



State of Oregon

OREGON SHORT TERM FUND

An Investment Pool of the State of Oregon

Financial Statements

For the Year Ended June 30, 2026

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State of Oregon
OREGON SHORT TERM FUND
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Independent Auditor's Report

To the Honorable Tina Kotek
Governor of Oregon

To the Honorable Elizabeth Steiner, State Treasurer
Oregon Short Term Fund Board

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Oregon Short Term Fund, an external investment pool managed by the Oregon State Treasury on behalf of the State of Oregon, as of and for the year ended June 30, 2026, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Oregon Short Term Fund, as of June 30, 2026, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Oregon Short Term Fund and do not purport to, and do not, present fairly the financial position of the State of Oregon or the Oregon State Treasury, as of June 30, 2026, or the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Oregon State Treasury'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.

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August __, 2026, on our consideration of the Oregon State Treasury's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Oregon State Treasury's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Oregon State Treasury's internal control over financial reporting and compliance.



Sacramento, California
August 31, 2026

FINANCIAL SECTION

State of Oregon
OREGON SHORT TERM FUND

Statement of Net Position
June 30, 2026
(Dollars in Thousands)

Assets:

Cash and Cash Equivalents (Note 2)	\$ 7,937,415
Investments (Note 2)	26,070,829
Accrued Interest Receivable	118,256
Due from Oregon Military Department (Note 5)	8,000
Securities Lending Collateral (Note 3)	30,812
Total Assets	<u>34,165,312</u>

Liabilities:

Due to Employment Department (Note 6)	208
Due to Fiscal Agent (Note 7)	79
Obligations Under Securities Lending (Note 3)	30,814
Total Liabilities	<u>31,101</u>

Net Position:

Held in Trust for Participants	<u>34,134,211</u>
Total Net Position	<u><u>\$ 34,134,211</u></u>

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

State of Oregon
OREGON SHORT TERM FUND

Statement of Changes in Net Position
For the Year Ended June 30, 2026
(Dollars in Thousands)

Additions:

Investment Earnings:

Net Decrease in Fair Value of Investments	\$ (13,898)
Interest, Dividends, and Other	1,498,997
Securities Lending Income	4,470
Total Investment Earnings	<u>1,489,569</u>

Less Investment Costs:

Investment Activity Costs (Note 4)	23,198
Securities Lending Costs	2,346
Net Investment Earnings	<u>1,464,025</u>

Participant Account Transactions:

Participants' Contributions & Reinvested Income	135,128,410
Participants' Withdrawals	<u>(135,940,706)</u>
Net Increase as a Result of Participant Transactions	<u>(812,296)</u>

Total Additions	<u>651,729</u>
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Deductions:

Distributions of Interest to Participants	<u>1,478,570</u>
Total Deductions	<u>1,478,570</u>

Change in Assets Held in Trust for Participants	(826,841)
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Net Position - Beginning	<u>34,961,052</u>
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Net Position - Ending (Note 8)	<u><u>\$ 34,134,211</u></u>
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The accompanying notes are an integral part of the financial statements.

OREGON SHORT TERM FUND
Notes to Financial Statements
June 30, 2026

(1) Summary of Significant Accounting Policies

Reporting Entity – The Oregon Short Term Fund (Fund) is a short-term cash investment vehicle of the State of Oregon (State). Several local governments in Oregon and all State agencies participate in the Fund. Because it pools investments from multiple governmental entities, the Fund is an external investment pool.

The Fund is not registered with the U.S. Securities and Exchange Commission as an investment company. The State's investment policies are governed by Oregon Revised Statutes (ORS) and the Oregon Investment Council (the Council). The State Treasurer is the investment officer for the Council and is responsible for all funds entrusted to the Oregon State Treasury (OST). These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill, and caution. Investments in the Fund are further governed by portfolio guidelines recommended by the Oregon Short Term Fund Board, with Council approval, establishing diversification percentages and specifying the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. Portfolio guidelines are discussed in greater detail in the Investments section of Note 2.

According to ORS 293.265 and 295.002, State agencies must deposit all funds with depositories qualified by the OST. Undesignated funds not required to meet current demands are deposited in the Fund; therefore, State agencies are considered involuntary participants of the Fund. Because the Fund operates as a demand deposit account for State agency participants, the portion of the Fund belonging to State agency (internal) participants is classified as cash and cash equivalents in the State's Annual Comprehensive Financial Report. The portion of the Fund belonging to local government (external) participants is reported in a custodial fund in the State's Annual Comprehensive Financial Report.

Basis of Accounting – These statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Trade date accounting is observed, which means that purchases and sales of securities are recorded on the day the trade takes place with a corresponding payable to, or receivable from, the broker. Changes in the fair value of investments are recognized at the end of each fiscal year. The fair value of investments is determined annually and is equal to market price.

Cash and Cash Equivalents – Investments with original maturities of three months or less are considered cash equivalents and are reported at amortized cost, which approximates fair value. Cash and cash equivalents also include cash in banks, including cash held with the custodial bank.

Investments – Investments with remaining maturities of fewer than ninety days are carried at amortized cost, provided that the fair value of these instruments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Amortized cost approximates fair value. Investments with longer maturities are carried at fair value.

Participants' equity; distributions of interest – Participants' account balances in the Fund are determined by the amount of participants' deposits, adjusted for withdrawals and distributed interest. The Fund has not provided or received any legally binding guarantees regarding balances in the Fund. Interest is calculated and accrued daily on each participant's account based on the ending account balance and a variable interest rate determined periodically by the OST. When a participant's account is overdrawn, negative interest accrues daily at the determined rate plus a premium. OST maintains a reserve for potential losses based on historical default experience, which is included in Total Net Position (See Note 8). This balance is reviewed at the end of every month and is considered in setting

OREGON SHORT TERM FUND
Notes to Financial Statements
June 30, 2026

the interest rate paid to participants, exclusive of unrealized gains and losses. Interest is distributed monthly on the last business day of the month. If the last day of the month is a weekend or holiday, interest is accrued through the last calendar day of the month and posted on the last business day.

(2) Deposits and Investments

Deposits – On June 30, 2026, the Fund held a \$49.2 million book balance in deposits with a bank balance of \$49.9 million. Insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Where interest-bearing balances exceed the Federal Deposit Insurance Corporation (FDIC) insurance coverage limit of \$250,000, the excess balances are covered by collateral held in a multiple financial institution collateral pool (ORS 295.015) administered by the OST in the Public Funds Collateralization Program (PFCP). As of June 30, 2026, \$2.1 million of demand deposits were covered by FDIC insurance and \$47.5 million of demand deposits were collateralized under the PFCP.

Investments – On June 30, 2026, the Fund had a total investment portfolio of \$34.0 billion, \$26.1 billion of which is classified as investments and \$7.9 billion of which is classified as Cash and Cash Equivalents on the Statement of Net Position. The Fund's portfolio rules establish the Fund's permitted investments and provide guidelines for managing the various types of risk associated with these investments (see the current portfolio rules at <https://www.oregon.gov/treasury/public-financial-services/oregon-short-term-funds/pages/default.aspx>). The different risks are discussed below.

A. Interest rate and credit risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Fund's staff manages this risk by limiting the period of the reset date (reset) or maturity of the investments held by the Fund. The portfolio rules require that at least 50 percent of the portfolio mature or reset within 93 days; not more than 25 percent of the portfolio may mature or reset in over a year; and no investments may mature or reset over three years from settlement date. The June 30, 2026 holdings are shown in the schedule that follows. For variable rate securities, the next interest rate reset date is used instead of the maturity date. For variable rate securities, in a fixed rate period that will switch to variable rate at a later date, the maturity is based on the final maturity of the security, not the next variable reset date. For fixed rate securities with a put option, the date upon which the put option is fully exercisable for at least 100% of the face value is used instead of the maturity date, and for variable rate securities with a put option, the earlier of the next variable reset date or the put date is used instead of the maturity date. For asset-backed securities, the weighted average life will be used as a proxy for the maturity date.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Fund's policies provide for a composite minimum weighted average credit quality rating for the Fund's holdings to be the equivalent of an AA Standard and Poor's (S&P) rating. This composite is calculated based on the median rating if three agencies rate the security, the lower rating if two ratings are available, or the single rating if only one rating is available. On June 30, 2026, the Fund's composite weighted average rating was equivalent to S&P's AA based on the method described above. U.S. Treasuries were assumed to be rated AAA for the composite rating, as these securities are backed by the U.S. government.

The minimum ratings for corporate notes at the time of purchase are an S&P rating of A-, a Moody's rating of A3 or a Fitch rating of A-. Commercial paper is required to have a minimum short-term credit

OREGON SHORT TERM FUND
Notes to Financial Statements
June 30, 2026

rating at the time of purchase from at least two nationally recognized statistical ratings organizations (NRSROs); minimum ratings are S&P of A-1, Moody's of P-1, Fitch of F-1, and DSRs R-1. Foreign government securities are required to have a minimum credit rating from S&P of AA-, Moody's of Aa3 or Fitch of AA-. Asset-backed securities are required to have long-term ratings of AAA, Aaa or AAA, or short-term ratings of A-1+, P-1 or F-1+ by S&P, Moody's, and Fitch, respectively.

Fund policies allow securities downgraded below the minimum required ratings after the time of purchase to be retained at the Fixed Income Senior Investment Officer's discretion. Rating groups were determined using the lowest actual rating from S&P, Moody's, or Fitch, and are shown below:

Interest Rate and Credit Risk
(Dollars in Thousands)

Classification	Rating	Maturities			Total Value	Par Value
		93 Days or Less	94-366 Days	One to Three Years		
U.S. Treasuries	Exempt	\$ 1,430,421	\$ -	\$ 92,538	\$ 1,522,959	\$ 1,525,705
Agency Securities	AA	-	88,953	3,065,892	3,154,845	3,156,000
Agency Discount Notes	AAA	16,635	-	-	16,635	16,667
	AA	50,212	-	-	50,212	50,290
		66,847	-	-	66,847	66,957
Municipal Commercial Paper	A-1+	237,346	-	-	237,346	238,455
	A-1	15,347	-	-	15,347	15,413
		252,693	-	-	252,693	253,868
Municipal Obligations	AA	457,739	12,116	-	469,855	469,698
	A	158,132	-	-	158,132	158,132
		615,871	12,116	-	627,987	627,830
Commingled Investment Pool	Not Rated ²	-	-	247,200	247,200	253,066
Non U.S. Government Commercial Paper	A-1+	713,943	-	-	713,943	715,387
Non U.S. Government Obligations	AAA	2,466,384	-	-	2,466,384	2,462,000
	AA	100,385	-	-	100,385	100,000
		2,566,769	-	-	2,566,769	2,562,000
Corporate Commercial Paper	A-1+	1,510,099	49,404	-	1,559,503	1,563,224
	A-1	3,228,804	98,707	-	3,327,511	3,334,736
	A-2	541,589	-	-	541,589	542,661
		5,280,492	148,111	-	5,428,603	5,440,621
Corporate Obligations	AAA	632,926	-	-	632,926	629,000
	AA	2,025,144	20,061	29,923	2,075,128	2,071,671
	A	6,956,181	378,911	261,290	7,596,382	7,588,320
	BBB ¹	667,724	84,523	-	752,247	752,672
		10,281,975	483,495	291,213	11,056,683	11,041,663
Asset-Backed Securities	AAA	4,244,249	1,389,161	587,071	6,220,481	6,219,534
Repurchase Agreements	A-1+	300,000	-	-	300,000	300,000
	A-2	1,700,000	-	-	1,700,000	1,700,000
		2,000,000	-	-	2,000,000	2,000,000
Negotiable Certificates of Deposit	A	100,008	-	-	100,008	100,000
Cash		49,226	-	-	49,226	49,226
Total		\$ 27,602,494	\$ 2,121,836	\$ 4,283,914	\$ 34,008,244	\$ 34,011,857

¹ Securities rated BBB in this table were downgraded after purchase, and were reviewed and retained in accordance with Fund policies.

² The Oregon Local Government Intermediate Term Fund is not rated. Its holdings had a composite credit quality rating of A at June 30, 2026.

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Notes to Financial Statements
June 30, 2026

B. Custodial credit risk

Custodial credit risk for investments is the risk that, in the event of a transactional counterparty failure, the government will not be able to recover the value of an investment or collateral securities in the possession of an outside party. The Fund's portfolio rules provide that broker/dealers meet certain qualifications and that investments are delivered to and held by a third-party custodian, which holds the Fund's securities in the State's name. Securities utilized in repurchase agreements are subject to additional restrictions designed to limit the Fund's exposure to risk. The Fund's portfolio rules require counterparties to execute a master repurchase agreement and maintain collateral of at least 102% of the repurchase agreement amount.

C. Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Fund's portfolio rules limit exposure to any single issuer based on a percentage of total investments. The maximum investment in any one issuer is 33 percent for U.S. agency securities; 10 percent for municipal securities, foreign governments, and foreign government instrumentalities; and 5 percent for corporate securities, asset-backed securities, and negotiable certificates of deposit. Rules limiting exposure in any one issuer do not apply to U.S. Treasury securities. In addition, no more than \$250 million may be invested in the Oregon Local Government Intermediate Term Fund. On June 30, 2026, the Fund did not hold investments with any one issuer that exceeded these limits.

The schedule below lists issuers where holdings are greater than 5% at the parent level. As a government-sponsored enterprise, the Federal Farm Credit Bank issued securities carry an implicit guarantee of the U.S. Government.

Schedule of Parent Level Issuers - Holdings Greater Than Five Percent
(Dollars in Thousands)

Issuer Name	Reported Amount	Percent of Holdings
Federal Farm Credit Bank Funding Corp.	\$1,765,430	5.20%

D. Foreign currency risk

The Fund portfolio rules prohibit investments that are not U.S. dollar-denominated; therefore, the Fund is not exposed to this risk.

(3) Securities Lending

The OST has authorized its custodian to act as its agent in lending the Fund's securities pursuant to a form of loan agreement, in accordance with Fund investment policies. There have been no significant violations of the provisions of the securities lending agreement. The State's securities lending agent lent short-term and fixed income securities and received as collateral U.S. dollar-denominated cash and U.S. Treasury securities. Borrowers were required to deliver collateral for each loan equal to not less than 102 percent of the market value of the loaned security. The State may pledge or sell the collateral securities received only in the event of a borrower default. The State may impose restrictions on the amount of the loans that the securities lending agent made on its behalf. No such restrictions were made during the year ended June 30, 2026. The State is fully indemnified by its securities lending

OREGON SHORT TERM FUND
Notes to Financial Statements
June 30, 2026

agent against losses due to borrower default. There were no losses during the year from the failure of borrowers to return loaned securities.

The Fund's lending agent uses an investment fund to reinvest cash collateral received on behalf of the Fund and other State agencies managed by the OST, exclusive of the Oregon Public Employees Retirement Fund. The investment fund used to reinvest cash collateral is not rated and had a weighted average maturity of 22.14 days at June 30, 2026. As permitted under the investment fund's Declaration of Trust (Declaration), participant purchases and redemptions are transacted at \$1.00 per unit ("constant value") based on the amortized cost of the investment fund's investments. The balances of securities on loan, collateral received and invested collateral at fair value are presented in the schedule below.

Schedule of Securities Lending Balances
(Dollars in Thousands)

	Securities on Loan	Collateral Received			Invested Cash Collateral
	at Fair Value	Cash	Non-Cash	Total	at Fair Value
U.S. Agency Securities	\$ 537,056	\$ 12,687	\$ 535,355	\$ 548,042	\$ 12,687
U.S. Treasury	30,187	-	30,788	30,788	-
Corporate Notes	36,888	18,127	19,525	37,652	18,125
Total	<u>\$ 604,131</u>	<u>\$ 30,814</u>	<u>\$ 585,668</u>	<u>\$ 616,482</u>	<u>\$ 30,812</u>

¹ Cash collateral is reinvested in an investment fund that is priced based on its net asset value (NAV).

The State and borrowers maintained the right to terminate all securities lending transactions on demand. As a consequence, the maturities of investments made with cash collateral generally do not match the maturities of the loaned securities. As of June 30, 2026, the State had no credit risk exposure to borrowers related to securities on loan.

(4) Management and Administrative Fees

In accordance with ORS 293.718, the OST may deduct monthly 0.5 basis points of the most recent fair value of assets under management for administration and portfolio management. For the year ended June 30, 2026, the OST charged the Fund a monthly rate of 0.435 basis points on the most recent fair value of the Fund. The fee is deducted from investment income before distributions to participants. Fees charged to the Fund, including administration and management fees, totaled \$23.2 million for the year ended June 30, 2026.

(5) Receivables from State Agencies

The Oregon Military Department entered into an agreement with the OST in December of 2023 to borrow up to \$8 million for the purpose of interim financing until revenues from federal reimbursement funds become available. Interest is charged at a fixed rate equal to four point seven (4.7) percent per annum. The loan will mature on the earlier of September 30, 2027, or on the date OST determines the Fund requires repayment to meet current Fund requirements.

OREGON SHORT TERM FUND
Notes to Financial Statements
June 30, 2026

(6) Payable to the Oregon Employment Department

The OST maintains accounts separate from the Fund which contains employment benefit and trust funds in the name of the Oregon Employment Department (Employment), which is also a participant in the Fund. The OST processes transfers of employment taxes and benefit payments between state agencies and Employment. Occasionally a transfer will be recorded between participants' accounts on one day, but the transfer of cash between the Fund and the employment benefit and trust funds does not take place until the following day, creating either a receivable from or payable to Employment.

(7) Payable to Fiscal Agent

The OST collects debt service payments from general obligation debt issuing agencies and forwards them on to the fiscal agent, which makes bond interest and principal payments to bond holders. OST maintains accounts, separate from the Fund, in which payments to the fiscal agent are recorded. Debt service payments received at OST create a payable to the fiscal agent until the payments are forwarded.

(8) Equity of Internal and External Participants

The following table describes the equity of internal and external participants in the Fund's net position, and shows that net position is composed of participants' account balances less undistributed and unrealized gains:

Net position held in trust for participants (in thousands):	
Equity of internal participants	\$ 23,532,567
Equity of external participants	<u>10,601,644</u>
	<u><u>\$ 34,134,211</u></u>
Net position consist of (in thousands):	
Participants' Account Balances	\$ 33,979,841
Undistributed and Unrealized Gains (Losses)	14,989
Allowance for Potential Defaults	<u>139,381</u>
	<u><u>\$ 34,134,211</u></u>
Participants' Fair Value	
(Net Position divided by Participants' Account Balances)	<u><u>100.45%</u></u>

(9) Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurements and Application*, establishes a framework for measuring fair value and establishes a reporting hierarchy to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

OREGON SHORT TERM FUND
Notes to Financial Statements
June 30, 2026

- Level 1 – Unadjusted quoted prices for identical instruments in active markets.
- Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.
- Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

Fair Value Measurements
(Dollars in Thousands)

Assets and Liabilities at Fair Value as of June 30, 2026				
	Level 1	Level 2	Level 3	Total
Investments:				
U.S. Treasuries	\$ -	\$ 1,398,267		\$ 1,398,267
Agency Securities	-	3,154,844	-	3,154,844
Municipal Obligations	-	247,063	-	247,063
Municipal Commercial Paper	-	15,347	-	15,347
Non U.S. Government Commercial Paper	-	246,208	-	246,208
Non U.S. Government Obligations	-	2,566,769	-	2,566,769
Corporate Obligations	-	10,938,812	74,736	11,013,548
Corporate Commercial Paper	-	661,094	-	661,094
Asset-Backed Securities	-	6,220,481	-	6,220,481
Repurchase Agreements	-	200,000	-	200,000
Negotiable Certificates of Deposit	-	100,008	-	100,008
Total Investments	\$ -	\$ 25,748,893	\$ 74,736	\$ 25,823,629

The Fund's investments, other than those with remaining maturities of fewer than ninety days and the investment in the Oregon Local Government Intermediate Term Fund, are valued using the latest bid prices or evaluated quotes from independent pricing vendors. The third-party vendors use a variety of methods when pricing these securities that incorporate relevant observable market data to arrive at an estimate of what a buyer in the marketplace would pay for a security under current market conditions. When independent price sources are not available and the reset or maturity of the investment is over a year, the debt securities are priced based on the last traded price and are categorized in level 3.

At June 30, 2026, certain short-term negotiable certificates of deposit, corporate, and repurchase agreements are reported at amortized cost as independent vendor pricing was not available. Investments with remaining maturities of fewer than ninety days are carried at amortized cost, which approximates fair value. The Fund's investment in the Oregon Local Government Intermediate Term Fund (OLGIF) is priced using a net asset value and the value of OLGIF's underlying investments are marked to market daily. The Fund held approximately 93.2% of the outstanding units of OLGIF at June 30, 2026. The majority of the Fund's investments at June 30, 2026 are considered level 2, with a single security in the fund considered Level 3.

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OTHER REPORT

**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***

To the Honorable Tina Kotek
Governor of Oregon

To the Honorable Elizabeth Steiner, State Treasurer
Oregon Short Term Fund Board
Tigard, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Oregon Short Term Fund, an external investment pool managed by the Oregon State Treasury on behalf of the State of Oregon, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Oregon Short Term Fund's financial statements, and have issued our report thereon dated August 31, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Oregon State Treasury's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Oregon State Treasury's internal control. Accordingly, we do not express an opinion on the effectiveness of the Oregon State Treasury's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Oregon State Treasury's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Macias Gini & O'Connell LLP". The signature is written in a cursive, flowing style.

Sacramento, California
August 31, 2026