

Financial state of the state

11 OREGON



\$400
TAXPAYER
BURDEN

MONEY NEEDED
TO PAY BILLS:
\$491.4 MILLION



THE FINANCIAL STATE OF OREGON

The state's bills exceed its assets

Assets	\$44,874,248,000
<i>Minus: Capital assets</i>	-\$18,331,092,000
<i>Restricted assets</i>	-\$8,544,083,000
Assets available to pay bills	\$17,999,073,000
<i>Minus: Bills</i>	-\$18,490,433,000
Money needed to pay bills	-\$491,360,000
Each taxpayer's share of this debt	-\$400

Oregon has \$44.9 billion in assets, but most of these assets are not available to pay state bills.

The \$18.3 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$8.5 billion of the assets is restricted by law or contract.

That leaves \$18 billion of state's assets available to pay \$18.5 billion of bills as they come due.

The \$491 million shortfall represents compensation and other costs incurred in prior years that should have been paid in those years. Instead these costs have been shifted to future taxpayers.

Each taxpayer's share of the financial burden is \$400



Truth in Accounting is committed to educating and empowering citizens with understandable, reliable and transparent government financial information.

We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.

To be knowledgeable participants in their government and its budget process, citizens need to be provided with truthful and transparent financial information.

www.TruthInAccounting.org

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The bills Oregon has accumulated

Bonds	\$12,067,313,000
Other liabilities	\$8,882,258,000
<i>Minus: Debt related to capital assets</i>	-\$4,257,390,000
Unfunded pension benefits	\$1,586,062,000
Unfunded retiree health care benefits	\$212,190,000
Bills	\$18,490,433,000

The state has accumulated bonds of \$12.1 billion and other liabilities of \$8.9 billion. The calculation of assets available to pay bills does not include capital assets, so \$4.3 billion of related debt is removed from the calculation of state bills.

Unfunded employees' retirement benefits represent 10% of state bills. These unfunded liabilities have accumulated because state employees have been promised \$1.6 billion of pension benefits and \$212.2 million of retiree health care benefits, but the state has not adequately funded them.

Unless these pension and retiree health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

Confusing Accounting Rules Result in Overstated Assets and Understated Liabilities

The assets reported on Oregon's balance sheet are overstated by \$626.6 million. The state reported that its pension plan is overfunded by this amount, but a detailed study of the plan's latest financial report found it to be underfunded by \$1.6 billion. In addition, this study found retirees' health care benefits totaling \$212.2 million have been promised, but not funded. Instead of reporting all of this debt on the state's balance sheet, Oregon reports only \$95.3 million. This means the state does not report \$1.7 billion of its retirement obligations on its balance sheet.

Data is derived from the state of Oregon's June 30, 2015 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

Number of taxpayers is based on an estimation of the state's population with a federal tax liability.