648

(i) Changes in Long-Term Liabilities

Changes in OHSU's total long-term liabilities during the fiscal years ended June 30, 2024 and 2023 is summarized below:

	June 30, 2023 balance	Increases	Decreases	June 30, 2024 Current portion	June 30, 2024 Noncurrent portion	Total
Liability for self-funded insurance programs	$ 101,925	36,179	(30,281)	61,167	46,656	107,823
Liability for life income agreements	20,503	6,293	(2,081)	—	24,715	24,715
Long-term debt	1,284,140	—	(37,112)	12,730	1,234,298	1,247,028
Long-term financed purchase	4,059	—	(1,582)	1,670	807	2,477
ROU lease liability	92,761	34,673	(29,951)	22,908	74,575	97,483
Other noncurrent liabilities	29,250	147,795	(146,095)	—	30,950	30,950
Pension liability	396,378	321,136	(204,903)	—	512,611	512,611
	$ 1,929,016	546,076	(452,005)	98,475	1,924,612	2,023,087

(Dollars in thousands)

	June 30, 2022 balance	Increases	Decreases	June 30, 2023 Current portion	Noncurrent portion	Total
Liability for self-funded insurance programs	$ 103,397	37,298	(38,770)	45,397	56,528	101,925
Liability for life income agreements	20,111	2,496	(2,104)	—	20,503	20,503
Long-term debt	1,329,406	—	(45,266)	13,881	1,270,259	1,284,140
Long-term financed purchase	2,418	3,147	(1,506)	1,582	2,477	4,059
ROU lease liability	88,047	35,503	(30,789)	24,995	67,766	92,761
Other noncurrent liabilities	45,049	21,436	(37,235)	—	29,250	29,250
Pension liability	305,955	405,974	(315,551)	—	396,378	396,378
	$ 1,894,383	505,854	(471,221)	85,855	1,843,161	1,929,016

(10) Life Income Fund – Annuities

Assets contributed as life income agreements are recorded at their fair value. The present value of estimated future payments to beneficiaries of annuity agreements is recorded as a liability. The present values of these estimated payments were determined on the basis of published actuarial factors for the ages of the respective annuity beneficiaries. Differences between the assets contributed and the expected payments to be made to beneficiaries have been recorded as donations in the year established.

Life income contributions, including gifts, grants, and contracts in the accompanying statements of revenues, expenses, and changes in net position, are as follows for the fiscal years ended June 30, 2024 and 2023:

	2024 Agreements	Asset	Liability
Charitable remainder unitrusts	3	$ 658	1
Charitable gift annuities	12	4,677	2,472
Total	15	$ 5,335	2,473

	2023 Agreements	Asset	Liability
Charitable remainder unitrusts	2	$ 6	2
Charitable gift annuities	4	335	207
Total	6	$ 341	209

(Dollars in thousands)

The assets and corresponding liabilities related to life income agreements are included in long-term investments, restricted, and the liability for life income agreements in the accompanying statements of net position.

Total life income instruments held at June 30, 2024 and 2023 are as follows:

	2024		
	Agreements	Asset	Liability
Charitable remainder unitrusts	34	$ 17,128	5,203
Charitable lead unitrusts	2	23,364	10,708
Charitable gift annuities	167	14,817	8,032
Life estate agreements	3	1,568	772
Total	206	$ 56,877	24,715

	2023		
	Agreements	Asset	Liability
Charitable remainder unitrusts	39	$ 16,764	5,281
Charitable lead unitrusts	3	21,522	8,713
Charitable gift annuities	157	9,990	5,689
Life estate agreements	3	1,604	820
Total	202	$ 49,880	20,503

Ten charitable gift annuities, included above, with a total gift value of $3.0 million, have been reinsured with insurance carriers in order to reduce liability exposure. Under the reinsurance contracts, the insurance carrier pays the future beneficiary payments. To the extent, the insurance carriers are unable to perform under the contract, the foundation would be responsible for payment.

(11) Funds Held in Trust by Others

The Foundation is the named beneficiary of 38 and 39 trusts held by outside trustees as of June 30, 2024 and 2023, respectively. The reported fair market value of trust assets held by others was $55,600 and $51,400 for the years ended June 30, 2024 and 2023, respectively. The Foundation records contributions as trust distributions occur. Trust distributions of $1,900 and $2,200 were recorded as contributions during the fiscal years ended June 30, 2024 and 2023, respectively.

(Dollars in thousands)

(12) Pledges and Estates Receivables

The Foundation had the following pledges and estates receivable as of June 30, 2024 and 2023:

		2024	2023
Pledges maturing within 1 year	$	144,607	122,888
Pledges maturing within 2–10 years		14,168	93,990
		158,775	216,878
Less allowance for uncollectible pledges		(519)	(621)
		158,256	216,257
Less discount for net present value (rates of 0.14% to 4.88%)		(1,677)	(3,468)
Total net pledges receivable		156,579	212,789
Estates receivable		10,475	10,400
Less allowance for uncollectible estates		(18)	(17)
Less discount for net present value (rates of 0.22% to 0.98%)		(1,016)	(1,026)
Total net estates receivable		9,441	9,357
Total pledges and estates receivable	$	166,020	222,146

(13) Commitments and Contingencies

(a) Liability for Self-Funded Insurance Programs

Coverage for professional liability, patient general liability, and automobile liability is provided through OHSU's solely owned captive insurance company, OHSU Insurance Company. Current coverage limits are $4,650 per claim with an annual aggregate of $20,000 for professional liability and $3,000 per claim for general liabilities.

Coverage for the directors' and officers' liability and employment practices liability deductible is also provided through OHSU Insurance Company. Current coverage limits for claims made on or after July 1, 2014 are $1,000 for each and every claim.

Coverage for the cyber liability deductible is also provided through OHSU Insurance Company. The coverage limit for cyber liability is $250 for each and every claim.

Excess coverage and reinsurance is provided by a variety of insurers for claims that may exceed these limits. Coverage is written on a claims-made basis.

OHSU has contracted with independent actuaries to estimate the ultimate costs of settlement related to the coverage provided by OHSU Insurance Company. The liabilities are discounted at 3.5% in 2024 and 3.5% in 2023 and, in management's opinion, provide an adequate reserve for loss contingencies.

(Dollars in thousands)

In December 2007, the Oregon Supreme Court found unconstitutional certain provisions of the Oregon Tort Claims Act (OTCA) that limited OHSU's liability for the acts of its employees and agents in large damages cases.

Effective July 1, 2009, the OTCA was amended by Senate Bill 311 for events occurring on or after December 28, 2007. The new OTCA limits are as follows:

Date of event	New OTCA limit (per claim)	Occurrence aggregate
07/01/2010–06/30/2011	$ 1,600	3,200
07/01/2011–06/30/2012	1,700	3,400
07/01/2012–06/30/2013	1,800	3,600
07/01/2013–06/30/2014	1,900	3,800
07/01/2014–06/30/2015	2,000	4,000
07/01/2015–06/30/2016	2,048	4,096
07/01/2016–06/30/2017	2,074	4,147
07/01/2017–06/30/2018	2,118	4,236
07/01/2018–06/30/2019	2,182	4,363
07/01/2019–06/30/2020	2,247	4,494
07/01/2020–06/30/2021	2,308	4,615
07/01/2021–06/30/2022	2,348	4,695
07/01/2022–06/30/2023	2,418	4,836

The impact of this decision has been included in the liability for self-funded insurance programs in the accompanying financial statements.

In September 2013, a judgment was awarded against OHSU in a professional liability case that was in excess of the OTCA, which limits OHSU's and other Oregon public body's liability for the acts of its employees and agents. OHSU disbursed the sum of $3,000, the amount of the tort cap in place at the date of the event. In May 2016, the Oregon Supreme Court affirmed the OTCA in this case.

Effective January 1, 2017, OHSU Insurance Company affiliated with a newly formed Oregon limited liability company called OHSU Project Co., LLC (a controlled affiliate of OHSU), which comprises OHSU and other nonaffiliated healthcare providers and systems, referred to as members. The operating agreement of OHSU Project Co., LLC asserts that OHSU's membership interest or voting power with respect to OHSU Project Co., LLC may not constitute less than ten percent (10%) of the outstanding membership interests. OHSU's membership interest was 37.4% and 34.8% as of June 30, 2024 and 2023, respectively.

The OHSU Project Co., LLC's sole purpose is to purchase casualty stop-loss insurance from OHSU Insurance Company for the benefit of its members. Each provider is entitled to coverage equal to its percentage membership interest in the limited liability company. The contracted payor effectuated the health insurance products entering into a provider-networking contract with OHSU Project Co., LLC.

INSCO provides to OHSU Project Co., LLC medical aggregate excess of loss coverage for its share of the medical loss ratio (MLR) risk and cedes a portion of the risk to Swiss Re. Should MLR deteriorate sufficiently so as to trigger the risk ceded to Swiss Re, then Swiss Re will be liable for 90% of OHSU Project Co., LLC's risk share, subject to a maximum liability of $1,500 with the 10% retention staying with OHSU Insurance Company.

On January 1, 2006, workers compensation coverage for all employees was placed with the SAIF Corporation in accordance with statutory requirements. The State Accident Insurance Fund also provides Employers Liability coverage in the amount of $500, without retention. The State Accident Insurance Fund policy was written as a paid loss retrospective plan until July 1, 2017 at which time it converted its coverage to a guaranteed cost plan. This paid premium is an estimate and varies with audited payroll. In addition, the State Accident Insurance Fund bills monthly for the prior year's claims paid losses (2006 to June 2017), adding a 16.5% loss conversion factor to the paid loss costs. Six months after the policy term, and every 12 months thereafter, a retrospective evaluation is completed (for years 2006 to June 2017) to determine any additional amounts to be paid, including outstanding reserves, for claims relating to the policy year.

(b) Unemployment Compensation

Unemployment compensation claims are administered by the Oregon Employment Division pursuant to Oregon Revised Statutes. The estimated amount of future benefits payments to claimants and the resulting liability to OHSU have been reflected as accrued salaries, wages, and benefits in the accompanying statements of net position.

(c) Employee Health Programs

OHSU is self-insured for its risk of loss related to costs to insure its employees for medical, dental, and vision coverage. OHSU has utilized a third-party actuary to assist in the estimation of its liability for the employee health programs related to claims payable and those claims incurred but not yet paid or reported of approximately $37,953 and $30,455 as of June 30, 2024 and 2023, respectively. These amounts are included in current portion of self-funded insurance program liabilities in the accompanying statements of net position.

(d) Labor Organizations

As of fiscal year-end June 30, 2024, approximately 61.1% of OHSU's employees are represented by labor organizations: 16% of OHSU's employees are nurses represented by the ONA, 39% of OHSU's employees are represented by the AFSCME, 1% of OHSU's employees are represented by Graduate Researchers United-AFSCME, 5% of OHSU's employees are represented by AFSCME House Officers Union and 0.1% of OHSU's employees are represented by the OHSU Police Association. The current contract with ONA will expire on June 30, 2026. The current contract with AFSCME expires on

June 30, 2025. The current contract with Graduate Researchers United-AFSCME expires on June 30, 2027. The current contract with AFSCME House Officers Union expires on June 30, 2027. The current contract with the OHSU Police Association expires on June 30, 2027.

(e) Construction Contracts

OHSU had outstanding commitments on unexpended construction contracts totaling approximately $16,063 and $4,216 at June 30, 2024 and 2023, respectively. These commitments will be primarily funded from gifts, grants, funds held by trustee, and other investment accounts.

(f) Legal Proceedings

The healthcare industry and academic medical centers are subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not limited to, laws and regulations related to licensure, accreditation, government health program participation, reimbursement for patient services, Medicare and Medicaid fraud and abuse, and laws and regulations governing the conduct of federally funded research, research involving human and animal subjects, and other facets of research. Government monitoring and enforcement activity continues with respect to possible violations of fraud and abuse laws and regulations and other laws and regulations applicable to healthcare providers and healthcare institutions, including academic medical centers. Violations of these laws and regulations could result in expulsion from government healthcare programs, together with the imposition of significant fines and penalties and repayments for patient services previously billed. Management believes OHSU is in compliance with applicable fraud and abuse laws and regulations, as well as other applicable government laws and regulations.

OHSU's compliance with the referenced laws and regulations may be subject to current or future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

OHSU is involved in litigation and is periodically the subject of regulatory inquiries in the normal course of its business. In past years, OHSU was subject to several federal healthcare audits as a part of national initiatives targeting large numbers of hospitals and academic medical centers and was the subject of government-issued subpoenas and postpayment reviews concerning specific OHSU billing practices. OHSU responded to these audits, subpoenas, and reviews, and these matters were resolved or are expected to be resolved without material adverse effect on OHSU's financial position, changes in financial position, or liquidity.

(g) Leases (lessee) and Similar Subscription Based Information Technology Arrangements

As discussed in note 1(w), OHSU is a lessee for various noncancelable leases of buildings and equipment. OHSU also has noncancelable subscription arrangements (similar to a lease) for the right-to-use various information technology hardware and software (subscription IT arrangements).

(Dollars in thousands)

Intangible right-to-use lease and subscription IT assets

A summary of lease and subscription IT asset activity during the year ended June 30, 2024 is as follows:

	Balance June 30, 2023	Additions	Remeasurements	Deductions	Balance June 30, 2024
Lease assets:					
Buildings and equipment	$ 107,512	21,077	(8,396)	(1,241)	118,952
Less accumulated amortization:					
Buildings and equipment	(38,422)	(9,751)	(1,584)	1,208	(48,549)
Total lease assets, net	69,090	11,326	(9,980)	(33)	70,403
Subscription IT assets	62,132	16,585	13,226	(6,345)	85,598
Less accumulated amortization:					
Subscription IT assets	(26,320)	(17,950)	(558)	2,140	(42,688)
Subscription IT assets, net	35,812	(1,365)	12,668	(4,205)	42,910
Total lease and subscription IT assets, net	$ 104,902	9,961	2,688	(4,238)	113,313

A summary of lease and subscription IT asset activity during the year ended June 30, 2023 is as follows:

	Balance June 30, 2022	Additions	Remeasurements	Deductions	Balance June 30, 2023
Lease assets:					
Buildings and equipment	$ 93,234	9,566	12,047	(7,335)	107,512
Less accumulated amortization:					
Buildings and equipment	(25,995)	(12,263)	(164)	—	(38,422)
Total lease assets, net	67,239	(2,697)	11,883	(7,335)	69,090
Subscription IT assets	40,655	10,651	11,846	(1,020)	62,132
Less accumulated amortization:					
Subscription IT assets	(10,514)	(14,350)	(3,634)	2,178	(26,320)
Subscription IT assets, net	30,141	(3,699)	8,212	1,158	35,812
Total lease and subscription IT assets, net	$ 97,380	(6,396)	20,095	(6,177)	104,902

(Dollars in thousands)

Lease and subscription IT liabilities

A summary of changes in the related lease and subscription IT liabilities during the year ended June 30, 2024 is as follows:

	Balance June 30, 2023	Additions	Remeasurements	Deductions	Balance June 30, 2024	Amounts Due within one year
Lease liabilities and subscription IT liabilities	$ 92,761	34,673	3,934	(33,885)	97,483	22,908

A summary of changes in the related lease and subscription IT liabilities during the year ended June 30, 2023 is as follows:

	Balance June 30, 2022	Additions	Remeasurements	Deductions	Balance June 30, 2023	Amounts Due within one year
Lease liabilities and subscription IT liabilities	$ 88,047	35,503	(1,256)	(29,533)	92,761	24,995

Future annual lease payments are as follows:

	Principal amount	Interest amount	Total
Year ending June 30:			
2025	$ 12,597	3,023	15,620
2026	11,346	2,362	13,708
2027	11,938	1,834	13,772
2028	8,627	1,374	10,001
2029	6,351	1,005	7,356
2030–2034	13,752	2,199	15,951
2035–2039	4,109	343	4,452
2040–2044	145	19	164
2045–2049	66	1	67
	$ 68,931	12,160	81,091

(Dollars in thousands)

Future annual subscription IT payments are as follows:

	Principal amount	Interest amount	Total
Year ending June 30:			
2025	$ 10,311	141	10,452
2026	10,784	803	11,587
2027	5,643	399	6,042
2028	1,664	102	1,766
2029	73	3	76
2030–2034	75	1	76
	$ 28,550	1,449	29,999

Variable Lease and Subscription Payments

Variable lease and subscription payments, other than those payments that depend on an index or rate or are fixed in substance, are excluded from the measurement of the lease and subscription IT liability. Such amounts are recognized as lease expense or subscription expense, respectively, in the period in which the obligation for those payments is incurred.

OHSU makes variable lease payments related to maintenance, support, utility, and insurance costs to its lessors. The amounts recognized as outflows (expense) for variable lease payments not included in the measurement of the lease liabilities were $2,926 and $2,581 during the years ended June 30, 2024 and 2023, respectively.

Lease and Subscription Commitments

As of June 30, 2024, OHSU had committed to no leases or IT subscriptions not yet commenced.

(h) Tuality Health Affiliation

On February 1, 2016, OHSU affiliated with Tuality Healthcare (Tuality) through the execution of a management agreement (the Tuality Agreement) between the organizations. Under the Tuality Agreement, OHSU agrees to oversee the unified and integrated clinical enterprises of OHSU and Tuality as a single, integrated economic unit. OHSU and Tuality remain as separate entities, own their own assets, and continue to be the licensed operators of their own facilities. Per the agreement, OHSU has guaranteed Tuality's operating income and will provide operating cash flow support. The initial term of the Tuality Agreement is 20 years and it may be renewed or extended by written agreement of the parties. The Tuality Agreement is subject to termination in the event of material breaches of the agreement or for certain other reasons specified in the Tuality Agreement.

After February 1, 2016, OHSU guarantees operating income support in the following manner: to the extent Tuality incurs an operating loss for any fiscal year, OHSU will provide operating support in the form of a cash payment to Tuality in an amount equal to the operating loss, which will result in Tuality's operating income being equal to zero. OHSU may recoup prior payments for operating support from Tuality's positive operating cash flow generated in future fiscal years as specified in the Tuality Agreement. For fiscal years 2024 and 2023, operating income support amounted to $8,080 and $22,813, respectively.

During the first five years of the agreement, if Tuality's operating cash flow, defined in the Tuality Agreement as operating income plus depreciation less regular principal payments on long-term debt and less capital spending, was negative, OHSU provided Tuality a capital advance in the form of a cash payment to bring Tuality's operating cash flow to a balance of zero. The capital advance was recorded on Tuality's financial statements as a payable to OHSU, and on OHSU's financial statements as a receivable from Tuality, subject to any required reserves for estimates of collectibility. Such capital advances do not bear interest and is repayable by Tuality to OHSU from positive operating cash flow generated in future fiscal years under general guidelines specified in the Tuality Agreement. The total note receivable as of June 30, 2024 was $19,951. In light of uncertain operating income, in the near term and the likelihood that cash flow available for repayment will be deferred into future years, OHSU recorded a valuation reserve of $19,591 against the note receivable under other noncurrent assets as of June 30, 2021.

(i) Adventist Health

On January 1, 2018, OHSU and Adventist Health entered into a Health System agreement, an operating agreement and an academic affiliation agreement. Under this affiliation, OHSU and Adventist Health will operate as a unified clinical system with a shared bottom line. The affiliation applies to OHSU's Portland-area clinical services and activities and Adventist Health Portland, which includes the 302-bed Adventist Health Portland Medical Center and its 34 affiliated clinics and home care and hospice services in the Portland-Vancouver metro area. The other 19 Adventist Health hospitals in the western United States are excluded from the agreements. Each organization will retain its existing hospital licenses, capital assets, and employees and will not join each other's master trust indenture obligated group or otherwise guarantee each other's outstanding debt.

Each entity will continue to maintain its individual mission and culture but will together strive to transform access and the delivery of healthcare to Oregonians through a unified clinical enterprise and shared brand experience. A board of managers comprising representatives from each organization has been created to oversee the system.

The initial term of the Adventist agreement is 20 years and it may be renewed or extended by written agreement of the parties, and the agreement is subject to termination in the event of material breaches or for certain other reasons specified in the agreement.

OHSU and Adventist Health's allocation amount is determined by multiplying the consolidated Metro Health System net operating results by such party's proportional allocation percentage, including the amount of such party's total capital charges (for the same period for which such allocation amount is determined). The result shall equal the party's net share of the Metro Health System earnings before interest, depreciation, and amortization (EBIDA).

OHSU and Adventist's net share for each period shall be compared to each party's actual metro clinical enterprise adjusted EBIDA for the same period. OHSU and Adventist Health agree that if a party's net share for a period is less than such party's metro clinical enterprise adjusted EBIDA for such period, such party shall pay to the other party the amount of the difference (net share payment). OHSU and Adventist agree that if a party's net share for a period is more than such party's metro clinical enterprise adjusted EBIDA for the same period, such party shall receive from the other party a payment in the amount of the difference (net share receivable).

For fiscal years 2024 and 2023, support payments to/(from) Adventist amounted to $15,543 and $10,740, respectively. In order to optimize healthcare provider coverage and accessibility within the Portland metropolitan area, OHSU also paid $2,113 and $2,355 for physician recruitments.

(14) Subsequent Events

On May 30, 2024, OHSU and Legacy Health executed a System Combination Agreement setting forth the terms by which the Parties would affiliate to create a combined healthcare system under OHSU as the combined system's sole corporate parent. The business combination is anticipated to occur in 2025, subject standard conditions and regulatory approvals.

(Dollars in thousands)

(15) Blended Component Units

Condensed combining statements for OHSU and its blended component units are shown below:

	2024				
	University	INSCO	OHSU Foundation	Eliminations/ reclassifications	Total combined
Assets:					
Current assets	$ 1,272,289	23,213	157,535	(72,276)	1,380,761
Noncurrent assets:					
Capital assets, net of accumulated depreciation	2,414,389	—	11,787	—	2,426,176
Other noncurrent assets	1,395,144	83,265	1,649,942	—	3,128,351
Total noncurrent assets	3,809,533	83,265	1,661,729	—	5,554,527
Total assets	5,081,822	106,478	1,819,264	(72,276)	6,935,288
Deferred outflows	194,460	—	—	—	194,460
Total assets and deferred outflows	$ 5,276,282	106,478	1,819,264	(72,276)	7,129,748
Liabilities:					
Current liabilities	$ 705,570	1,007	82,397	(72,276)	716,698
Noncurrent liabilities	1,836,924	50,003	37,685	—	1,924,612
Total liabilities	2,542,494	51,010	120,082	(72,276)	2,641,310
Deferred inflows	56,791	—	153,369	—	210,160
Net position:					
Net investment in capital assets	1,218,373	—	1,241	—	1,219,614
Restricted, expendable	—	—	599,596	—	599,596
Restricted, nonexpendable	—	—	369,145	—	369,145
Unrestricted	1,458,624	55,468	575,831	—	2,089,923
Total net position	2,676,997	55,468	1,545,813	—	4,278,278
Total liabilities, deferred inflows, and net position	$ 5,276,282	106,478	1,819,264	(72,276)	7,129,748

OREGON HEALTH & SCIENCE UNIVERSITY
(A Component Unit of the State of Oregon)
Notes to Financial Statements
June 30, 2024 and 2023
(Dollars in thousands)

	2023				
	University	INSCO	OHSU Foundation	Eliminations/ reclassifications	Total combined
Assets:					
Current assets	$ 1,182,004	22,780	179,046	(71,426)	1,312,404
Noncurrent assets:					
Capital assets, net of accumulated depreciation	2,219,372	—	12,508	—	2,231,880
Other noncurrent assets	1,464,270	73,647	1,654,227	—	3,192,144
Total noncurrent assets	3,683,642	73,647	1,666,735	—	5,424,024
Total assets	4,865,646	96,427	1,845,781	(71,426)	6,736,428
Deferred outflows	185,518	—	—	—	185,518
Total assets and deferred outflows	$ 5,051,164	96,427	1,845,781	(71,426)	6,921,946
Liabilities:					
Current liabilities	$ 625,583	1,150	81,895	(71,426)	637,202
Noncurrent liabilities	1,756,148	53,113	33,900	—	1,843,161
Total liabilities	2,381,731	54,263	115,795	(71,426)	2,480,363
Deferred inflows	151,109	—	193,512	—	344,621
Net position:					
Net investment in capital assets	1,214,245	—	1,361	—	1,215,606
Restricted, expendable	—	—	643,863	—	643,863
Restricted, nonexpendable	—	—	340,236	—	340,236
Unrestricted	1,304,079	42,164	551,014	—	1,897,257
Total net position	2,518,324	42,164	1,536,474	—	4,096,962
Total liabilities, deferred inflows, and net position	$ 5,051,164	96,427	1,845,781	(71,426)	6,921,946

(Continued)

(Dollars in thousands)

Condensed combining information related to revenues, expenses, and changes in net position for the years ended June 30, 2024 and 2023 is as follows:

	2024				
	University	**INSCO**	**OHSU Foundation**	**Eliminations/ reclassifications**	**Total combined**
Operating revenues:					
Patient service revenue	$ 3,668,810	—	—	—	3,668,810
Student tuition and fees, net	81,293	—	—	—	81,293
Gifts, grants, and contracts	885,505	—	64,183	(144,124)	805,564
Other revenue	326,002	23,003	2,939	(29,786)	322,158
Total operating revenues	4,961,610	23,003	67,122	(173,910)	4,877,825
Operating expenses:					
Salaries, wages, and benefits	3,109,919	—	20,205	—	3,130,124
Defined-benefit pension	75,215	—	—	—	75,215
Services, supplies, and other	1,712,830	14,269	157,778	(172,781)	1,712,096
Depreciation and amortization	212,752	—	1,146	—	213,898
Interest	42,873	—	—	—	42,873
Total operating expenses	5,153,589	14,269	179,129	(172,781)	5,174,206
Operating income (loss)	(191,979)	8,734	(112,007)	(1,129)	(296,381)
Nonoperating revenues (expenses):					
Investment income and change in fair value of investments	170,782	4,570	91,961	—	267,313
State appropriations	72,886	—	—	—	72,886
Other	100,960	—	578	—	101,538
Total nonoperating revenues (expenses), net	344,628	4,570	92,539	—	441,737
Net income (loss) before other changes in net position	152,649	13,304	(19,468)	(1,129)	145,356
Other changes in net position:					
Contributions for capital and other	6,024	—	—	1,129	7,153
Nonexpendable donations	—	—	28,807	—	28,807
Total other changes in net position	6,024	—	28,807	1,129	35,960
Total increase (decrease) in net position	158,673	13,304	9,339	—	181,316
Net position – beginning of year	2,518,324	42,164	1,536,474	—	4,096,962
Net position – end of year	$ 2,676,997	55,468	1,545,813	—	4,278,278

(Continued)

OREGON HEALTH & SCIENCE UNIVERSITY
(A Component Unit of the State of Oregon)
Notes to Financial Statements
June 30, 2024 and 2023
(Dollars in thousands)

	2023				
	University	INSCO	OHSU Foundation	Eliminations/ reclassifications	Total combined
Operating revenues:					
Patient service revenue	$ 3,337,828	—	—	—	3,337,828
Student tuition and fees, net	81,617	—	—	—	81,617
Gifts, grants, and contracts	815,435	—	72,940	(129,995)	758,380
Other revenue	274,777	22,596	2,298	(20,194)	279,477
Total operating revenues	4,509,657	22,596	75,238	(150,189)	4,457,302
Operating expenses:					
Salaries, wages, and benefits	2,685,085	—	17,529	—	2,702,614
Defined-benefit pension	37,947	—	—	—	37,947
Services, supplies, and other	1,527,048	24,318	141,572	(147,372)	1,545,566
Depreciation and amortization	209,179	—	1,256	—	210,435
Interest	42,798	—	—	—	42,798
Total operating expenses	4,502,057	24,318	160,357	(147,372)	4,539,360
Operating income (loss)	7,600	(1,722)	(85,119)	(2,817)	(82,058)
Nonoperating revenues (expenses):					
Investment income and change in fair value of investments	76,075	483	42,863	—	119,421
State appropriations	62,690	—	—	—	62,690
Other	22,222	—	1,343	—	23,565
Total nonoperating revenues (expenses), net	160,987	483	44,206	—	205,676
Net income (loss) before other changes in net position	168,587	(1,239)	(40,913)	(2,817)	123,618
Other changes in net position:					
Contributions for capital and other	5,312	—	—	2,817	8,129
Nonexpendable donations	—	—	17,444	—	17,444
Total other changes in net position	5,312	—	17,444	2,817	25,573
Total increase (decrease) in net position	173,899	(1,239)	(23,469)	—	149,191
Net position – beginning of year	2,344,425	43,403	1,559,943	—	3,947,771
Net position – end of year	$ 2,518,324	42,164	1,536,474	—	4,096,962

(Dollars in thousands)

Condensed combining information related to cash flows for the years ended June 30, 2024 and 2023 is as follows:

	2024				
	University	INSCO	OHSU Foundation	Eliminations/ reclassifications	Total combined
Net cash provided by (used in) operating activities	$ 45,749	9,040	(61,689)	—	(6,900)
Net cash provided by noncapital financing activities	168,424	—	30,643	—	199,067
Net cash used in capital and related financing activities	(483,862)	—	(1,027)	—	(484,889)
Net cash provided by (used in) investing activities	286,350	(7,904)	(11,087)	—	267,359
Net change in cash and cash equivalents	16,661	1,136	(43,160)	—	(25,363)
Cash and cash equivalents, beginning of year	177,010	348	59,272	—	236,630
Cash and cash equivalents, end of year	$ 193,671	1,484	16,112	—	211,267

	2023				
	University	INSCO	OHSU Foundation	Eliminations/ reclassifications	Total combined
Net cash provided by (used in) operating activities	$ 132,055	1,378	(14,370)	—	119,063
Net cash provided by noncapital financing activities	85,080	—	16,358	—	101,438
Net cash used in capital and related financing activities	(339,043)	—	(1,267)	—	(340,310)
Net cash provided by (used in) investing activities	85,283	(6,545)	15,229	—	93,967
Net change in cash and cash equivalents	(36,625)	(5,167)	15,950	—	(25,842)
Cash and cash equivalents, beginning of year	213,635	5,515	43,322	—	262,472
Cash and cash equivalents, end of year	$ 177,010	348	59,272	—	236,630

OREGON HEALTH & SCIENCE UNIVERSITY
(A Component Unit of the State of Oregon)
Required Supplementary Information (Unaudited)
June 30, 2024 and 2023
(Dollars in thousands)

Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios

(Dollar amounts in thousands)

Defined-benefit pension plan[1]		2024	2023	2022	2021	2020	2019
OHSU's proportion of the net pension liability (rounded)		2.74 %	2.59 %	2.56 %	2.73 %	2.91 %	3.01 %
OHSU's proportionate share of the net pension liability	$	512,611	396,378	305,955	595,311	503,720	456,006
Covered payroll		369,176	346,723	330,673	340,369	330,868	323,343
OHSU's proportionate share of the net pension liability as a percentage of covered payroll		138.85 %	114.32 %	92.52 %	174.90 %	152.24 %	141.03 %
Plan fiduciary net position as a percentage of the total pension liability		87.70 %	84.50 %	87.60 %	75.80 %	80.20 %	82.10 %

[1] Ten-year trend information will be presented prospectively.

Required Supplementary Information (Unaudited)
Schedule of Defined-Benefit Pension Plan Contributions

(Dollars in thousands)

Year ended June 30[1]		2024	2023	2022	2021	2020	2019
Contractually required contributions	$	61,583	53,913	53,754	48,333	50,841	37,919
Contributions in relation to the contractually required contributions		61,583	63,913	63,754	58,333	60,841	47,919
Contribution excess	$	—	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
OHSU's covered payroll	$	416,454	369,176	346,723	330,673	340,369	330,868
Contributions as a percentage of covered payroll		14.79 %	17.31 %	18.39 %	17.64 %	17.88 %	14.48 %

[1] Ten-year trend information will be presented prospectively.

See accompanying independent auditors' report.

Schedule 1

OREGON HEALTH & SCIENCE UNIVERSITY

Combining Schedules of Net Position

June 30, 2024 with comparative totals for June 30, 2023

(Dollars in thousands)

Assets	Hospital	Other University	Total University	Foundation	Eliminations/ Reclassifications	2024	2023
Current assets:							
Cash and cash equivalents	$ 486,266	(291,111)	195,155	16,112	—	211,267	236,630
Short-term Investments	—	22,191	22,191	—	—	22,191	22,040
Current portion of funds held by trustee	22,670	8,165	30,835	—	—	30,835	30,423
Patients accounts receivable, net of bad debt allowances of $1,633 and $755 – in 2024 and 2023, respectively	673,201	3,935	677,136		—	677,136	626,072
Student receivables	—	27,237	27,237		—	27,237	24,035
Grant and contract receivable	—	90,289	90,289		—	90,289	82,924
Current portion of pledges and estates receivable	—	—	—	137,777	—	137,777	115,949
Other receivables, net	60,852	84,181	145,033	2,973	(71,120)	76,886	69,491
Inventories, at cost	66,965	3,217	70,182	—	—	70,182	66,692
Prepaid expenses	15,871	20,417	36,288	673	—	36,961	38,148
Total current assets	1,325,825	(31,479)	1,294,346	157,535	(71,120)	1,380,761	1,312,404
Noncurrent assets:							
Capital assets, net of accumulated depreciation	1,390,182	1,024,207	2,414,389	11,787	—	2,426,176	2,231,880
Funds held by trustee – less current portion	110,829	—	110,829	—	—	110,829	235,624
Other long-term receivables, net of reserves	—	8,500	8,500	—	—	8,500	33,500
Long-term investments:							
Long-term investments, restricted	—	54,456	54,456	910,089	—	964,545	970,401
Long-term investments, unrestricted	1,123,929	169,243	1,293,172	710,038	—	2,003,210	1,831,874
Total long-term investments	1,123,929	223,699	1,347,628	1,620,127	—	2,967,755	2,802,275
Prepaid financing costs, net	630	246	876		—	876	1,065
Pledges and estates receivable – less current portion	—	—	—	28,243	—	28,243	106,197
Restricted postemployment benefit asset	—	10,576	10,576	—	—	10,576	11,743
Other noncurrent assets	—	—	—	1,572	—	1,572	1,740
Interest in the Foundations	—	1,545,813	1,545,813	—	(1,545,813)	—	—
Total noncurrent assets	2,625,570	2,813,041	5,438,611	1,661,729	(1,545,813)	5,554,527	5,424,024
Total assets	3,951,395	2,781,562	6,732,957	1,819,264	(1,616,933)	6,935,288	6,736,428
Deferred outflows:							
Loss on refunding of debt	18,251	3,337	21,588	—	—	21,588	25,395
Pension obligation	—	166,465	166,465	—	—	166,465	153,221
Goodwill	87	—	87	—	—	87	174
Other postemployment benefits (OPEB) obligation	—	6,320	6,320	—	—	6,320	6,728
Total deferred outflows	18,338	176,122	194,460	—	—	194,460	185,518
Total assets and deferred outflows	$ 3,969,733	2,957,684	6,927,417	1,819,264	(1,616,933)	7,129,748	6,921,946

(Continued)

Schedule 1

OREGON HEALTH & SCIENCE UNIVERSITY

Combining Schedules of Net Position

June 30, 2024 with comparative totals for June 30, 2023

(Dollars in thousands)

Liabilities	Hospital	Other University	Total University	Foundation	Eliminations/ Reclassifications	2024	2023
Current liabilities:							
Current portion of long-term debt	$ 8,393	6,007	14,400	—	—	14,400	15,463
Current portion of long-term leases	16,003	6,291	22,294	614	—	22,908	24,995
Current portion of self-funded insurance programs liability	—	61,167	61,167	—	—	61,167	45,397
Accounts payable and accrued expenses	142,318	74,385	216,703	11,356	—	228,059	219,742
Accrued salaries, wages, and benefits	57,491	101,025	158,516	—	—	158,516	120,667
Compensated absences payable	61,304	37,412	98,716	—	—	98,716	84,185
Unearned revenue	20,368	98,991	119,359	—	—	119,359	120,057
Other current liabilities	13,321	945	14,266	70,427	(71,120)	13,573	6,696
Total current liabilities	319,198	386,223	705,421	82,397	(71,120)	716,698	637,202
Noncurrent liabilities:							
Long-term debt – less current portion	954,305	280,800	1,235,105	—	—	1,235,105	1,272,736
Long-term leases – less current portion	45,456	19,187	64,643	9,932	—	74,575	67,766
Liability for self-funded insurance programs – less current portion	—	46,656	46,656	—	—	46,656	56,528
Liability for life income agreements	—	—	—	24,715	—	24,715	20,503
Pension liability	—	512,611	512,611	—	—	512,611	396,378
Other noncurrent liabilities	—	27,912	27,912	3,038	—	30,950	29,250
Total noncurrent liabilities	999,761	887,166	1,886,927	37,685	—	1,924,612	1,843,161
Total liabilities	1,318,959	1,273,389	2,592,348	120,082	(71,120)	2,641,310	2,480,363
Deferred inflows:							
Deferred lease revenue	1,523	198	1,721	—	—	1,721	822
Gain on refunding of debt	365	284	649	—	—	649	841
Life income agreements	—	—	—	31,918	—	31,918	29,206
Pending funds	—	—	—	121,451	—	121,451	164,306
Pension obligation	—	48,522	48,522	—	—	48,522	141,040
Other postemployment benefits (OPEB) obligation	—	5,899	5,899	—	—	5,899	8,406
Total deferred inflows	1,888	54,903	56,791	153,369	—	210,160	344,621
Net position:							
Investments in capital assets	499,524	720,090	1,219,614	—	—	1,219,614	1,215,606
Restricted, expendable	—	599,596	599,596	518,319	(518,319)	599,596	643,863
Restricted, nonexpendable	—	369,145	369,145	369,145	(369,145)	369,145	340,236
Unrestricted	2,149,362	(59,439)	2,089,923	658,349	(658,349)	2,089,923	1,897,257
Total net position	2,648,886	1,629,392	4,278,278	1,545,813	(1,545,813)	4,278,278	4,096,962
Total liabilities, deferred inflows, and net position	$ 3,969,733	2,957,684	6,927,417	1,819,264	(1,616,933)	7,129,748	6,921,946

See accompanying independent auditors’ report.

Schedule 2

OREGON HEALTH & SCIENCE UNIVERSITY

Consolidated Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2024 and 2023

(Dollars in thousands)

	Hospital	Other University	Total University	Foundation	Eliminations/ Reclassifications	2024	2023
Operating revenues:							
Patient service revenue, net of bad debt adjustments of $16,901 and $11,716 – in 2024 and 2023, respectively	$ 3,083,127	585,683	3,668,810	—	—	3,668,810	3,337,828
Student tuition and fees, net	—	81,293	81,293	—	—	81,293	81,617
Gifts, grants, and contracts	45,586	839,919	885,505	64,183	(144,124)	805,564	758,380
Sales, service, and other	255,749	71,065	326,814	2,939	(7,595)	322,158	279,477
State support – appropriations	4,696	68,190	72,886	—	(72,886)	—	—
State support – directed payment, net of OHSU transfer	(220,200)	220,200	—	—	—	—	—
Total operating revenues	3,168,958	1,866,350	5,035,308	67,122	(224,605)	4,877,825	4,457,302
Operating expenses:							
Salaries, wages, and benefits	1,498,513	1,611,406	3,109,919	20,205	—	3,130,124	2,702,614
Defined-benefit pension	—	75,215	75,215	—	—	75,215	37,947
Services, supplies, and other	1,415,910	289,352	1,705,262	157,425	(150,591)	1,712,096	1,545,566
Depreciation and amortization	120,767	91,985	212,752	1,146	—	213,898	210,435
Interest	32,213	10,307	42,520	353	—	42,873	42,798
Total operating expenses	3,067,403	2,078,265	5,145,668	179,129	(150,591)	5,174,206	4,539,360
Operating income (loss)	101,555	(211,915)	(110,360)	(112,007)	(74,014)	(296,381)	(82,058)
Nonoperating revenues, incl. state appropriations:							
Investment income and gain in fair value of investments	162,151	13,201	175,352	91,961	—	267,313	119,421
State appropriations	—	—	—	—	72,886	72,886	62,690
Other	101,381	(421)	100,960	578	—	101,538	23,565
Total nonoperating revenues (expenses), net	263,532	12,780	276,312	92,539	72,886	441,737	205,676
Net income (loss) before contributions for capital and other	365,087	(199,135)	165,952	(19,468)	(1,128)	145,356	123,618
Other changes in net position:							
Contributions for capital and other	4,269	1,755	6,024	—	1,129	7,153	8,129
Change in interest in the Foundations	—	9,340	9,340	—	(9,340)	—	—
Nonexpendable donations	—	—	—	28,807	—	28,807	17,444
Total other changes in net position	4,269	11,095	15,364	28,807	(8,211)	35,960	25,573
Total increase (decrease) in net position	369,356	(188,040)	181,316	9,339	(9,339)	181,316	149,191
Net position – beginning of year	2,279,530	1,817,432	4,096,962	1,536,474	(1,536,474)	4,096,962	3,947,771
Net position – end of year	$ 2,648,886	1,629,392	4,278,278	1,545,813	(1,545,813)	4,278,278	4,096,962

See accompanying independent auditors' report.

Schedule 3

OREGON HEALTH & SCIENCE UNIVERSITY

Nongovernmental Discretely Presented Component Units

Consolidated Balance Sheets

June 30, 2024 and 2023

(Dollars in thousands)

Assets	Tuality Healthcare and Subsidiaries	OHSU Health IDS	Combined 2024	Combined 2023
Current assets:				
Common stocks: Mutual funds	$ —	20,785	20,785	8,662
Cash and cash equivalents	10,784	28,474	39,258	49,950
Short-term investments	—	6,457	6,457	6,906
Patient accounts receivable, net	54,800	—	54,800	44,537
Other receivables	5,533	4,389	9,922	10,978
Supplies inventory	5,782	—	5,782	5,910
Prepaid expenses and other	3,017	—	3,017	2,941
Current portion of assets whose use is limited	1,074	—	1,074	1,052
Total current assets	80,990	60,105	141,095	130,936
Assets whose use is limited:				
Board-designated funds	34,259	—	34,259	31,777
Donor-restricted – specific purpose	7,519	—	7,519	6,147
Donor-restricted – endowment	2,759	—	2,759	2,759
Required for current liabilities	(1,074)	—	(1,074)	(1,052)
Total assets whose use is limited	43,463	—	43,463	39,631
Property and equipment:				
Property and equipment, net of accumulated depreciation and amortization	89,969	—	89,969	64,399
Other assets	7,661	3,754	11,415	15,987
Total assets	$ 222,083	63,859	285,942	250,953

(Continued)

Schedule 3

OREGON HEALTH & SCIENCE UNIVERSITY

Nongovernmental Discretely Presented Component Units

Consolidated Balance Sheets

June 30, 2024 and 2023

(Dollars in thousands)

Liabilities and Net Assets	Tuality Healthcare and Subsidiaries	OHSU Health IDS	Combined 2024	Combined 2023
Current liabilities:				
Accounts payable	$ 11,028	44,458	55,486	62,134
Accrued payroll and employee benefits	15,813	—	15,813	12,448
Due to related party	15,758	594	16,352	13,892
Estimated liabilities for Medicare and Medicaid settlements	5,903	—	5,903	5,325
Long-term debt due within one year	1,034	—	1,034	1,122
Operating leases – current liability	2,519	—	2,519	1,502
Accrued bond interest payable	64	—	64	72
Total current liabilities	52,119	45,052	97,171	96,495
Long-term liabilities:				
Long-term debt, net of amount due within one year	7,830	—	7,830	8,850
Operating leases – long-term liability	33,760	—	33,760	5,403
Liability for pension benefits	14,855	—	14,855	21,693
Other long-term liabilities	25,026	—	25,026	24,418
Total long-term liabilities	81,471	—	81,471	60,364
Total liabilities	133,590	45,052	178,642	156,859
Net assets:				
Net assets without donor restrictions	79,263	18,807	98,070	85,585
Net assets with donor restrictions	9,229	—	9,229	8,509
Total net assets	88,492	18,807	107,299	94,094
Total liabilities and net assets	$ 222,082	63,859	285,941	250,953

See accompanying notes to consolidated financial statements.

Schedule 4

OREGON HEALTH & SCIENCE UNIVERSITY

Nongovernmental Discretely Presented Component Units

Consolidated Statements of Operations

Years ended June 30, 2024 and 2023

(Dollars in thousands)

	Tuality Healthcare and Subsidiaries	OHSU Health IDS	Combined 2024	Combined 2023
Patient service revenue	$ 295,176	—	295,176	270,347
Other revenue:				
OHSU support	8,080	—	8,080	22,813
Other revenue	19,719	253,601	273,320	258,178
Total other revenue	27,799	253,601	281,400	280,991
Total revenue	322,975	253,601	576,576	551,338
Operating expenses:				
Salaries and wages	117,046	—	117,046	108,775
Employee benefits	31,118	—	31,118	29,156
Supplies and other expenses	118,377	251,014	369,391	354,679
Professional fees	48,288	—	48,288	44,125
Depreciation and amortization	7,268	—	7,268	7,641
Interest	728	—	728	724
Total operating expenses	322,825	251,014	573,839	545,100
Income from operations	150	2,587	2,737	6,238
Other nonoperating income:				
Realized income on investments whose use is limited by board designation	(776)	—	(776)	(55)
Gain on investments in affiliated companies	577	—	577	468
Gain (loss) on disposal of property and equipment	(1,929)	—	(1,929)	2
Change in net unrealized (losses) gains on investments	3,255	—	3,255	1,810
Other operating revenue (loss)	—	2,714	2,714	(2,007)
Total other income	1,127	2,714	3,841	218
Excess of revenue over expenses	1,277	5,301	6,578	6,456
Contributions for property and equipment acquisition	—	—	—	27
Pension-related changes	5,907	—	5,907	7,486
Increase in net assets without donor restrictions	$ 7,184	5,301	12,485	13,969

See accompanying notes to consolidated financial statements.

Schedule 5

OREGON HEALTH & SCIENCE UNIVERSITY

Nongovernmental Discretely Presented Component Units

Consolidated Statements of Changes in Net Assets

Years ended June 30, 2024 and 2023

(Dollars in thousands)

	Tuality Healthcare and Subsidiaries	OHSU Health IDS	Combined 2024	Combined 2023
Net assets without donor restrictions:				
Excess of revenue over expenses	$ 1,277	5,301	6,578	6,456
Contributions for property and equipment acquisition	—	—	—	27
Pension-related changes	5,907	—	5,907	7,486
Increase in net assets without donor restrictions	7,184	5,301	12,485	13,969
Net assets with donor restrictions:				
Gifts, grants, and bequests	1,395	—	1,395	1,159
Investment income (loss)	902	—	902	346
Net assets released from restrictions	(1,577)	—	(1,577)	(2,077)
Increase (decrease) in net assets with donor restrictions	720	—	720	(572)
Change in net assets	7,904	5,301	13,205	13,397
Net assets, beginning of year	80,588	13,506	94,094	80,697
Net assets, end of year	$ 88,492	18,807	107,299	94,094

See accompanying notes to consolidated financial statements.

Schedule 6

OREGON HEALTH & SCIENCE UNIVERSITY

Institute on Development and Disability

Statement of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2024 and 2023

Dollars in thousands

		2024	2023
Revenues:			
Patient service revenue, net of provision for bad debts of $90 in 2024 and $79 in 2023	$	106,360	97,736
Gifts, grants and contracts		415	754
Sales and services		5,036	2,365
Other revenue		—	(36)
Total revenues		111,811	100,819
Expenses:			
Salaries, wages and benefits		21,410	19,151
Supplies and other		77,179	69,475
Total expenses		98,589	88,626
Net income from operations		13,222	12,193
Nonoperating income (loss):			
Investment income		124	116
Capital		—	(44)
Total nonoperating income		124	72
Total increase in net position		13,346	12,265
Net position, beginning of year		70,875	58,610
Net position, end of year	$	84,221	70,875

See accompanying independent auditors’ report.

OHSU Onward: FY25 Q1 Financial Results

OHSU Finance & Audit Committee / October 18, 2024

Overview of FY25 First Quarter Results

- We just closed the September books to improved headline numbers.
- Total operating income for 3 months is a loss of $(9)m on 13% year-over-year revenue growth. This reflects an improvement of +$25m from last year's Q1 loss of $(34)m, and +$39m from this year's budget.
- The budgeted Q1 loss of $(48)m includes $(18)m of reduction in force (RIF) severance and related costs that we were able to book into FY24 June results. Adjusting for this, Q1 actuals are +$21m ahead of plan.
- Patient activity shows broad-based growth above targets, especially in non-hospital pharmacy and oncology services.
- Spending in almost all operating areas and institutional accounts (such as hardware/software maintenance and depreciation) is running less than budget, although much of this should reverse later in the fiscal year, given tight allocations.
- Consolidated net worth is down $(156)m in Q1, largely due to implementation of the new GASB 101 accounting standard, which required recording a $(255)m liability on July 1st for paid leave that cannot be cashed out.
- Partially offsetting this non-cash accounting adjustment are very strong stock market returns on equity investments held at OHSU and the Foundation.

OHSU

FY25 Q1 Dollar Change from Prior Year

- The broadest way of looking at FY25 first quarter financial results is to compare dollars of revenue and expense to the prior year.
- Through 3 months, revenues are up $150m or 13% while expenses are up $125m or 10%, for a $25m positive swing in operating income.
- This shows progress toward Strategic Alignment goals set in the FY25 budget:
  - Caring for each patient promptly in the right place and at the right cost structure
  - Meeting demand for complex care that is OHSU's unique role in Oregon
  - Reallocating FTEs toward front-line patient care staff
  - Rigorous control of costs.

OHSU Operating Income (millions)	FY24 Sep YTD	FY25 Sep YTD	Dollar Change
Operating revenue	$1,178	$1,328	$150
Operating expense	1,212	1,337	125
Operating gain (loss)	$(34)	$(9)	$25

Variance from Budget by Major Area of OHSU

- Of the $39m nominal improvement from budget through September, $18m reflects the accrual into June 2024 of severance and other costs associated with the reduction in force. These were budgeted (and paid out in cash) in FY25 Q1.
- Healthcare + School of Medicine are slightly off target: $(3.4)m on $1.1 billion of revenues. Faster growth in non-hospital pharmacy services offsets lower clinical payment rates, while medical contract and gift revenues lag. These factors should improve as the year progresses.
- All other areas of the University are running ahead of target, although given the tight budgets this is likely to reverse later in FY25, at least in part, as program spending ramps up and units spend to their allocated levels.

FY25 Q1 Variance from Budget	(millions)
Healthcare	$2.1
School of Medicine	(5.5)
Subtotal - HC + SoM	(3.4)
Provost Areas	2.5
Chief Research Officer Areas	1.5
Chief Financial Officer Areas	2.5
Other Central Administration	1.7
Subtotal - Other Operating Areas	8.1
RIF costs accrued into FY24	18.1
Hardware/Software Maintenance	3.0
Other Institutional Accounts*	8.2
Restricted (Grant) Funds	1.8
Depreciation & Interest	3.2
Total Improvement from Budget	$39.0

FY25 Q1 Loss at $(9)M with -0.7% Margin

September YTD (3 Months) (millions)	FY24 Last Year	FY25 Budget	FY25 Actual	Actual - Budget	Actual / Last Year
Net patient revenue	$819	$909	$901	$(8)	10.0%
Medical contracts	43	52	48	(4)	10.7%
Grants & contracts	142	150	147	(3)	3.0%
Gifts applied	24	33	32	(1)	31.2%
Tuition & fees	18	17	19	2	3.8%
Sales, services & other	58	68	87	19	50.9%
State support	73	95	95	0	30.4%
Operating revenues	1,178	1,324	1,328	5	12.8%
Salaries & benefits	748	852	831	(20)	11.2%
Rx & medical supplies	229	267	271	4	18.0%
Other services & supplies	172	186	171	(14)	-0.3%
Depreciation	53	57	54	(3)	2.1%
Interest	10	10	11	0	3.2%
Operating expenses	1,212	1,372	1,338	(34)	10.4%
Operating income (loss)	$(34)	$(48)	$(9)	$39	
Operating margin	*-2.9%*	*-3.7%*	*-0.7%*	*2.9%*	
EBITDA margin	*2.4%*	*1.5%*	*4.1%*	*2.7%*	

Broad-Based Gains Across Patient Volume Metrics

Patient Activity September YTD (3 Months)	FY24 Last Year	FY25 Budget	FY25 Actual	Actual / Budget	Actual / Last Year
Inpatient admissions	6,910	6,833	7,260	6.2%	5.1%
Average length of stay	6.85	7.00	6.92	-1.1%	1.0%
Average daily census	486.6	492.0	492.5	0.1%	1.2%
Day / observation patients	11,991	12,512	12,797	2.3%	6.7%
Surgical cases	9,294	9,359	9,620	2.8%	3.5%
Emergency visits	13,652	13,391	14,256	6.5%	4.4%
Ambulatory visits	291,378	298,007	304,953	2.3%	4.7%
Casemix index (CMI)	2.55	2.50	2.55	2.0%	0.0%
Outpatient share of activity	57.2%	58.1%	58.8%	1.2%	2.8%
CMI/OP adjusted admissions	41,160	40,739	44,888	10.2%	9.1%
Rate-adjusted gross charges	1,931	2,060	2,129	3.3%	10.2%

OHSU

Healthcare Growth Against Budget & Last Year

- Services to meet AHC-level demand are targeted to grow the fastest in FY25, with +7.9% budgeted growth Q1 / Q1 (aqua line). Actual activity is up even more (+12.1%).
- Strategic Alignment with the FY25 budget aims to meet patient needs better by allocating more physical and staffing capacity (such as beds & ORs) to cancer care and other complex subspecialty programs unique to Oregon's only AHC.
- Growth in imaging, lab & other professional services, as well as surgery & procedural areas, are up but not yet as much as planned. Improving capacity, access and throughput in these services is a major focus of clinical leadership.

Sep YTD Volume Growth by Service Area (FY25 / FY24)	% of Hosp. Charges	Budgeted Growth	Actual Growth	Actual vs Budget
Non-hospital pharmacy	28%	9.1%	17.5%	7.7%
Professional (imaging, lab, etc.)	17%	6.3%	2.7%	-3.3%
Oncology services	5%	7.6%	18.4%	10.0%
Subtotal - higher growth areas	50%	7.9%	12.1%	3.9%
Surgery & procedural	20%	3.8%	3.2%	-0.6%
All other hospital services	30%	6.5%	12.1%	5.2%
Subtotal - lower growth areas	50%	5.4%	8.4%	2.8%
Rate-adjusted gross charges	100%	6.6%	10.2%	3.3%

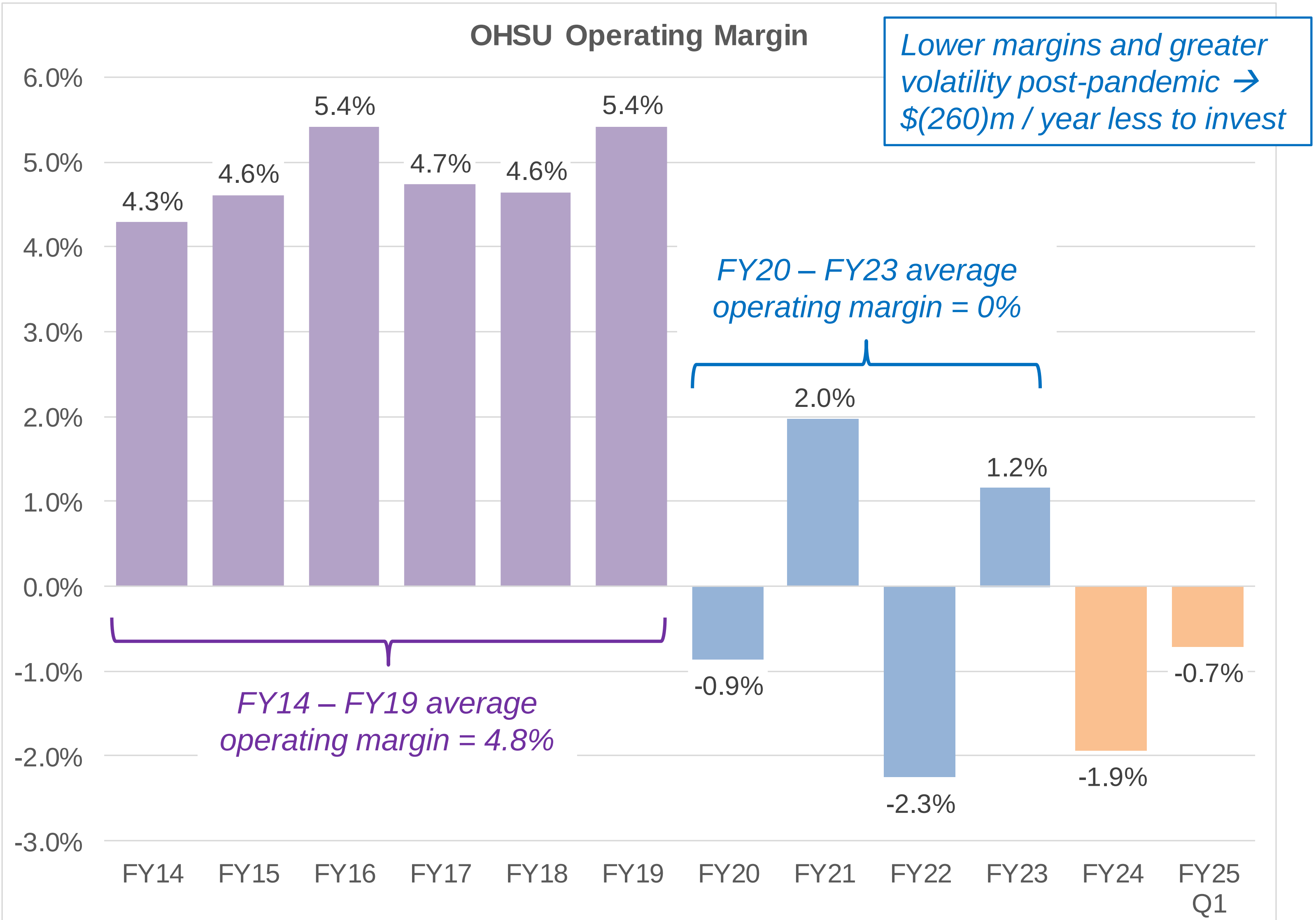
Net Worth Off $(156)M with GASB 101 Standard

- GASB 101, a new accounting standard effective July 1st, requires booking a liability for all paid leave, whether or not it can ever be cashed out. This new liability reduced net worth by $(255)m at the beginning of the fiscal year, offset in part by continued strong stock market gains.
- Payables for RIF costs, capital projects, and other expenses booked at the end of FY24 were paid out in cash during FY25 Q1, resulting in a $(34)m decline in cash.

Balance Sheet			3-Month
(millions)	6/30/24	9/30//24	Change
OHSU-held cash & investments	$1,460	$1,425	$(34)
OHEP construction fund	111	70	(41)
Net property, plant & equipment	2,414	2,451	37
Interest in OHSU Foundation	1,546	1,570	24
Long-term debt	(1,336)	(1,337)	(1)
PERS pension liability	(513)	(513)	0
Initial GASB 101 liability	0	(255)	(255)
Working capital & other, net	597	711	114
Consolidated net worth	$4,278	$4,122	$(156)
Operating income (loss)			(9)
GASB 101 implementation			(255)
OHSU investment return at 6%			84
Grant & gift funded capital			0
Foundation gain (loss)			24
Other non-operating items			(0)
YTD change in net worth			$(156)

FY24 Sep YTD Cash Flow	(millions)
Operating income	$(9)
Depreciation	54
Investment return	84
Construction funds applied	41
Grant & gift funded capital	0
Sources of cash	170
LT debt repaid net of new leases	1
Capital spending	(90)
AP, accrued expense & other, net	(114)
Uses of cash	(204)
Net cash flow	$(34)

Margin to Invest in People, Programs & Places



OHSU

Spread of FY25 Budget & Actual by Quarter

- The FY25 budget approved in June has a 12-month operating loss of $(25)m.
- Each year, we spread revenue, expense and operating income by month and quarter, using historical patterns of seasonality and calendar workdays. There is a significant amount of noise to signal in these patterns.
- For FY25, the budget spread also shifts from a loss to a gain as Strategic Alignment work phases in, especially the redeployment of beds, ORs and diagnostic capacity toward complex care requiring an AHC like OHSU.
- In addition, the budgets in early months include severance, notice and other costs from the reduction in force; under GAAP accounting we booked $18m of these in June 2024.

FY25 Budget & Actual Spread by Quarter (millions)

		Budget			Actual		Actual -
	Revenue	Expense	Gain (Loss)	Revenue	Expense	Gain (Loss)	Budget
Q1	$1,324	$1,372	$(48)	$1,328	$1,338	$(9)	$39
Q2	1,353	1,367	(14)				
Q3	1,369	1,366	4				
Q4	1,416	1,382	34				
FY25	$5,462	$5,487	$(25)				$39

Achieving the New Post-Pandemic Equilibrium

- Our financial strategy is to continuously grow patient activity to meet the needs of Oregon and the Pacific Northwest while spreading fixed costs across a wider base.
- We focus on highly specialized programs that leverage research and draw patients with complex diseases who need AHC-level care from throughout Oregon and beyond.
- Growth requires earnings, investment income and gifts to invest in people, programs, places and things.
- To balance the needed step-function increase in wages & costs post-COVID, we will:
  - Care for each patient promptly in the right setting and cost structure
  - Invest in patient-facing staff
  - Secure inflation-appropriate payment rates
  - Implement rigorous cost savings while increasing capacity
  - Hold fixed costs fixed with growth to capture economies of scale
  - Expand revenue sources such as philanthropy and pharmacy services
  - Serve the health & well-being priorities of the State of Oregon (e.g., behavioral health and workforce development) to sustain OHSU's missions and public support.
- Strategic alignment at this challenging time will protect and enhance OHSU's unique role as Oregon's public health sciences university with statutory state-wide missions in education, research, patient care and outreach.

OHSU

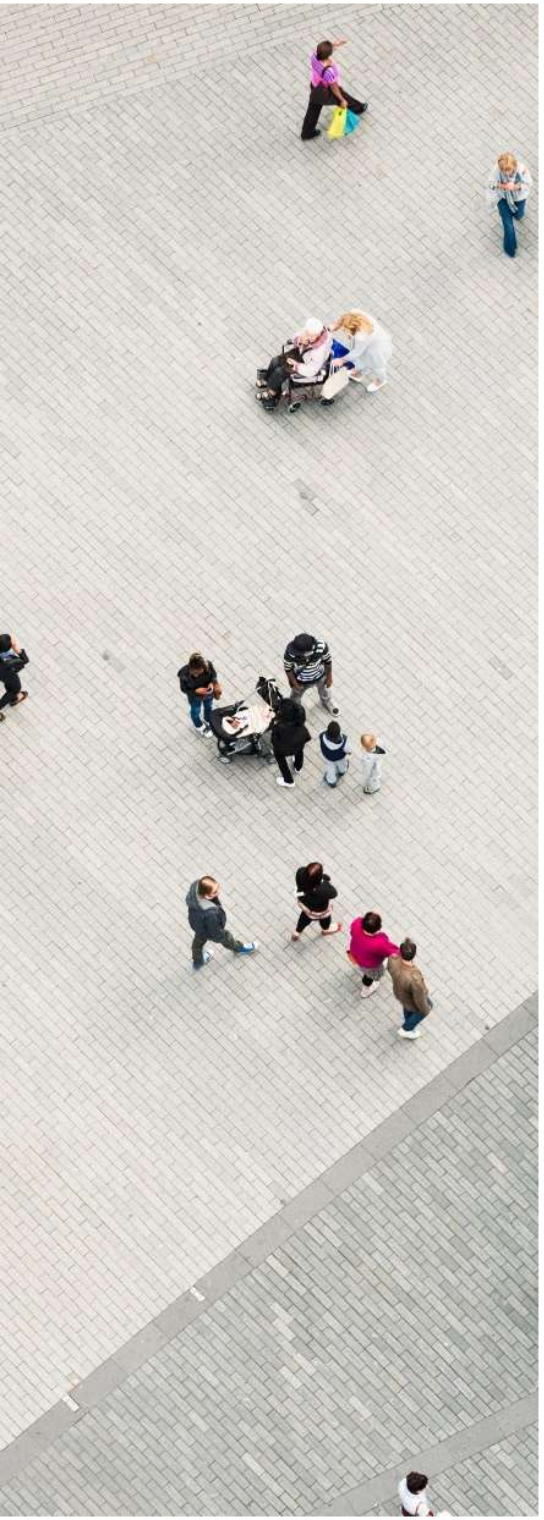
Audit & Advisory Services Update

OHSU Finance & Audit Committee

Joe Holmes, CPA
Director, Audit & Advisory Services

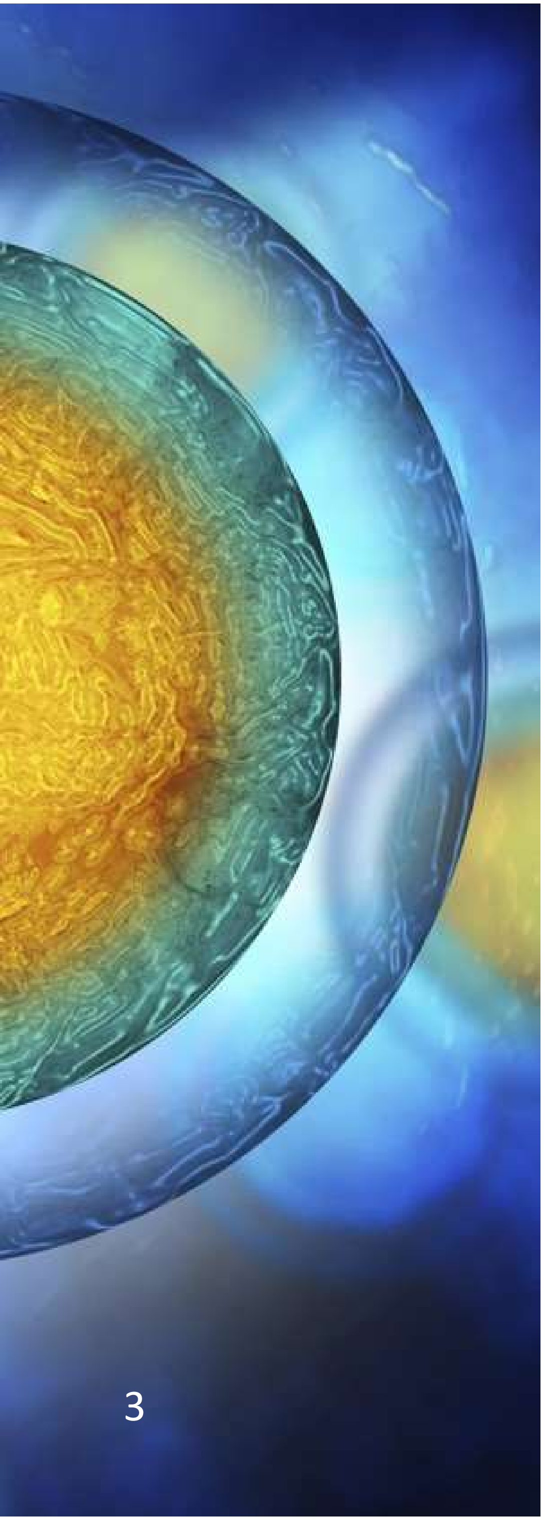
October 18, 2024

OHSU

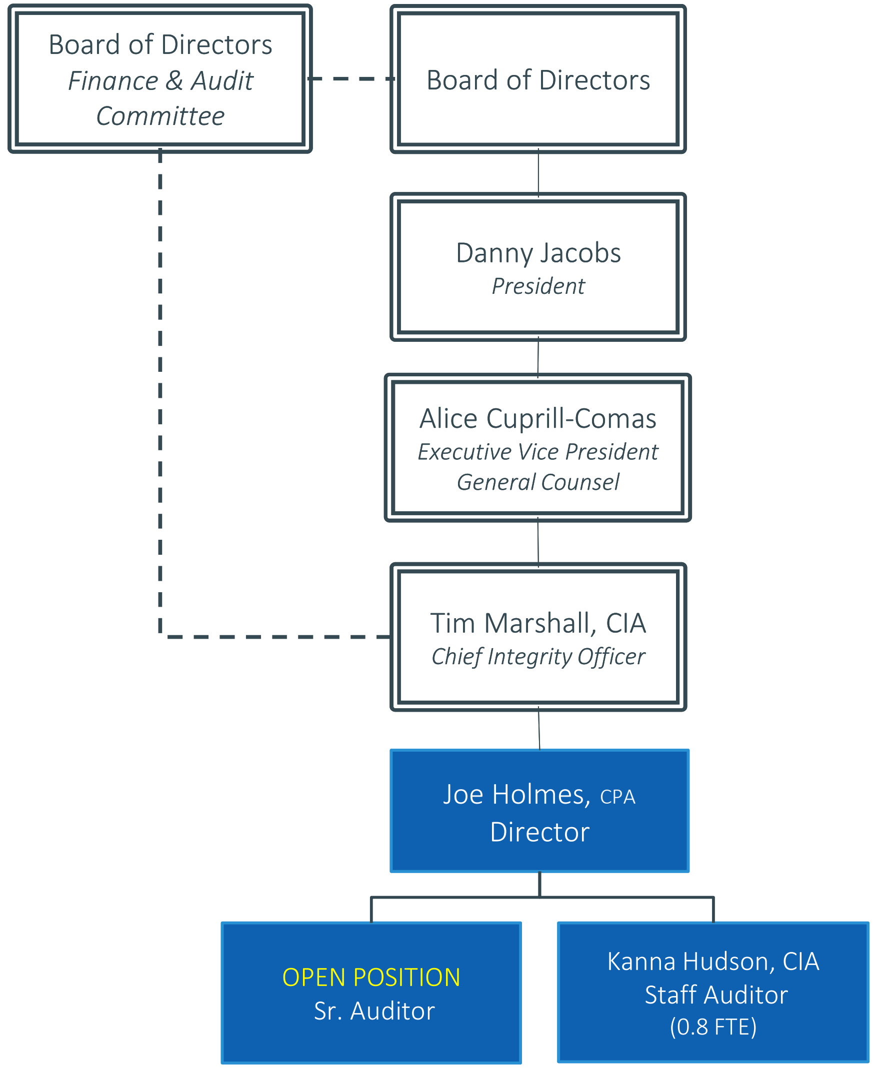


Presentation Overview

- A&AS staffing update
- FY24 Audit Plan final update
- FY25 Q1Q2 Audit Plan progress report
- Audit project watch list
- Open finding follow-up priorities
- A&AS activities



A&AS Updated Org Chart

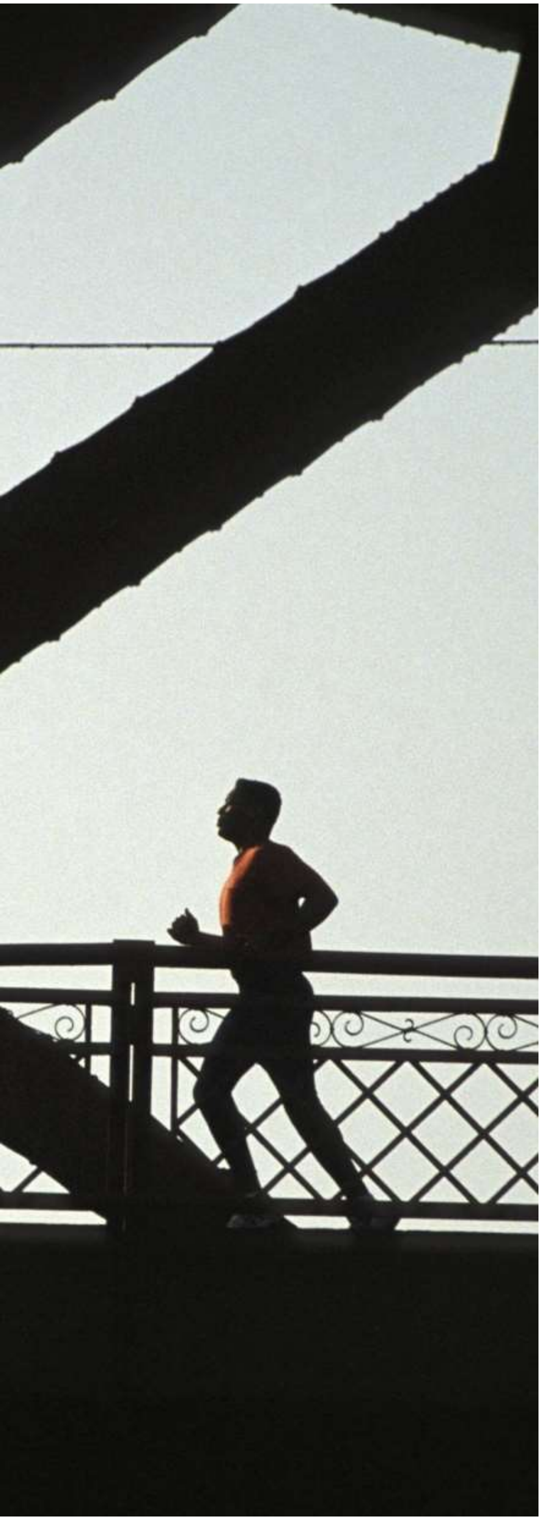


CIA: Certified Internal Auditor
CPA: Certified Public Accountant

A&AS Staffing Update

- Department currently staffed by 2.8 FTEs: 1.0 Audit Director, 1.0 Senior Auditor (vacant), 0.8 Staff Auditor
- Previous staff level featured two full-time Senior Auditors
  - One Senior Auditor position eliminated in July 2024 as part of Strategic Alignment initiatives
  - Second Senior Auditor resigned in September 2024 to pursue an external opportunity
  - Recruitment actively underway, with interviews being scheduled

FY24 Audit Plan
Final Update



Phases of an A&AS Project

PLANNING

- Obtain process documentation and gain understanding
- Fraud considerations
- IT risk considerations
- Diversity, equity, and inclusion assessment
- Risk and control matrix and analysis
- Project fieldwork kickoff meeting
- Scope, timing, and project objective(s) finalization
- Development of testing procedures

FIELDWORK

- Documentation requests and review
- Control testing and substantive procedures
- Data analysis and analytic procedures
- Development of initial conclusions and findings

REPORTING

- Draft report issued to process level owners
- Conclusions and findings validated, and management responses requested
- Exit meetings with stakeholders
- Final report issuance

FY24 Audit Plan Final Update

Project	Status	Project Objective	% Complete
Advisory Service 2023 Sunshine Data Annual Review	COMPLETE	Data analysis to support the Conflict of Interest (COI) program, in collaboration with Research Integrity.	100%
Audit No Surprises Act/ Patient Consent Balance Billing*	COMPLETE	Assessment of compliance with patient obligations as required by the No Surprises Act.	100%
Advisory Service Leased/Cloud Software Tax Analysis	COMPLETE	Assessment of multistate tax implications associated with the use of cloud-based software.	100%
Advisory Service Student Business Functions	COMPLETE	Assessment of student business functions across OHSU for risk identification and enhancement opportunity purposes.	100%
Advisory Service Qgenda Implementation Support	COMPLETE	Miscellaneous advisory service support of the implementation of Qgenda and associated planned processes and controls.	100%
Advisory Service GASB 96 Process Assessment	COMPLETE	Assessment of changes to policies and procedures for tracking and reporting leases to achieve compliance with GASB 96.	100%
Advisory Service Durable Medical Equipment Review*	COMPLETE	Advisory and analysis in support of Healthcare Clinical Integrity's review of durable medical equipment processes.	100%
Audit OHEP: Inpatient Hospital Addition Diversity Goals	REPORTING	Determination of whether the design, calculation, and reporting of goal outcomes comply with contractual requirements and OHSU policies, and whether calculations are complete, accurate and agree with reported results	98%
Advisory Service Bayh-Dole Act Compliance/ Tech Transfer	REPORTING	Analysis of risks and potential process and control improvements to support adherence to Bayh-Dole requirements.	95%
Audit Medical Record Requests	DEFERRED	Assessment of policies and procedures associated with subpoena requests, as well as review of fee and collection processes associated with record requests.	5%

* Collaboration with Healthcare Clinical Integrity

OHSU

FY24 Summary

Audit & Advisory Services

7 Projects completed   32 Total Recommendations   112 Total Risks Identified and Assessed

	Issue Observation/Recommendation Type					
Total Observations/ Recommendations	Monitoring & Communication	Compliance	Financial/ Operational	Policy/ Procedure	System/ Technology	Training/ Education
32	5	5	12	7	2	1

Issue Type	Description	Examples
Monitoring & Communication	Ineffective or lack of monitoring and/or communication that impacts organizational decisions and performance.	Poorly defined business process objectives; Business outcomes do not reflect organization expectations
Compliance	Non-compliance with regulatory and other mandated reporting requirements.	Lack of full awareness of structure and design of safety committees; Price transparency data discrepancies with underlying source systems
Financial / Operational	Inefficient or ineffective operational or financial processes that impact operational performance and financial operations, including the integrity and accuracy of data and financial reporting.	Inactive and/or redundant data within the vendor file; Lack of segregation of duties for processing certain transactions
Policy/Procedure	Ineffective or lack of sufficient policies or procedures in place, gaps in existing policies/procedures, or policies not reflecting current business practices.	Policies and procedures do not exist; Policies and/or procedures do not reflect current business practices
System/Technology	Ineffective and inefficient systems or technology to manage business operations, including data, interfaces to other systems, and reporting. Ineffective access controls or security measures in place for systems.	Complete reconciliation between systems not performed; Interfaces are not monitored for exceptions; User access not monitored
Training/Education	Performance issues related to lack of knowledge or understanding in order to ensure job functions are performed appropriately and according to existing policies, procedures, and/or SOPs. Identified non-compliance with policy and procedures would also be included in this category.	Training not attended or received; Policy or procedures not followed

FY25 Audit Plan
Q1Q2 Progress Report

Updated FY25 Q1Q2 Audit Plan

PROJECT	OBJECTIVES	DELIVERABLE	PHASE	STATUS	PROGRESS %	TARGET COMPLETION
FY24 carry forward: OHEP Inpatient Addition (IPA) Diversity Goals Data Calculation and Reporting	● Determination of whether the design of goals, and calculation and reporting of results, complies with contractual requirements and OHSU policies. ● Determination of whether calculations are complete and accurate and agree with reported results.	Audit report	Planning	Complete	100%	
			Fieldwork	Complete	100%	
			Reporting	In Progress	98%	October '24
2024 Sunshine Data Annual Review	Analysis and formatting of Centers for Medicare & Medicaid Services (CMS) data to support the Conflict of Interest program in collaboration with Research Integrity.	Data analysis summary	Planning	Complete	100%	
			Reporting	Complete	100%	
National Provider Identity (NPI) and Employee ID (EID) Crosswalk Enhancement Opportunities	Ongoing advisory support on process and data enhancements initially identified during the Sunshine Data Analysis project. Efforts will support NPI/EID crosswalk improvements to increase automation and reduce manual processes throughout FY25.	Management memo	Fieldwork	In progress	25%	Ongoing support through FY25
Vendor & Contract Management: TriZetto EDI billing services	Evaluation of risk and recovery protocols in place in the event TriZetto suffers from a cyberattack. ● Business impact analysis and risk assessment ● Continuity and disaster recovery planning ● Backup and data recovery procedures [as applicable] ● Alternative service arrangements and/or contingency plans ● Communication and coordination ● Training and awareness ● Vendor management and contractual obligations	Audit report	Planning	Complete	100%	
			Fieldwork	In progress	5%	October '24
			Reporting	Not started	0%	November '24

Updated FY25 Q1Q2 Audit Plan (continued)

PROJECT	OBJECTIVES	DELIVERABLE	PHASE	STATUS	PROGRESS %	TARGET COMPLETION
Decentralized Billing Review	Project previously titled Anti-Fraud Data Analytics. Project has been refined to focus on the following risk areas: ● Unrecognized revenue and unreported A/R ● Unreliable budget data ● Potential for misappropriation of cash ● Segregation of duties risks ● Revenue write off errors	Advisory service report	Planning	In progress	70%	October '24
			Fieldwork	Not started	0%	November '24
			Reporting	Not started	0%	December '24
FY24 carry forward Bayh-Dole Act Compliance*	Analysis of risks and potential process and control improvements to support adherence to Bayh-Dole requirements. A&AS finalizing work done during planning phase, and results of risk assessment. Goal to communicate process and control enhancement opportunities to Tech Transfer team in a management memo format. No additional testing planned.	Management memo	Planning	Complete	100%	
			Reporting	In progress	90%	October '24
FY24 carry forward Medical Record Requests*	Assessment of policies and procedures associated with subpoena requests, as well as review of fee and collection processes associated with record requests. Project will be revisited in January '25.	Advisory service report	Planning	Deferred	5%	January '25
			Fieldwork	Not started	0%	TBD
			Reporting	Not started	0%	TBD

***Note:** The Q1Q2 Audit Plan has been revised due to A&AS staffing changes. The scope of the Bayh-Dole Compliance assessment has been reduced to include delivery of risk assessment results only, while the Medical Records Request project has been deferred.

Audit Project Watch List

Prioritized projects	Risk Themes
Strategic Alignment Support: Variable Pay and Faculty Compensation Plan Analysis	• Operational resilience • Financial stewardship • Compliance with internal policies and procedures
Strategic Alignment Support: Clinical Research Billing and eCRIS System Replacement	• Operational resilience • Compliance with laws and regulations • Financial stewardship
OHEP Internal Audit Phase 2	• Financial stewardship • Governance and monitoring • Project management practices
Legacy Health Integration and Operational Readiness	• Change management • Governance and monitoring processes
Data Use Agreements (DUAs) Governance and Management Protocols	• Governance and monitoring processes • Compliance with laws and regulations
Executive Compensation & Incentive Payments	• Financial stewardship • Compliance with internal policies and procedures • Governance and monitoring processes
OHSU 30-30-30 Plan	• Student success and placement
Physical Cash Handling & Posting	• Employee safety and wellbeing • Financial stewardship

Note: This potential project list will continue to evolve and will be leveraged as audit resources become available to create the FY25 Q3Q4 Audit Plan. A&AS staff will continue to monitor identified risk areas and engage with process owners to refine potential project scopes and objectives.

FOR DISCUSSION PURPOSES ONLY

OHSU

FY25 Follow-Up Project Priorities

The below projects have been prioritized with dedicated time allocated in FY25. All open A&AS issues will be evaluated on a quarterly basis.

Project Name	FY25 Q1-Q2 Update
FY20 Opioids Prescription Management	Collaborating with Clinical Healthcare Integrity to report final status. Targeting final communication for October '24.
FY20 Clinical Contract Management Review	Open audit findings, as well as underlying risks will be included within the scope of the upcoming Variable Pay & Compensation Plan project.
FY22 Clery Act Compliance	Engagement with Public Safety and Legal scheduled for late November '24. Multiple findings have been addressed, with a goal to refine focus for remaining open issues and work with management to obtain near term action plan commitments.
FY23 No Surprises Act/Patient Consent Balance Billing	Collaborating with Clinical Healthcare Integrity to work with Patient Billing Services, Centralized Managed Care & Price Estimates to obtain status updates and validate action plan implementation. Follow up work will continue through Q2.
FY24 Vendor File Analytics	Actively engaged with Central Financial Services to obtain status updates and validate action plan implementation. Follow up work will continue through Q2.
FY23 Charge Description Master	Outreach to action plan owners to commence in Q2.

OHSU

Other A&AS Activities

Professional Certifications

- Kanna Hudson successfully passed the Certified Internal Auditor exam in July and earned her CIA designation.

Institute of Internal Auditors, Portland Chapter

- A&AS continues to have a presence on the local IIA Board, including representation as the Academic Relations Chair.

Oregon Higher Education Coordinating Commission

- Joe Holmes was elected as an Audit Committee member for FY25.

University of Wisconsin Office of Internal Audit Quality Assessment Review

- In collaboration with University of Michigan Internal Audit, Joe Holmes participated in the peer review of the University of Wisconsin internal audit function to ensure alignment with IIA Standards, improving audit quality and effectiveness while boosting stakeholder confidence.

AUDIT & ADVISORY
Services
OHSU

Thank you