

The background of the top half of the page features a large, light blue, semi-transparent seal of the State of Oregon. The seal is circular and contains an eagle with spread wings at the top, a ship on the left, a plow on the right, and a sun in the center. The words "SEAL OF THE STATE OF OREGON" are written around the perimeter, and the year "1859" is at the bottom. The text "THE UNION" is visible on a banner within the seal.

Financial Condition Report

State of Oregon

2016

Secretary of State
Dennis Richardson

Audits Division, Director
Kip Memmott

Report 2017-14
July 2017



State of Oregon Financial Condition Report

Fiscal Year 2016

Oregon's financial condition is strengthening, but challenges remain.

The economy continues to recover from the Great Recession, but tight budgets and an increased need for state services persists.

Human Services continues to be the largest expenditure by program area, followed by Education, Public Safety, and Transportation.

Top Expenditures by Program



Financial Conditions



More Oregonians are back to work, increasing tax revenue and personal income per capita.



The Rainy Day Fund balance is back to pre-recession levels, after being used to weather the economic downturn.



Spending for unemployment insurance is declining as the cash available to pay future claims grows.



The state continues to reduce its outstanding debt.

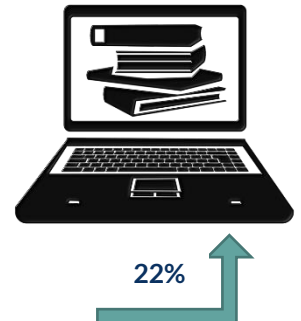
Human Services

Human Services spending in 2016 was 25% higher than in 2014, primarily due to the implementation of the Affordable Care Act.



Education

Total Education spending, which includes K-12 and higher education, increased 22% since 2014.



Early identification of financial problems enables a government to introduce remedies sooner. Monitoring various indicators can provide key information for decision makers and if warning trends appear, can also prompt action.

Secretary of State Audit Report

Dennis Richardson, Secretary of State

Kip Memmott, Director, Audits Division



State of Oregon Financial Condition, Fiscal Year 2016

Purpose

Oregon's economy continues to recover from the Great Recession and continues to experience tightened budgets and an increased need for state services. Though the economy has improved, budget difficulties persist and human services expenditures have not retracted to pre-recession levels. Sound financial condition is vital for sustainable government services. The state needs to continue rebuilding and prepare for future economic downturns.

This is a biennial report about Oregon's financial condition and covers the period ending June 30, 2016. Early identification of financial problems enables a government to introduce remedies sooner. Monitoring various indicators can provide key information for decision makers, and if warning trends appear, can also prompt action.

Results

Since our report as of 2014 we have noted the following key changes:

- Human services continue to be the largest expenditure by program area at \$12.5 billion, increasing 25% from 2014 primarily due to the implementation of the Affordable Care Act. Over \$7 billion is federally funded through Medicaid reimbursements.
- Education is the second largest expenditure by program area at \$5.6 billion, with state funding being the primary revenue source. Spending increased 22% since 2014.
- Despite increased contribution rates, the amount of assets needed to fund future retirements compared to the amount available to pay for those needs has declined; however, the pension fund is still considered healthy when compared to other state plans.

Other aspects of Oregon's financial condition worth noting include the following:

- Tax revenues continue to increase as Oregonians recover from the recession and return to work. Personal income per capita has also increased.
- Unemployment insurance expenditures continue to decline and the unemployment insurance cash balance available to pay future claims is growing.
- The Rainy Day Fund balance is back to pre-recession levels after being used to weather the economic downturn.
- The state's outstanding debt continues to decline.

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OBJECTIVES, SCOPE AND METHODOLOGY

Objectives, Scope, and Methodology

This report provides an assessment of the financial condition of the State of Oregon. To complete our assessment, we used select measurements from the Financial Trend Monitoring System developed by the International City and County Management Association (ICMA).

The data in the report generally covers a 10-year period from fiscal year 2007 through 2016. Unless otherwise indicated, data is presented on a fiscal year basis (e.g. fiscal year 2016 represents July 1, 2015 through June 30, 2016). We express financial data in constant dollars to account for inflation by adjusting dollar amounts from each prior year to equal the purchasing power of money in 2016. We used the Consumer Price Index for Portland and Salem, Oregon, as reported by the Bureau of Labor Statistics, US Department of Labor. Chart titles indicate if amounts have been adjusted for inflation.

We reviewed information for reasonableness and consistency. We did not, however, audit the accuracy of the source documents or the reliability of the data in computer-based systems. Our review of data was not intended to give absolute assurance that all information is free from error. Rather, our intent was to provide reasonable assurance that the reported information presents a fair picture of the state's financial condition. In addition, while the report offers financial highlights, it does not thoroughly determine the reasons for negative or positive performance. More analysis may be needed to provide such explanations.

This report was produced for informational purposes and does not constitute an audit performed in accordance with generally accepted government auditing standards.

Data Sources

Nearly all financial information was obtained from the State of Oregon's Comprehensive Annual Financial Reports. Additional information, such as environmental indicators, was obtained from state and federal agencies including the Oregon Employment Department and the US Census Bureau, and may present different time periods because it is only available on a calendar year basis instead of by fiscal year. Some information extends beyond the ten fiscal years covered in the report, but is considered useful to readers. We used the following sources for economic and demographic indicators:

- Oregon Criminal Justice Commission
- Oregon Department of Education
- Oregon Department of Justice
- Oregon Department of Human Services
- Oregon Health Authority
- Oregon Higher Education Coordinating Commission
- Oregon Employment Department
- Oregon Department of Revenue
- Oregon Office of Economic Analysis
- Oregon Public Employees' Retirement System
- Oregon Secretary of State Corporations Division
- Oregon State Treasury
- Portland State University Population Research Center
- United States Bureau of Economic Analysis
- United States Census Bureau
- United States Department of Labor, Bureau of Labor Statistics
- United State Federal Trade Commission
- State of Oregon Comprehensive Annual Financial Reports issued by the Department of Administrative Services for Fiscal Years Ended June 30, 2005 through June 30, 2016
- State of Oregon Schedule of Expenditures of Federal Awards for the years ended June 30, 2007 through June 30, 2016, provided by the Department of Administrative Services

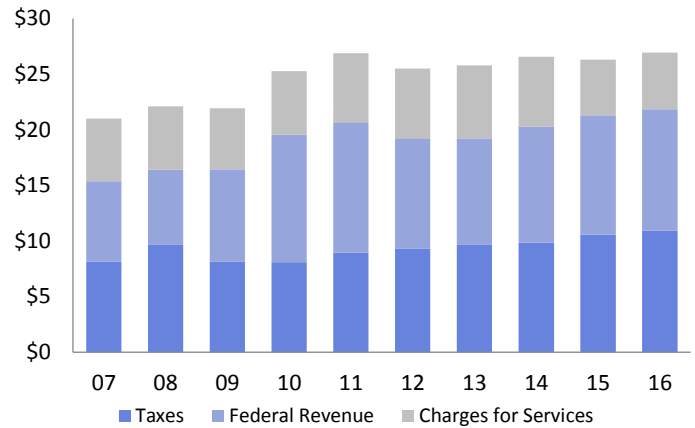
REVENUES

Total Revenues

Revenues determine the capacity of a government to provide services to citizens and are affected by economic and policy changes. Total revenues have increased 28% since 2007. In fiscal year 2016, total state revenues increased \$650 million from the prior year. The three largest universities (Oregon State University, Portland State University, and the University of Oregon) became independent of the state in 2015, resulting in a decrease in federal revenue of approximately \$600 million. Since 2014, federal revenue also declined by approximately \$400 million for unemployment compensation and natural resources programs. These declines were offset by an increase of \$1.5 billion for human services programs in 2015 due to the implementation of the Affordable Care Act (ACA).

Total Revenues by Source

Adjusted for inflation (in billions), FY ended June 30
Chart 1

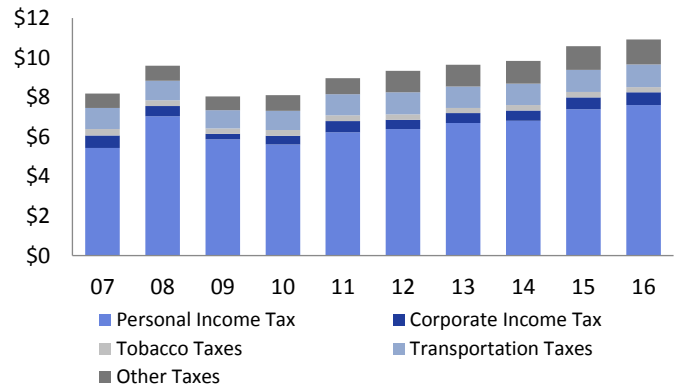


Tax Revenues

In 2015, Oregon ranked 30th nationally in state taxes collected per capita. Oregon's primary source of taxes is the personal income tax. Oregon ranks 6th highest in terms of personal income tax collections per capita. Other tax revenues include inheritance taxes, public utility taxes, and insurance premium taxes. In 2016, Oregon received \$28.6 million in newly established marijuana taxes, which is included in other taxes.

Tax Revenues

Adjusted for inflation (in billions), FY ended June 30
Chart 2

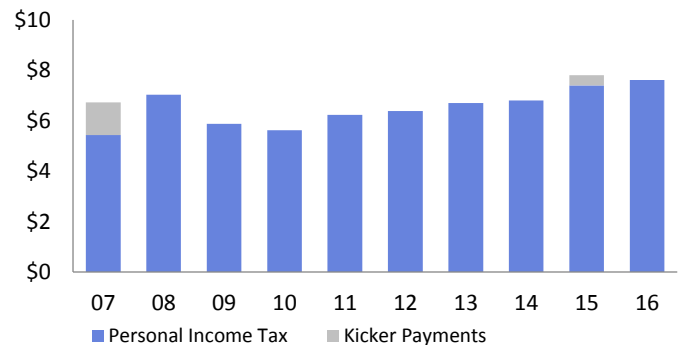


Personal Income Tax Revenues and Kicker

Personal income taxes are the main revenue source for the state's General Fund. When personal income tax revenues exceed forecasted revenues by 2%, state law requires the excess amount (referred to as the "kicker") be refunded to taxpayers. In the past decade this occurred following the 05-07 biennium and the 13-15 biennium when the state refunded \$1 billion and \$402 million, respectively. In the 18 biennia since the kicker became effective, 9 biennia resulted in kicker payments to taxpayers.

Personal Income Tax Revenues

Adjusted for inflation (in billions), FY ended June 30
Chart 3



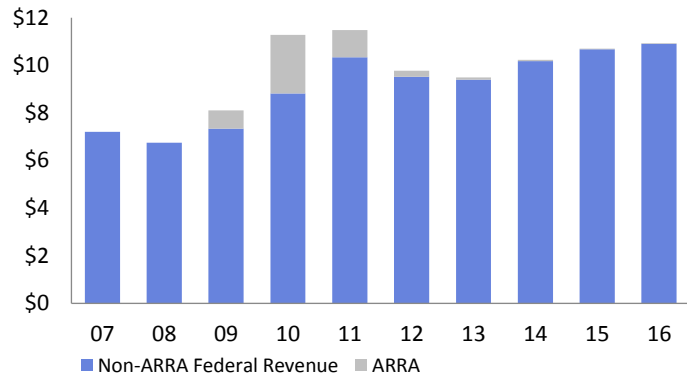
REVENUES

Federal Revenues

Federal revenues are grants and reimbursements received from the federal government for numerous programs and services provided to eligible recipients, funds which are often restricted as to use. The state received additional federal funding through the American Recovery and Reinvestment Act (ARRA) totaling \$4.3 billion from 2009 through 2016. The majority of ARRA funding, \$4.1 billion, had been received by the end of 2012.

Federal Revenues

Adjusted for inflation (in billions), FY ended June 30
Chart 4

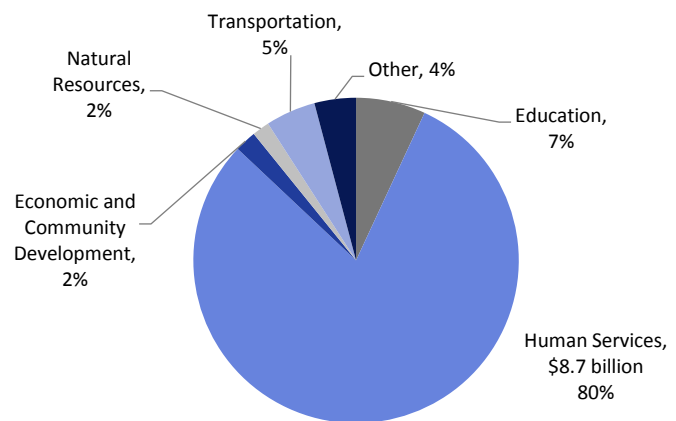


Federal Revenues by Program Area

The state received about \$10.9 billion in federal assistance in fiscal year 2016, an increase of \$400 million from the prior year. Traditionally, the largest federal revenue source is for Medicaid in the human services program area, for which Oregon received approximately \$7 billion for 2016. By contrast, Medicaid received approximately \$4.8 billion in federal revenue in 2014. The increase is due to the implementation of the Affordable Care Act in 2015. Other large human services programs include the Supplemental Nutrition Assistance Program (formerly known as food stamps) and Temporary Assistance for Needy Families.

Fiscal Year 2016 Federal Revenues by Program Area

Chart 5



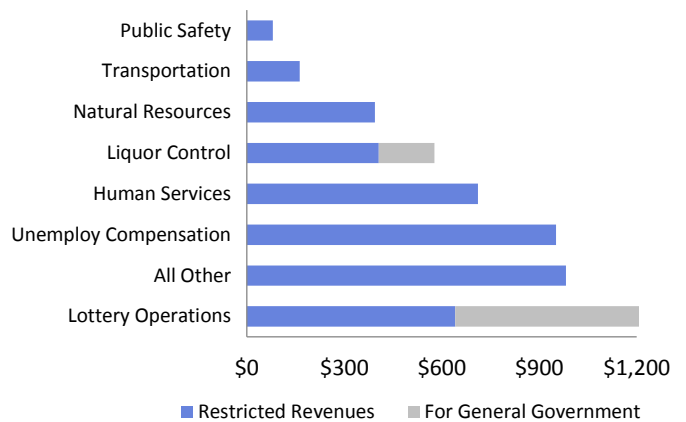
REVENUES

Charges for Services

Charges for services are fees collected from customers, applicants, employers, and others who use, purchase or directly benefit from services provided. In fiscal year 2016, charges for services totaled \$5.1 billion, down from \$6.3 billion in 2014 (adjusted for inflation), and represented 19% of total state revenues. The decrease is primarily driven by the universities becoming independent of the state beginning in 2015. The university system reported \$1.6 billion in charges for services revenues in fiscal year 2014 (adjusted for inflation). After considering the dissolution of the university system and inflation, charges for services increased 11% since 2007, from \$4.6 billion to \$5.1 billion.

Fiscal Year 2016 Charges for Services

(in millions)
Chart 6

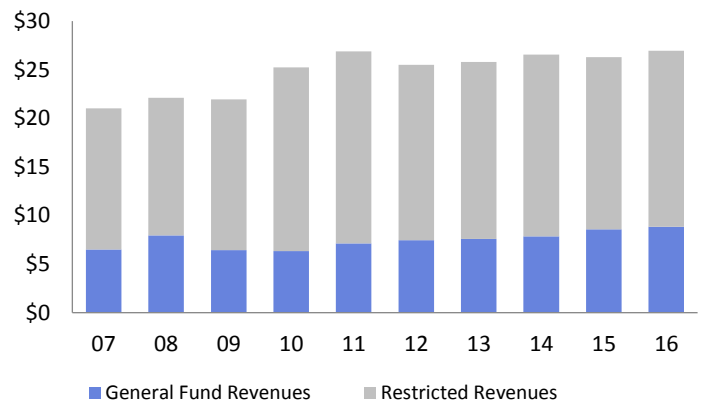


Restricted and Unrestricted Revenues

The legislature has discretion over spending General Fund revenues. Of the \$27 billion in total state revenues in fiscal year 2016, 33% are accounted for in the state's General Fund with the majority available to fund education, human services, and public safety programs. The remaining revenues are restricted for specific purposes by statute, grant agreement, or the Oregon Constitution. About 60% of restricted revenues are federal revenues that can only be used for federal programs. Other large restricted revenues include motor vehicle and fuel taxes restricted by the Oregon Constitution for roadway and bridge improvements and maintenance.

Restricted and Unrestricted (General Fund) Revenues

Adjusted for inflation (in billions), FY ended June 30
Chart 7



EXPENDITURES

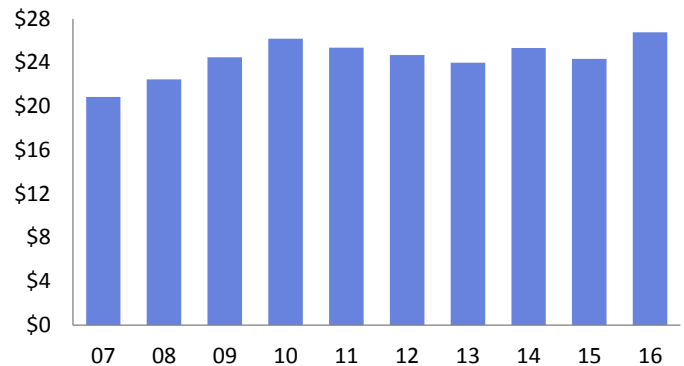
Total Expenditures

Beginning in 2008, the recession caused increased spending for human services and unemployment compensation. The decline following 2010 resulted from unemployment and transportation expenditures decreasing more than the increase in human services expenditures. Increases in human services continued in 2016 partially due to the implementation of the Affordable Care Act.

In 2016 human services and education expenditures represented about 68% of the state's \$26.8 billion in expenditures.

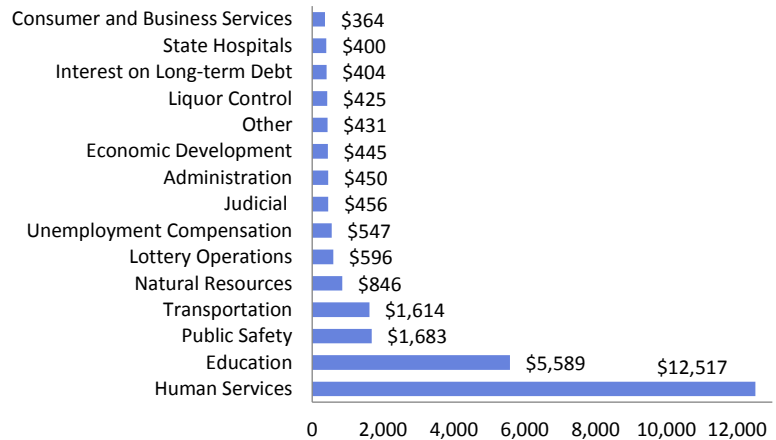
Total State Expenditures

Adjusted for inflations (in billions), FY ended June 30
Chart 8



Fiscal Year 2016 Total Expenditures by Program

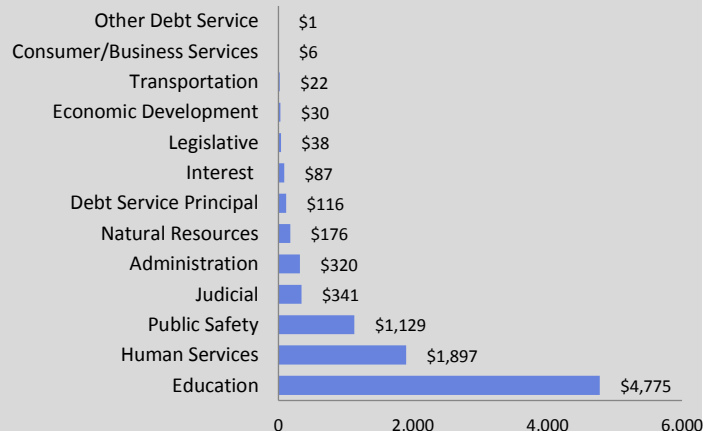
(in millions)
Chart 9



Of the state's \$26.8 billion in expenditures, \$8.9 billion were General Fund expenditures. The majority of General Fund spending (87%) occurred in three areas: education, human services and public safety. These three programs have accounted for 87% to 90% of General Fund expenditures in each of the last ten years. For 2016, the remaining 13% of General Fund expenditures was for operating the courts, statewide administration, debt service and a variety of other program

General Fund Expenditures by Program in Fiscal Year 16

(in millions)
Chart 10



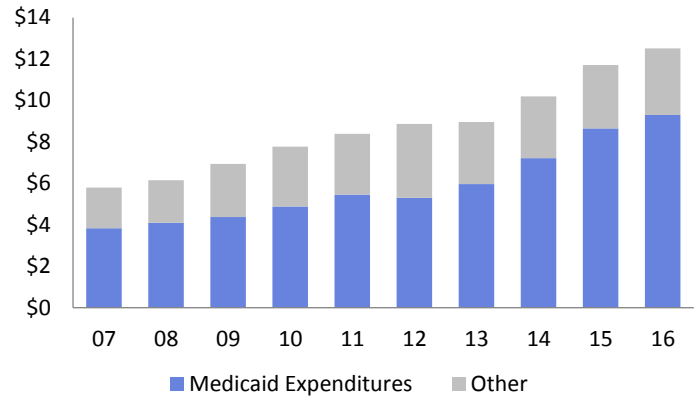
EXPENDITURES

Human Services

Human services spending has been increasing since 2008, with sharp increases in 2014 and 2015. The recession resulted in increased eligibility of persons to receive benefits beginning in 2008. The implementation of the ACA in 2014 also expanded eligibility for Medicaid, the largest program administered by the state. In 2016, 35 cents of every dollar spent by the state was for Medicaid. This is nearly double the 18 cents of every dollar spent in 2007. The program compensates health care and nursing home providers for services for eligible individuals. The federal government reimburses the state for a portion of eligible Medicaid expenditures, referred to as the federal matching rate. In 2016, Oregon spent \$2.16 billion in state dollars for Medicaid-eligible services and the federal government provided an additional \$7.14 billion.

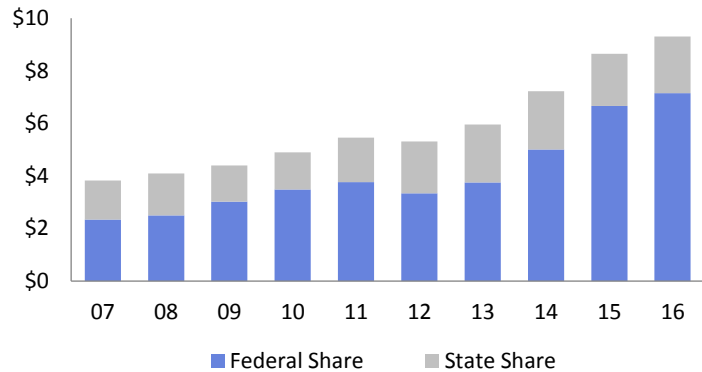
Human Services Expenditures

Adjusted for inflation (in billions), FY ended June 30
Chart 11



Total Medicaid Spending

Adjusted for inflation (in billions), FY ended June 30
Chart 12

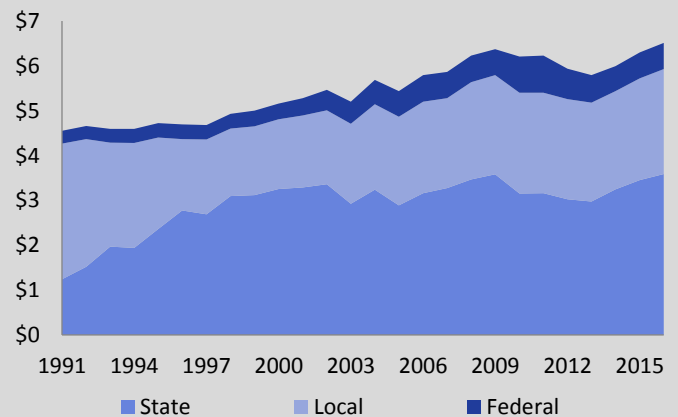


K-12 Education

In 1990, Oregon voters passed ballot Measure 5, which phased in property tax limitations for local governments and transferred a significant portion of school funding responsibility to the state. Before the full implementation of Measure 5 in 1995, local funds accounted for more than 50% of school funding. Since 1995, local funds have provided between 30-38% annually, with state funds being the primary source of support. After accounting for inflation, K-12 education spending increased 9% since 2014.

Education (K-12) Spending by Source 1991-2016

Adjusted for inflation (in billions)
Chart 13



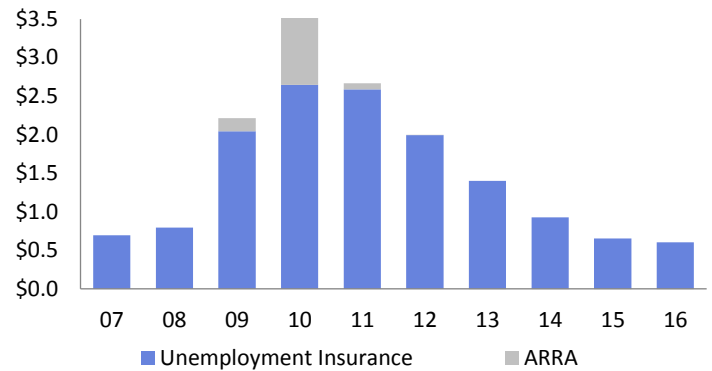
EXPENDITURES

Unemployment Insurance

The Unemployment Insurance program provides payments to eligible individuals who have lost their jobs. Employers are assessed a payroll tax based on employee earnings, the funds from which are used to make benefit payments. When tax assessments exceed benefit payments, the unemployment compensation fund balance increases, building cash reserves to help weather periods of high unemployment. Unlike many other states, Oregon weathered the recession with sufficient reserves to avoid borrowing from the federal government to maintain payments. By 2016, expenditures have declined to pre-recession levels. After adjusting for inflation, the cash balance increased \$1.3 billion over the last three years due to decreasing unemployment, resulting in a lesser need for unemployment benefits.

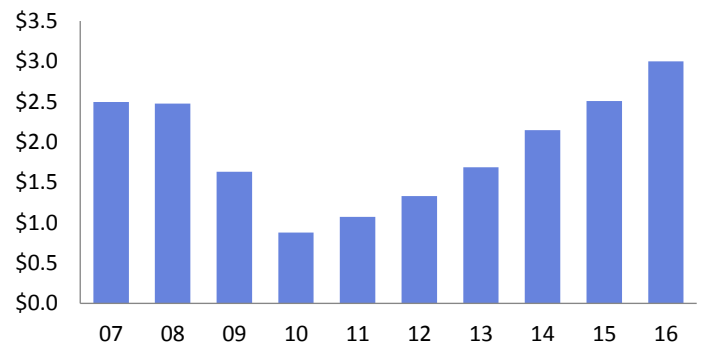
Unemployment Insurance Expenditures

Adjusted for inflation (in billions), FY ended June 30
Chart 14



Unemployment Insurance Cash Balance

Adjusted for inflation (in billions), FY ended June 30
Chart 15



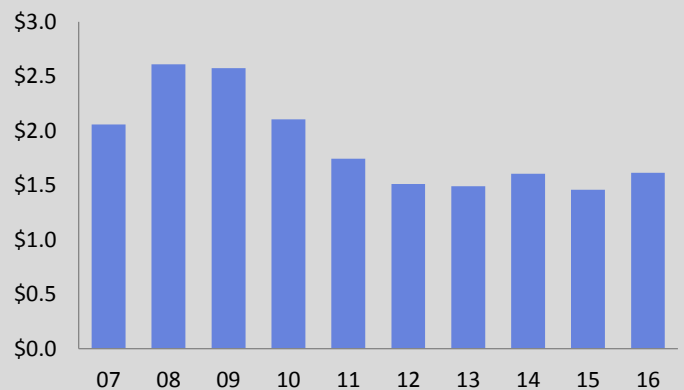
Transportation

Transportation expenditures consist of costs to maintain, build, and repair Oregon's network of highways, tunnels, and bridges. Transportation spending in prior years was augmented by ARRA funding and debt-financed funding. The ARRA funding has expired and the bond funding, which ranged from \$413 million to \$834 million annually, was only \$48 million in 2015 and \$0 in 2016. Transportation revenues are primarily derived from the Highway Trust Fund, which includes constitutionally dedicated highway user taxes and vehicle registration taxes, in addition to various federal highways funds.

Expenditures have remained fairly stable since 2012 after adjusting for inflation. In 2016, ODOT distributed \$452 million (28% of program expenditures) to cities and counties for general transportation purposes, as required by statute. The amount distributed has increased slightly over the past few years.

Transportation Expenditures

Adjusted for inflation (in billions), FY ended June 30
Chart 16



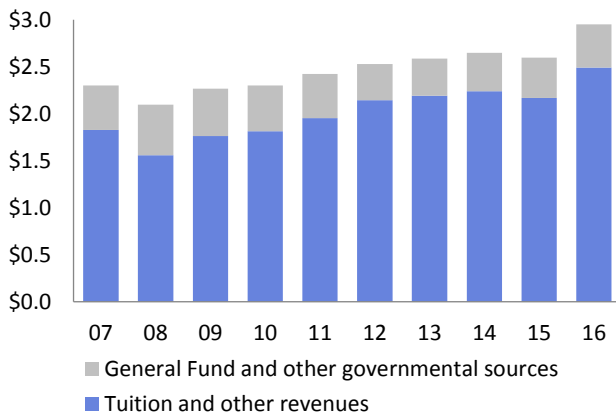
EXPENDITURES

Public Universities

There are seven public universities throughout the state, the largest of which are Oregon State University, Portland State University, and the University of Oregon. University expenditures are focused on instruction, research, public service, and academic, student, and institutional support. The majority of their funding is from tuition and grants, with additional funding from the state's General Fund, Lottery funds, and other sources. In 2016, the universities received about \$431 million from the General Fund and another \$27 million from other governmental sources. Since 2007, university enrollment increased 24%.

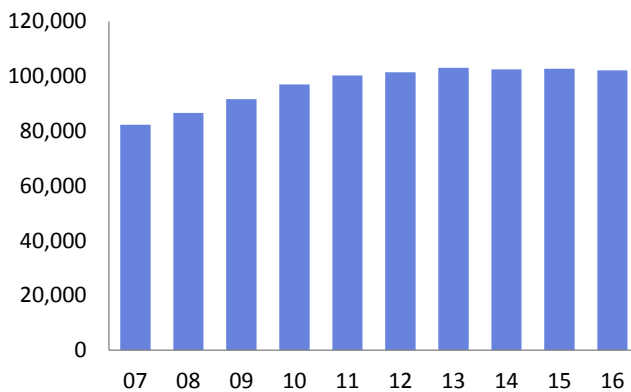
Universities' Expenditures by Revenue Source

Adjusted for inflation (in billions), FY ended June 30
Chart 17



Universities' Enrollment

FY ended June 30
Chart 18

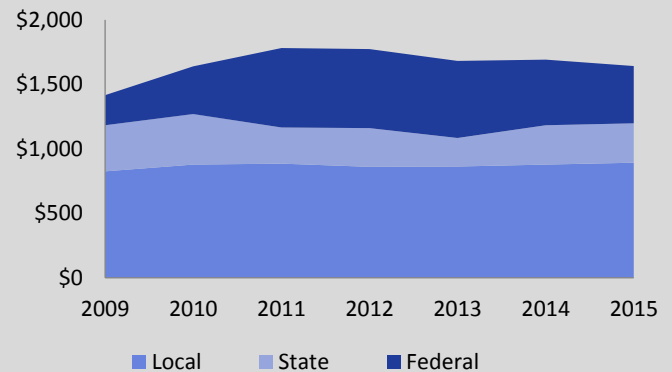


Community Colleges

In addition to the universities, there is a network of 17 community colleges with independently elected boards. These schools are not part of state government but do receive state funding. In 2015 the state provided approximately \$305 million in funding (adjusted for inflation). About half of community college funding comes from local sources such as tuition and taxes, with additional funding from federal and state sources. Funding from federal sources, consisting primarily of grants and contracts, increased 20% since 2010, whereas state funding decreased by 23% over the same period, after adjusting for inflation.

Community College Expenditures by Revenue Source

Adjusted for inflation (in millions), FY ended June 30
Chart 19



Note: The community college data is through fiscal year 2015 only, as not all of the colleges had submitted their 2016 data as of April 2017.

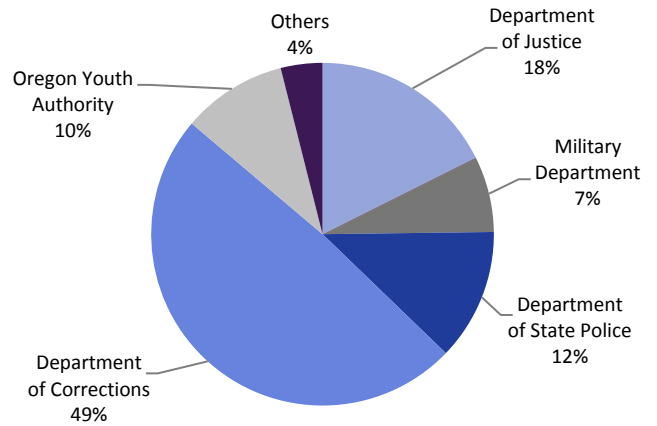
EXPENDITURES

Public Safety

In 2016, public safety programs expended \$1.1 billion from the General Fund and \$554 million from other sources including federal revenue. The Department of Corrections spent about 49% of public safety funds to operate 14 correctional facilities, which housed approximately 14,700 inmates. The remainder was mostly spent by four agencies: Oregon State Police, Oregon Youth Authority, Oregon Military Department, and the Department of Justice. The increase in public safety expenditures in 2016 is related to pension expense.

Fiscal Year 2016 Public Safety Expenditures by Agency

Chart 21

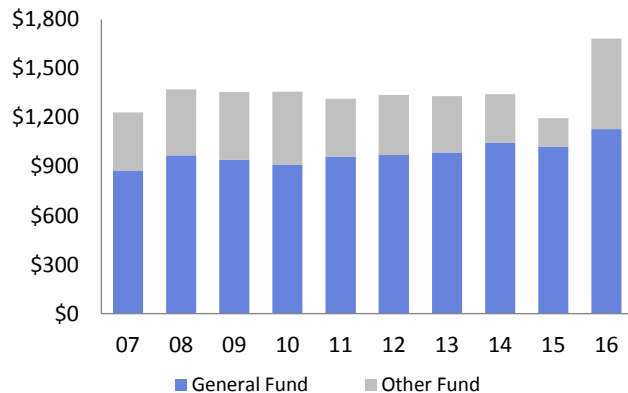


The number of inmates in Oregon's prisons increased 9% over the past decade and represents about 0.36% of the state's 2016 total population.

Public Safety Expenditures

Adjusted for inflation (in millions), FY ended June 30

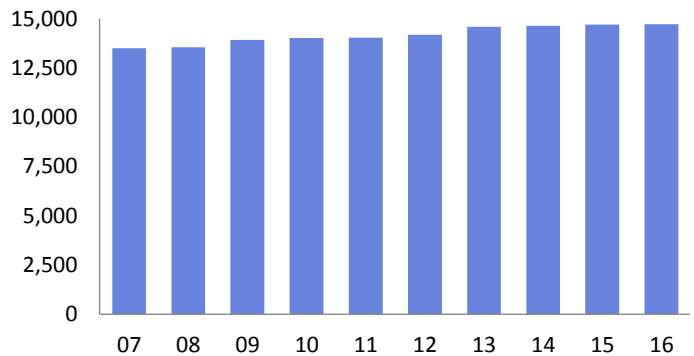
Chart 20



Prison Inmate Population

FY Ended June 30

Chart 22



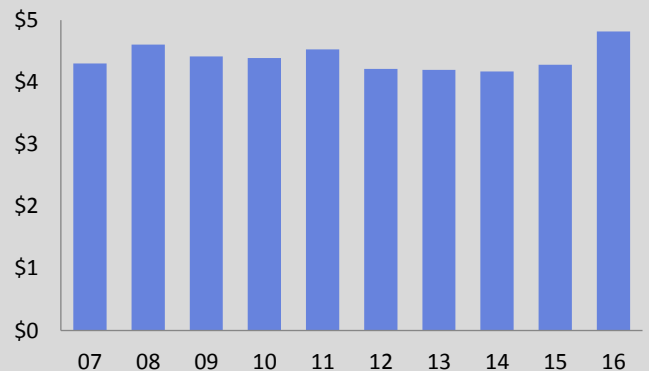
Other

Governmental funds also support the operations of other smaller agencies and programs. Examples include expenditures for legislative purposes, operations of the judicial system, economic development, and the preservation and maintenance of natural resources. The increase in 2016 is primarily attributed to the natural resources, consumer and business services, and state hospitals programs; specifically, increased costs related to pension expense.

All Other Expenditures

Adjusted for inflation (in billions), FY ended June 30

Chart 23

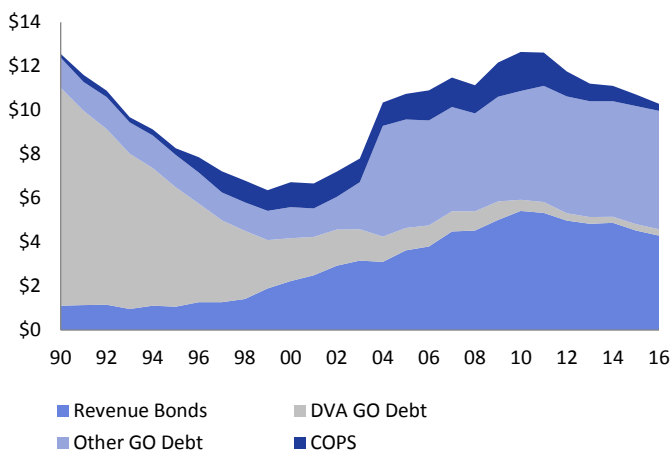


Long-Term Debt Structure

The issuance of long-term debt allows a state to acquire major assets and finance large projects such as buildings, bridges and highways, and prisons. The increase in the amount of debt to repay, however, limits the state's ability to react to current economic conditions. Individual state agencies may issue debt for specific purposes pursuant to state law, but the total amount of debt the state may incur is limited by the Oregon Constitution.

Long-Term Debt

Adjusted for inflation (in billions), FY ended June 30
Chart 24



Oregon's outstanding debt falls into four broad categories:

- **Revenue Bonds** – these bonds pay for projects with specific revenue sources for repayment. The amount outstanding as of June 30, 2016, was approximately \$4.3 billion.
- **General Obligation Bonds** – these bonds finance a variety of governmental projects. These bonds are secured by a pledge of the full faith, credit, and taxing power of the state, and are limited to a percentage of the real market value of all taxable real property in the state. The amount outstanding as of June 30, 2016, was approximately \$5.4 billion, or 14.9% of the maximum allowed.
- **DVA General Obligation Bonds** – these bonds issued by the Department of Veterans' Affairs (DVA) finance housing loans to qualifying veterans. These bonds are paid with loan repayments, but will be paid with other state funds if DVA is unable to repay the bonds. The amount outstanding as of June 30, 2016 was \$300 million.
- **Certificates of Participation (COPs)** – these financing agreements are used to purchase computer and telecommunications systems and other state facility projects. The amount outstanding as of June 30, 2016, was approximately \$331 million.

Oregon's long-term debt declined through the 1990s, increased steadily in the 2000s, and began another decline in 2011. The recent decline is mainly attributed to the repayment of debt related to the Veterans' Loan Program and COPs. In fiscal year 2016, state agencies took advantage of lower interest rates and issued \$493 million of new debt to refund \$345 million of previous debt. The debt refunding will reduce future debt service payments by approximately \$55.7 million.

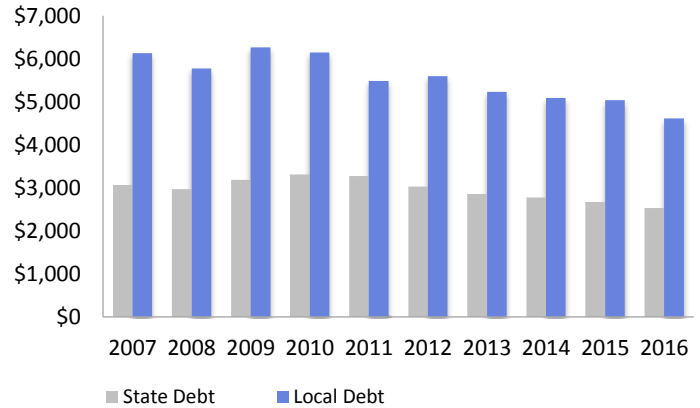
LONG-TERM DEBT

Debt Per Capita

For fiscal year 2016, the state's bonded debt totaled \$10.3 billion or \$2,500 per Oregonian. The estimated local government outstanding debt totaled \$18.8 billion, or \$4,600 per Oregonian. Both amounts are in addition to approximately \$56,500 of federal debt per capita.

Debt Per Capita

Adjusted for inflation, FY ended June 30
Chart 25



Future Debt Service

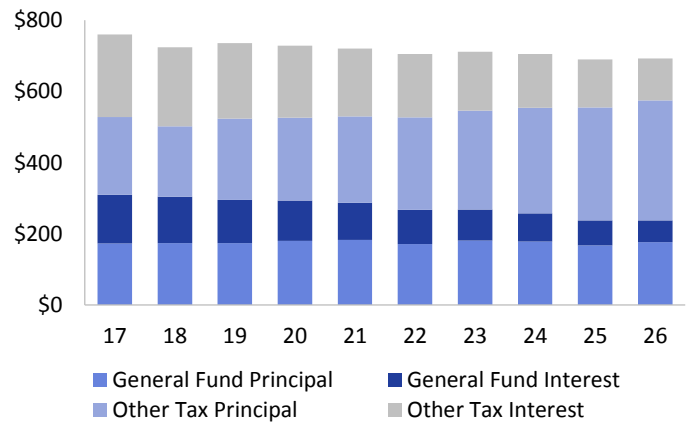
Future debt service payments are the amounts to be paid on existing debt using General Fund monies and tax revenues. Other tax is defined as all debt serviced by tax revenues of the state and includes lottery revenue bond debt and state highway bond debt.

As of June 30, 2016, the outstanding General Fund debt was \$2.8 billion and the outstanding other tax supported debt totaled \$4.8 billion. Approximately \$280 million of lottery funds and transportation taxes were used to pay debt service on the other tax supported debt in 2016.

While issuing debt provides quick access to resources to finance projects, the debt burden can affect the state's ability to support current services in the future. When resources are committed to pay fixed amounts for debt service, the ability to maintain service levels becomes more difficult, especially when revenues decline.

Future Debt Service Payments 2017-2026

(in millions)
Chart 26



Governmental Fund Balance

The state budgets on a biennial basis with biennia ending on June 30 of odd-numbered years. Ending balances in even-numbered years such as June 30, 2016, are important but not as critical as balances at the end of the biennium. Because budget forecasts are made at least two years prior to the end of the biennium, revenues may exceed or fall short of budgeted amounts.

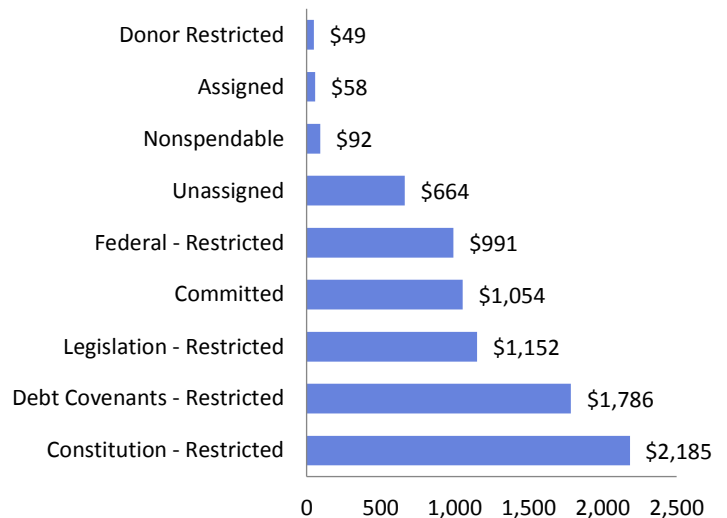
Accounting standards require governments report fund balance based upon constraints on the use of the resources reported in the governmental funds. The five fund balance classifications are nonspendable, restricted, committed, assigned, and unassigned. In general, nonspendable balances are “not in spendable” form, such as inventories. Restricted fund balances identify constraints imposed by state or federal law, the Oregon Constitution, or external parties such as creditors or grantors. Committed balances are constrained through the legislative process. Assigned balances reflect the state’s intent to use the funds for specific purposes. Unassigned balances are General Fund amounts not otherwise restricted, committed, or assigned.

Oregon Rainy Day Fund

The 2007 Legislature established the Oregon Rainy Day Fund and directed the transfer of \$319 million in excess corporate income taxes (“corporate kicker”) to this fund. Its purpose is to serve as a resource in times of economic downturns that significantly impact state government. Much of the Rainy Day Fund was used to weather the Great Recession. The fund rebounded to pre-recession levels in fiscal year 2016. State law requires General Fund transfers to the Oregon Rainy Day fund when General Fund revenues exceed appropriations. This was the case in both 2015 and 2016 when \$137 million and \$158 million, respectively, were transferred to the Oregon Rainy Day Fund.

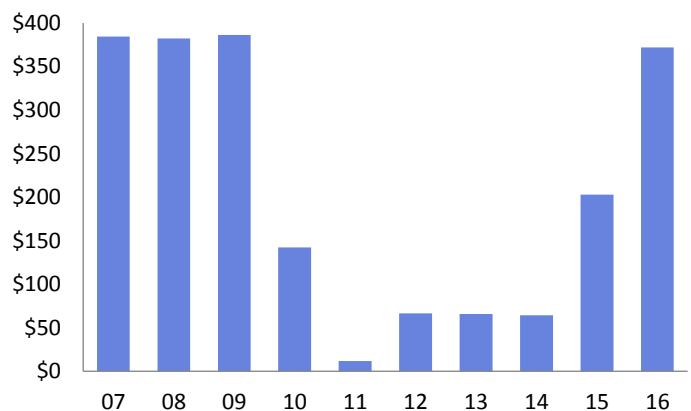
Fiscal Year 2016 Governmental Fund Balance

(in millions)
Chart 27



Oregon Rainy Day Fund

Adjusted for inflation (in millions)
Chart 28



State Retirement Liabilities

The State of Oregon provides pension and other retirement benefits to its employees, which are administered through the Public Employees Retirement System (PERS). PERS also administers pension plans for local governments including cities, counties, and school districts. The charts are limited to only the state's share of the pension liabilities and are not intended to provide a comprehensive analysis of all plans administered by PERS. The PERS FY16 financial statements are located at <http://sos.oregon.gov/audits/documents/2016-36.pdf>

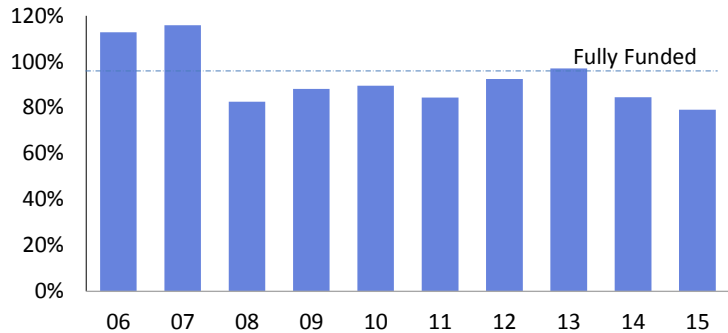
The funded ratio is an analysis of resources to pay estimated pension obligations. As of December 31, 2015, the state was 79% funded with an unfunded liability of approximately \$4.35 billion, which is expected to be paid over a 20-year period. Generally, an 80% funded ratio is considered a strong rating. As expressed in the PERS system-wide actuarial valuation for 2015, the funded status declined in recent years due to the combined effects of the *Moro* decision and investment losses. The Oregon Supreme Court ruling in *Moro v. State of Oregon*, issued in April 2015, reversed a significant portion of reductions to future cost of living adjustments passed by the 2013 Oregon Legislature. The reversal increased projected benefits compared to those developed prior to the *Moro* decision, thereby increasing plan liabilities and lowering the funded ratio.

To pay for pension benefits, state agencies make required contributions based on a percentage of employee payroll. The total retirement cost includes a PERS employee rate, member contribution rate, and a rate for pension bond costs. The PERS Board sets the employer rate every two years, changing July 1 of every odd-numbered year. Increases in the contribution rate from FY11 through FY17 were required to compensate for declining investment balances during the Great Recession. In 2004 the state issued \$2 billion in pension obligation bonds to reduce the state's pension liability. The pension bond rate covers the payments on these bonds.

The state paid approximately \$1.3 billion in retiree benefit payments in 2015 to 55,916 retirees. About 77% of the monthly payments were for \$3,000 or less. After adjusting for inflation, the average monthly state service payment was \$1,789 in 2015 while the average years of state service was 14 years.

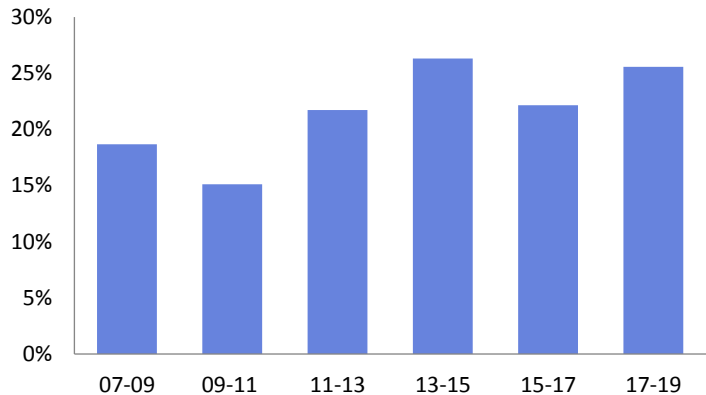
Funded Ratio: State Agencies

Calendar Year ended Dec 31
Chart 29



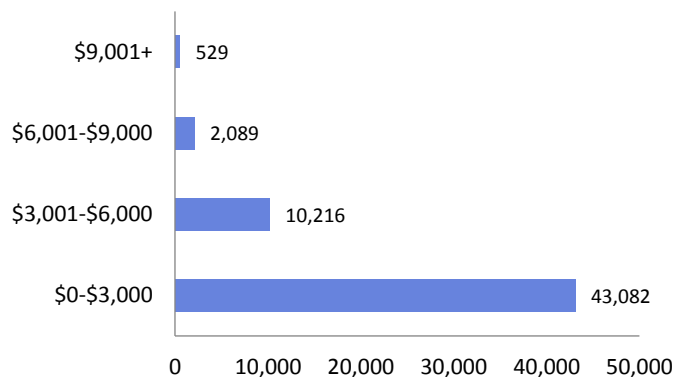
State Agency Retirement Contribution Rates

Percentage of payroll, Biennia ended June 30
Chart 30



State Service Retirement Monthly Payment

In thousands, Month ended December 31, 2015
Chart 31



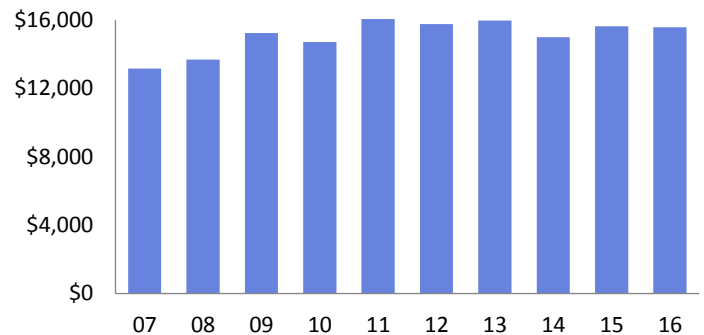
Employee Health Care Costs

Significant attention has been given to national and local health care costs in recent years. In Oregon, employer paid health benefits are non-taxable. Beginning in January 2012, state employees began contributing a portion to their health insurance premiums, resulting in lower costs to the state. In 2016 the state paid, on average, \$15,586 per employee. By comparison, in 2007 the state paid approximately \$13,156 per employee after adjusting for inflation.

Average Annual State Employee Health Care Costs

Adjusted for inflation, FY ended June 30

Chart 32



Tax Expenditures

Tax expenditures are federal or state laws that exempt certain persons, property, income, goods or services from the impact of established taxes through tax deductions, exemptions, or credits. The Department of Revenue issues a report outlining the estimated tax expenditures for the upcoming biennium. The biennial report allows policy makers to periodically analyze tax expenditures and determine whether the expenditures should continue. Balancing the need for revenues with the needs of state tax payers is a difficult process. Proposed changes to the state's tax code are carefully considered before implementing change. The complete tax expenditures report is available on the Department of Revenue website.

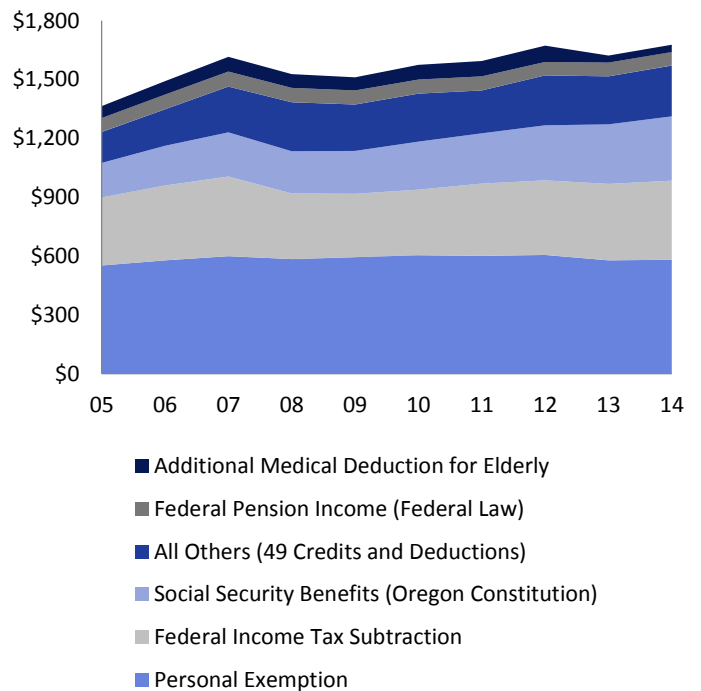
Some tax expenditures are beyond the ability of the state legislature to change or limit due to other existing laws and regulations. For example, the Oregon Constitution (Article IX, Section 9) prohibits the taxation of social security benefits, and federal law prohibits taxation of federal pension benefits. Many tax expenditures are the result of the legislature's desire for Oregon's income tax laws to align with federal income tax laws. For example, federal tax law allows for a deduction of home mortgage interest from taxable income. Oregon law refers to the federal tax code and allows a similar deduction. For the 2017-2019 biennium, the home mortgage interest deduction is expected to reduce state tax revenues by approximately \$1.1 billion.

Selected Oregon Income Tax Expenditures

Tax Years 2005-2014

Tax Credits and Subtractions, Adjusted for inflation (in millions)

Chart 33



DEMOGRAPHICS

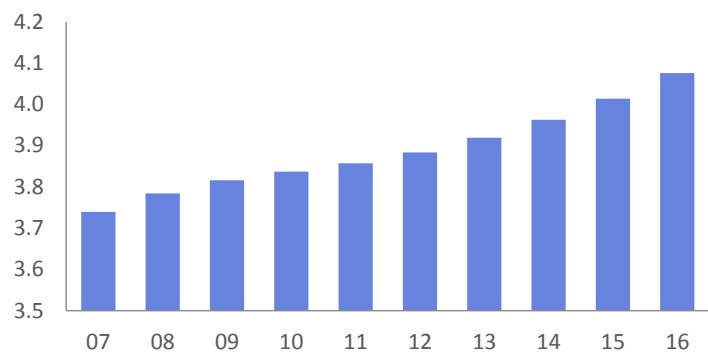
Population

Oregon ranks 27th among states with an estimated population of 4,076,400 as of July 2016. The state's population has grown 9% since 2009.

Oregon Population

(in millions), July 1

Chart 34



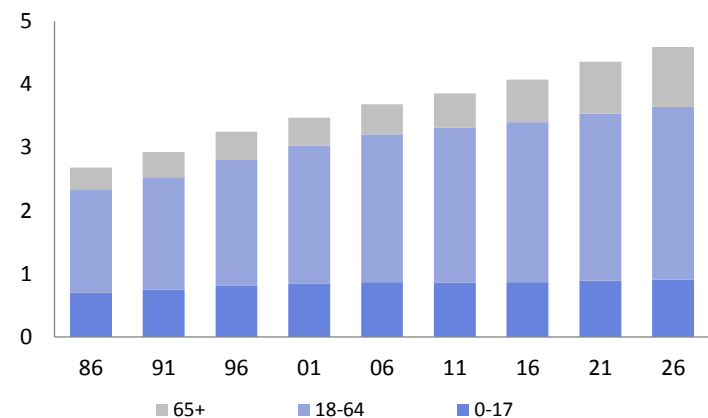
Age

Oregon's population is aging. Forecasters expect a steady increase in those 65 and over through 2026. The eldest members of the baby boom generation are eligible for Social Security benefits and many are retired. At the same time, more retirees mean greater demand for health care services. The average annual growth rate of the elderly population is expected to be 3.4% over the next decade. By 2025, nearly one of every five Oregonians will be over 65.

Age of Population (1986-2026)

(in millions), July 1

Chart 35



Poverty

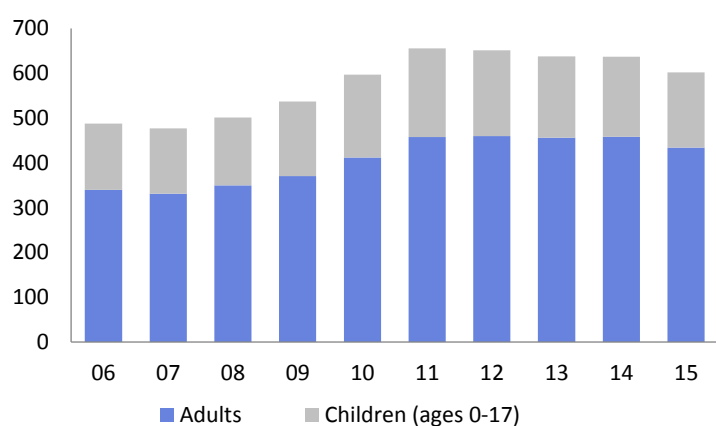
The poverty line is defined as the minimum level of income necessary to achieve an adequate standard of living. For example, in 2015 a family of four with a gross yearly income of \$24,250 would be considered living in poverty. People living in poverty increase demand for many state services such as health care, unemployment, and public assistance.

From 2006 to 2015, the population living in poverty grew from 13.3% to 15.2%. The US Census Bureau estimated 601,000 Oregonians lived in poverty in 2015, including more than 167,000 children. In 2015, Clackamas County had the lowest poverty level in the state at 9.4% and Malheur County had the highest at 24.9%.

Number of Persons in Poverty 2006-2015

(in thousands), December

Chart 36



DEMOGRAPHICS

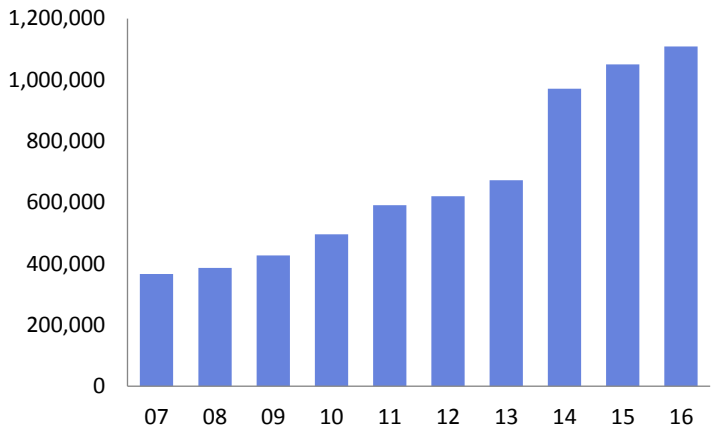
Oregon Health Plan

The Oregon Health Plan is a public/private partnership that ensures universal access to a basic level of health care for Oregonians. Medicaid is the single largest state program, representing 35% of the state's total expenditures, and is the primary component of the plan. The sharp increase in 2014 was the result of changes to eligibility requirements due to the implementation of the Affordable Care Act effective January 1, 2014. In 2016, 27% of Oregon's population was eligible for the Oregon Health Plan; this is an increase of over 200% since 2007.

Oregon Health Plan Clients

Fiscal Year ended June 30

Chart 37



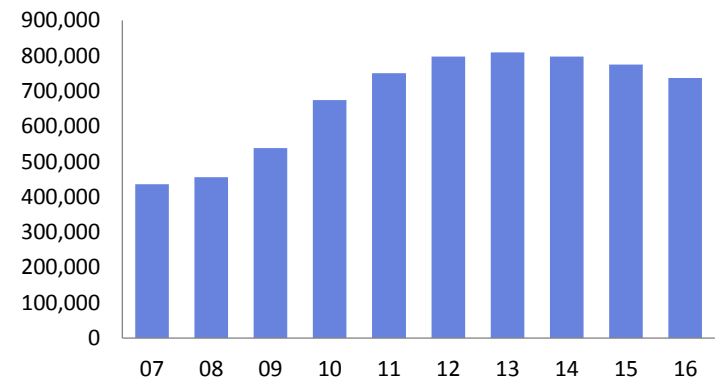
Supplemental Nutrition Assistance Program (SNAP) - (formerly Food Stamps)

In 2016, nearly one in five Oregonians relied on government assistance to eat. In recent years, Oregon typically ranked in the top five states in terms of SNAP participants per capita. The increases from 2008 to 2012 are attributed to the Great Recession. Though the recent decline is in alignment with an improving economy, in July 2016 there were approximately 737,000 individuals receiving nutrition assistance, 69% more than the 436,000 in July 2007.

Supplemental Nutrition Assistance Program

Number of Individuals, Month ended July 31

Chart 38



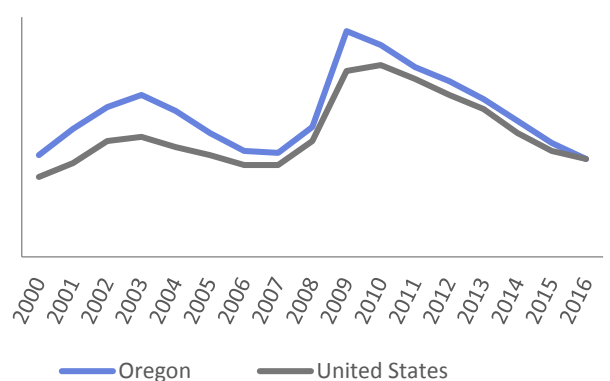
Percent Unemployed

Oregon's unemployment rate declined dramatically from a high of 11.3% in 2009 during the Great Recession to 4.9% in December 2016, which is now equal to the US rate. Oregon ranks 25th nationally. The unemployment rate measures those who are without employment and are actively seeking employment. Within Oregon, Benton and Washington counties have the lowest rates of 3.7% and 3.8%, respectively, while Curry and Grant counties have the highest rates of 6.8% and 7.2%, respectively.

Percent Unemployed

Seasonally Adjusted, Calendar Year ended December 31

Chart 39



DEMOGRAPHICS

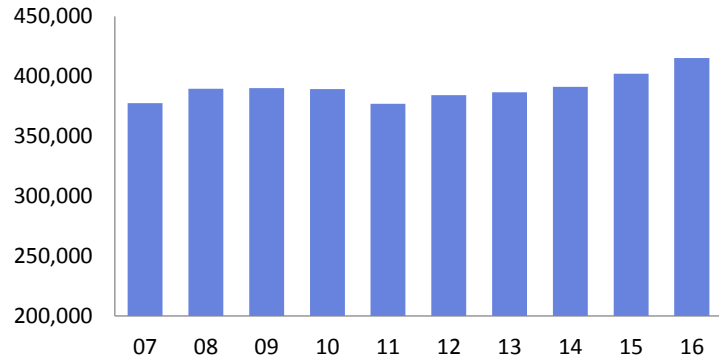
Oregon Businesses

One measure of economic strength is the number of businesses in the state. Businesses provide goods and services for consumers and provide jobs and benefits for employees. Following a slight decline due to the Great Recession in 2011, the number of Oregon businesses has rebounded to over 415,000 as of June 30, 2016.

Number of Businesses Registered in Oregon

Fiscal Year ended June 30

Chart 40



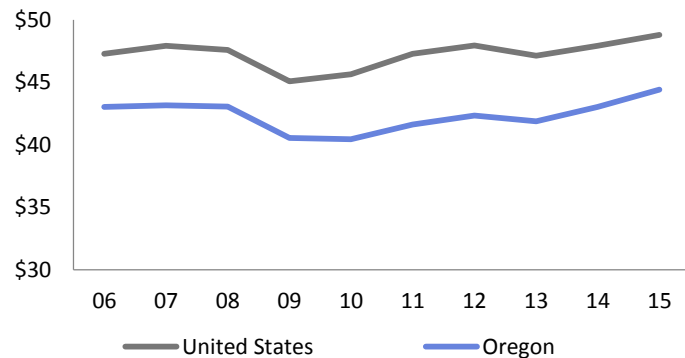
Per Capita Personal Income

Oregon's per capita personal income (PCPI) has followed national trends in recent years, but remains significantly below the national average. In 2015 Oregon was 91% of the national average with a PCPI \$44,404, making Oregon 29th among states. The gap has steadily improved since the recession when Oregon was 88.1% of the national average in 2011. Per a recent report from the Oregon Employment Department (February 2017), three key contributing factors to the gap are lower industry wages, lower earnings by proprietors, and a fast-growing population.

Per Capita Personal Income

Adjusted for inflation (in thousands), Calendar year basis

Chart 41



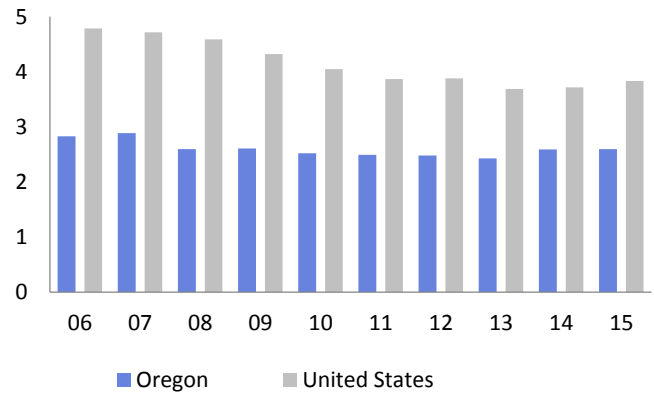
DEMOGRAPHICS

Violent Crime Rate

Oregon's crime rate is related to public safety expenditures such as prisons and state police. In the FBI's Uniform Crime Reporting Program, violent crime is composed of four offenses: murder, rape, robbery, and aggravated assault. Violent crimes are defined by the program as those offenses involving force or threat of force. Oregon has historically had a lower crime rate than the nation as a whole. Violent crime in Oregon increased 6.9% from 2013 to 2015, but decreased 8.2% over the past decade. In 2015, Oregon ranked 37th in the nation with a violent crime rate of 2.6 crimes per 1,000 residents.

Violent Crime Rate

Crimes per 1,000 residents, Calendar year basis
Chart 42

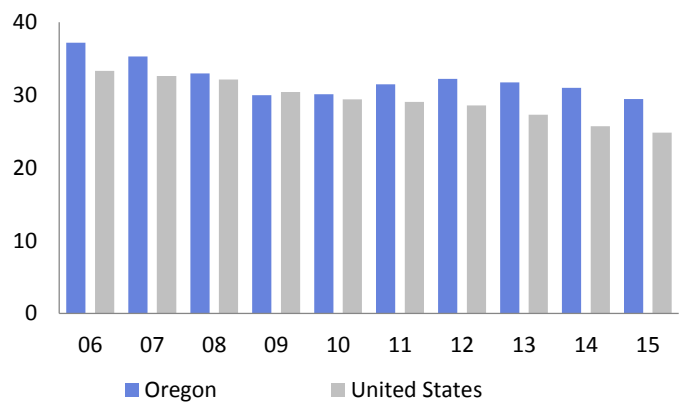


Property Crime Rate

In the FBI's Uniform Crime Reporting Program, property crime is composed of four offenses: burglary, larceny-theft, motor vehicle theft, and arson. The object of the theft-type offense is the taking of money or property, but there is no force or threat of force against the victims. Though historically higher than the national average, Oregon has experienced a steady decrease in property crimes in recent years. From 2006 to 2015 the property crime rate fell by 20.8%. In 2015, Oregon was ranked the 11th highest in the nation with a property crime rate of 29.5 crimes per 1,000 residents. Hawaii was 1st with a rate of 38.0 and Vermont was lowest with a rate of 14.1.

Property Crime Rate

Crimes per 1,000 residents, Calendar year basis
Chart 43



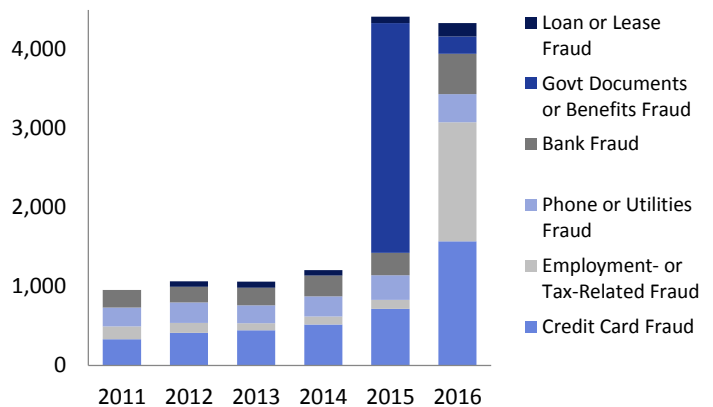
Identity Theft

Identity theft is when someone wrongfully obtains and uses another person's personal data in a fraudulent or deceptive manner that usually results in personal gain. The Federal Trade Commission reports on fraud and identity theft cases reported by law enforcement, regulatory agencies and state Departments of Justice across the country. In 2016, Oregon had the 20th highest identity theft rate in the country, down from 3rd in 2014.

Overall, the significant increase in 2015 was largely related to fraudulent tax returns. They were included in the "government documents" category in 2015, but were identified in 2016 as "employment and tax-related fraud."

Reported Cases of Identity Theft

Calendar Year Basis
Chart 44



APPENDIX – Expenditures by Program Area and State Agency, not adjusted for inflation

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Chief Education Office	-	-	-	-	-	-	-	2,381,231	18,123,218	3,585,915
Higher Education Coordinating Commission	-	-	-	-	-	-	-	1,620,737	3,420,841	1,057,704,449
Oregon Student Access Commission	39,652,164	42,735,483	76,239,561	84,549,850	21,450,546	50,383,523	62,928,227	65,597,267	67,942,412	(369,191)
Department of Education	3,495,340,995	3,764,856,504	3,910,420,544	3,799,884,166	3,684,207,454	3,708,816,167	3,619,194,996	4,077,959,368	4,388,400,994	4,571,698,837
Teacher Standards & Practices Commission	2,124,785	2,393,329	2,613,356	2,652,347	2,662,584	2,640,800	2,267,216	2,377,376	2,582,331	3,177,438
Department of Community Colleges & Workforce Development	251,947,188	393,713,268	331,272,644	447,941,715	307,025,177	355,991,743	202,992,798	349,729,652	261,269,192	15,265,331
Oregon University System	1,701,161,000	1,810,195,000	1,980,443,000	2,030,482,000	2,180,845,000	2,326,969,000	2,441,081,000	2,566,484,000	334,943,000	-
Education Total	5,490,226,132	6,013,893,584	6,300,989,104	6,365,510,078	6,196,190,761	6,444,801,234	6,328,464,238	7,066,149,631	5,076,681,987	5,651,062,779
Department of Human Services ¹	4,900,859,577	5,501,689,441	6,290,514,137	7,237,331,751	7,843,270,249	4,133,108,249	4,221,991,892	4,424,369,756	4,699,810,770	4,966,442,591
Long Term Care Ombudsman	1,053,151	1,293,012	1,413,524	1,476,750	1,325,130	1,074,342	1,149,697	1,488,455	1,695,144	2,586,841
Psychiatric Security Review Board	484,941	511,924	539,377	543,124	761,373	912,323	1,050,010	1,076,936	1,119,413	1,230,104
Oregon Health Authority ¹	-	-	-	-	-	4,536,689,010	5,349,648,204	6,655,470,892	8,218,683,330	8,715,629,335
Commission for the Blind	8,829,183	7,780,676	7,495,762	7,179,951	7,688,565	7,333,942	7,662,147	8,031,352	8,006,035	8,508,364
State Commission on Children & Families	39,960,496	33,184,409	45,953,124	27,322,249	36,583,999	27,744,409	(590,610)	-	-	-
Office of Private Health Partnerships ¹	39,560,220	47,889,541	24,644,736	25,678,883	41,570,965	-	50	-	-	-
Human Services Total	4,990,747,568	5,592,349,003	6,370,560,661	7,299,532,708	7,931,200,282	8,706,862,275	9,580,911,390	11,090,437,391	12,929,314,691	13,694,397,236
Department of Justice	96,290,622	114,297,489	119,110,915	122,995,597	125,646,144	122,991,895	202,041,579	215,331,259	222,477,424	282,236,828
District Attorneys and their Deputies	4,191,383	5,144,047	5,319,728	5,186,956	5,223,293	5,232,585	5,321,950	5,293,070	5,623,530	5,959,513
Oregon Criminal Justice Commission	2,147,783	3,151,850	3,299,729	8,134,454	7,930,924	10,275,997	10,979,968	23,510,631	8,491,938	28,387,534
Military Department	50,702,584	171,351,995	202,849,431	193,896,107	191,297,547	202,724,251	163,691,125	140,344,795	128,023,076	115,047,885
State Board of Parole and Post-Prison Supervision	1,638,863	2,137,321	1,780,797	1,966,438	1,785,098	1,797,905	1,736,730	2,004,623	2,113,098	2,780,013
Department of State Police	238,509,777	157,166,074	161,980,552	168,314,143	156,368,108	155,562,285	160,413,772	167,558,374	174,961,634	198,975,385
Department of Public Safety Standards Training	25,809,033	22,391,834	24,612,379	19,111,514	22,611,882	46,758,337	22,515,445	18,786,119	21,431,558	25,878,985
Department of Corrections	663,184,626	698,928,887	683,949,454	824,544,803	795,294,247	906,931,987	692,132,552	747,886,443	749,221,836	800,121,631
Oregon Youth Authority	123,441,086	139,100,536	150,980,164	154,826,460	148,344,698	148,093,573	145,394,100	150,265,560	152,077,639	158,553,166
Public Safety Total	1,205,915,758	1,313,670,034	1,353,883,150	1,498,976,473	1,454,501,941	1,600,368,814	1,404,227,220	1,470,980,875	1,464,421,732	1,617,940,940
Business Oregon	96,457,511	110,851,631	105,033,730	117,368,686	132,896,239	171,500,567	79,237,750	90,519,961	95,951,211	99,304,806
Oregon Department of Veterans' Affairs	66,398,229	60,577,783	43,011,096	34,931,542	33,855,880	33,867,367	39,580,880	40,374,181	49,014,487	64,657,724
Employment Department	712,626,669	848,619,215	1,975,687,117	3,255,158,385	2,531,998,677	1,950,595,759	1,449,080,620	973,798,408	708,225,743	678,274,757
Housing & Community Services Department	243,628,585	253,493,774	275,394,505	302,593,432	307,210,136	268,252,533	264,503,212	222,652,456	219,451,998	239,362,052
Oregon State Lottery	577,103,135	583,829,257	545,429,540	522,519,925	517,269,921	540,089,847	499,364,470	500,963,009	526,946,242	600,010,390
Economic and Community Development Total	1,696,214,129	1,857,371,660	2,944,555,988	4,232,571,970	3,523,230,853	2,964,306,072	2,331,766,932	1,828,308,015	1,599,589,682	1,681,609,729

APPENDIX – Expenditures by Program Area and State Agency, *not adjusted for inflation*

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Department of State Lands	11,052,201	15,392,192	27,616,105	18,923,124	22,656,341	19,891,410	20,274,903	23,418,078	24,917,287	25,240,500
Oregon State Marine Board	15,525,971	12,331,010	19,994,223	13,353,089	14,729,742	12,215,128	15,683,158	12,393,581	16,922,197	13,675,010
Oregon Department of Energy	16,625,217	22,541,252	30,642,444	32,089,454	49,585,863	58,004,870	32,616,650	23,766,536	26,564,385	21,659,299
Department of Environmental Quality	83,342,435	90,520,765	98,910,131	91,347,201	104,995,742	91,359,218	85,409,562	86,495,836	95,341,695	95,551,769
Columbia River Gorge Commission	440,539	521,585	500,481	422,161	394,990	391,139	387,700	427,472	461,579	446,512
Oregon Department of Agriculture	38,029,325	38,325,268	40,239,166	37,693,454	39,739,662	40,410,477	42,091,796	43,573,717	45,500,571	49,204,836
Oregon Forest Resources Institute	4,347,702	3,961,290	2,906,067	2,535,464	2,834,631	3,346,177	3,649,448	3,734,086	3,870,971	4,172,094
Department of Forestry	116,685,400	121,900,427	126,730,957	127,517,710	104,125,459	116,589,373	121,659,570	185,743,692	181,081,293	193,026,253
Department of Geology & Mineral Industry	3,952,489	4,561,139	7,490,783	6,991,406	7,596,218	6,933,788	8,422,781	6,458,609	9,635,344	9,045,406
Parks and Recreation Department	100,181,591	101,740,775	104,400,675	83,321,658	97,930,477	87,890,615	87,334,264	87,493,442	93,098,026	83,240,184
Oregon Department of Fish & Wildlife	107,138,865	13,498,322	123,509,384	121,418,055	135,901,795	138,604,711	153,027,578	142,964,483	147,208,816	145,873,040
Department of Land Conservation & Development	11,663,373	11,054,438	12,995,804	11,485,388	10,449,030	7,874,648	9,212,411	8,020,075	9,981,742	8,317,511
Land Use Board of Appeals	694,699	788,651	778,870	766,091	703,137	690,689	709,325	792,281	856,298	915,082
Water Resources Department	3,641,477	14,214,758	16,964,105	14,384,518	15,174,806	14,396,534	15,450,496	16,215,802	19,043,178	20,412,688
Oregon Watershed Enhancement Board	33,891,886	34,299,019	46,263,262	36,408,597	46,699,818	46,785,707	44,913,141	38,267,939	35,381,892	41,141,201
Natural Resources Total	557,213,170	585,650,891	659,942,458	598,657,371	653,517,711	645,384,485	640,842,786	679,765,629	709,865,273	711,921,386
Department of Aviation	5,241,147	6,663,261	7,736,632	4,856,373	2,466,950	5,648,333	4,175,686	5,276,643	5,120,346	5,837,991
Department of Transportation	1,646,199,161	1,461,887,565	1,612,345,290	1,801,472,197	1,908,440,864	1,743,491,104	1,190,088,347	1,336,185,306	1,197,282,929	1,238,945,548
Transportation Total	1,651,440,307	1,468,550,826	1,620,081,922	1,806,328,570	1,910,907,814	1,749,139,437	1,194,264,033	1,341,461,949	1,202,403,275	1,244,783,538
Board of Licensed Professional Counselors & Therapists	393,732	329,803	337,518	440,316	462,810	430,163	448,992	472,603	516,102	644,654
State Board of Tax Practitioners	470,212	476,179	511,056	556,705	464,492	519,107	517,592	546,236	533,631	602,976
State Board of Accountancy	752,713	756,924	907,357	733,681	821,993	865,435	957,171	1,144,836	1,168,638	1,114,850
State Board of Psychologists Examiners	366,880	436,041	559,624	406,524	476,709	503,970	441,527	516,955	531,006	648,667
State Board of Licensed Social Workers	296,234	359,930	433,198	462,100	551,838	614,105	612,753	597,191	658,345	692,594
Department of Consumer & Business Services ¹	315,391,928	354,702,043	378,230,103	353,004,955	364,591,113	188,117,644	174,475,825	200,571,691	190,112,140	207,538,583
State Board of Chiropractic Examiners	506,602	583,743	528,066	589,417	629,612	657,001	703,788	751,760	705,714	795,478
Oregon Health Licensing Agency	2,567,257	3,075,019	3,074,338	3,176,962	3,280,510	3,397,162	3,570,090	3,618,705	(106,215)	-
Health Related Licensing Boards	3,398,555	1,669,386	1,755,864	1,650,681	1,890,681	1,769,474	1,866,121	2,166,492	2,247,289	2,340,031
Board of Dentistry	838,792	1,004,574	965,034	939,290	1,225,404	1,126,320	1,184,548	1,313,857	1,346,039	1,380,272
Bureau of Labor and Industries	10,238,967	10,691,447	10,681,148	9,804,852	11,290,562	11,247,955	10,665,227	10,930,377	11,994,990	11,701,520
Oregon Medical Board	3,616,058	4,005,248	4,628,859	4,738,614	4,653,029	4,582,325	4,441,598	4,933,583	4,798,897	5,173,655
Board of Nursing	4,413,775	4,922,768	5,312,679	5,674,094	6,509,687	6,227,809	6,165,589	6,583,483	6,947,295	7,513,440
State Board of Pharmacy	-	2,115,145	2,288,742	2,318,489	2,147,593	2,350,699	2,338,381	2,570,414	3,052,531	3,055,459
Public Utility Commission	69,287,573	66,228,151	60,312,007	61,182,417	60,955,307	55,153,900	57,831,170	60,108,856	59,702,358	55,206,255
Construction Contractors Board	5,881,154	7,243,346	7,467,110	7,355,925	6,424,797	6,496,701	6,144,190	6,612,310	6,347,075	6,426,351
Real Estate Agency	3,535,783	3,685,205	3,263,943	3,486,563	3,265,888	3,249,677	3,022,426	3,176,033	3,544,553	3,312,991
Oregon Board of Investigators	-	-	-	-	-	-	-	-	-	-
Consumer and Business Services Total	421,956,215	462,284,951	481,256,647	456,521,583	469,642,026	287,309,446	275,386,986	306,615,380	294,100,389	308,147,775

APPENDIX – Expenditures by Program Area and State Agency, not adjusted for inflation

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Legislative Counsel Committee	4,784,751	5,112,815	5,383,853	4,999,018	5,392,384	4,642,923	5,608,148	4,800,477	6,086,962	5,558,239
Legislative Revenue Officer	813,033	847,250	952,415	1,005,089	973,183	948,642	1,036,073	1,156,757	1,437,078	1,397,672
Legislative Fiscal Officer	2,497,026	2,307,470	3,089,540	2,821,886	2,851,198	2,699,150	2,827,124	2,961,250	3,385,923	3,504,400
Legislative Assembly	16,172,209	13,664,355	18,393,931	13,841,844	16,941,840	15,391,896	18,233,134	17,170,132	19,110,903	17,852,634
Legislative Administration Committee	14,306,259	34,399,479	29,551,126	14,537,636	15,320,219	14,404,812	15,569,616	16,886,034	18,038,811	10,703,439
Commission on Indian Services	133,468	92,569	188,315	187,420	183,549	185,483	195,061	180,231	215,249	223,927
Legislative Total	38,706,746	56,423,938	57,559,180	37,392,893	41,662,373	38,272,906	43,469,156	43,154,881	48,274,926	39,240,311
Commission on Judicial Fitness	1,904,512	1,950,592	4,217,630	2,930,209	76,997	80,428	86,529	88,764	112,538	276,561
Judicial Department	163,746,903	175,707,245	184,402,879	177,226,527	185,913,248	208,869,245	187,487,935	204,704,938	228,398,956	257,007,848
Office of Public Defense Services	90,434,911	104,010,790	108,461,973	110,176,823	113,328,263	118,743,887	110,898,614	130,667,820	128,782,935	141,893,541
Council on Court Procedures	2,919	-	-	-	-	-	-	-	-	-
Judicial	256,089,245	281,668,627	297,082,482	290,333,559	299,318,508	327,693,560	298,473,078	335,461,522	357,294,429	399,177,950
Department of Administrative	266,723,214	318,852,342	307,613,190	419,876,884	334,648,462	390,189,235	465,050,114	491,832,768	800,847,779	1,282,744,192
Employment Relations Board	1,396,347	1,630,892	1,732,448	1,535,816	1,557,557	1,753,917	1,881,769	1,966,345	1,976,809	2,115,962
Office of the Governor	5,116,583	8,395,230	7,382,396	8,670,649	7,112,055	7,558,892	36,077,912	8,781,121	8,983,611	8,722,991
Oregon Advocacy Commissions Office	168,660	151,611	200,590	176,859	207,782	178,839	194,829	189,595	240,838	297,155
Department of Revenue	78,100,045	82,585,254	83,127,090	82,110,386	83,214,871	84,986,667	85,204,683	91,363,171	110,707,689	100,851,923
Secretary of State	20,051,925	29,654,456	20,320,912	19,548,229	30,939,439	20,359,809	24,764,359	26,387,812	30,007,598	33,317,980
Oregon State Treasury	1,373,331	1,502,171	1,697,194	1,607,614	2,313,781	1,910,113	19,206,461	21,397,221	22,896,672	29,314,901
Oregon Facilities Authority	164,011	167,660	167,369	208,174	275,424	217,685	208,859	204,656	237,775	277,541
Oregon Government Ethics Commission	315,573	572,038	686,959	722,227	685,091	750,363	767,602	918,540	1,076,765	1,236,946
Oregon Public Employees Retirement System ²	2,887,601,447	3,123,682,660	3,127,277,665	3,274,885,330	3,611,058,332	3,889,352,293	4,182,946,399	4,590,438,649	4,700,710,394	4,990,121,863
Oregon State Library	7,227,386	6,955,179	7,181,750	6,625,293	6,872,346	6,618,696	6,548,719	6,690,677	6,511,071	6,907,249
Oregon Liquor Control Commission	284,264,636	307,284,935	315,166,332	313,587,852	326,025,159	345,172,016	367,834,925	385,255,945	404,347,404	427,625,200
Oregon Racing Commission	2,559,087	2,774,978	2,888,947	2,686,420	2,390,469	2,483,567	2,408,927	2,747,883	2,396,591	2,825,259
Central Agency/State General Fund/Backup WH	4,934,701	26,129,856	13,328,267	4,020,577	4,074,309	2,447,939	1,843,013	10,166,109	1,391,759	1,759,931
Citizens' Initiative Review Commission	-	-	-	-	-	-	111,881	-	-	-
Administration Total	3,559,996,948	3,910,339,261	3,888,771,108	4,136,262,312	4,411,375,078	4,753,980,031	5,195,050,452	5,638,340,493	6,092,332,754	6,888,119,092
Total Expenditures	19,868,506,220	21,542,202,775	23,974,682,700	26,722,087,516	26,891,547,347	27,518,118,261	27,292,856,271	29,800,675,767	29,774,279,139	32,236,400,737

¹The 2009 Legislature passed House Bill 2009 which split a portion of the Department of Human Services into the Oregon Health Authority. In the reorganization, the Office of Private Health Partnerships and a portion of the Department of Consumer and Business Services dealing with the Oregon Medical Insurance Pool was incorporated into the Oregon Health Authority.

²The Public Employees Retirement System (PERS) expenditures include distributions on non-state resources held in an agent capacity for local governments as PERS includes pensions for both state and non-state employees and retirees.

ABOUT THE SECRETARY OF STATE

The Oregon Constitution provides that the Secretary of State shall be, by virtue of the office, Auditor of Public Accounts. The Audits Division exists to carry out this duty. The division reports to the elected Secretary of State and is independent of other agencies within the Executive, Legislative, and Judicial branches of Oregon government. The division is authorized to audit all state officers, agencies, boards, and commissions and oversees audits and financial reporting for local governments.

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Audit Manager – Amy Dale, CPA

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Principal Auditor – Geoff Hill, CPA

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The courtesies and cooperation extended by state agencies during the course of this engagement were commendable and sincerely appreciated.