

---

Secretary of State

State of Oregon

**OREGON STUDENT ASSISTANCE COMMISSION  
FUND FINANCIAL STATEMENTS**

For the Year Ended June 30, 2002



**Audits Division**

---

Contract Auditor: Merina & Company, LLP



---

Secretary of State

State of Oregon

**OREGON STUDENT ASSISTANCE COMMISSION  
FUND FINANCIAL STATEMENTS**

For the Year Ended June 30, 2002



**Audits Division**

---



OFFICE OF THE  
SECRETARY OF STATE  
Bill Bradbury  
Secretary of State



AUDITS DIVISION  
Cathy Pollino  
Director

(503) 986-2255  
FAX (503) 378-6767

---

*Auditing for a Better Oregon*

The Honorable Ted Kulongoski  
Governor of Oregon  
254 State Capitol  
Salem, Oregon 97310-4047

Jeff Svejcar, Executive Director  
Oregon Student Assistance Commission  
1500 Valley River Drive, Suite 100  
Eugene, Oregon 97401

This report contains the Oregon Student Assistance Commission's (OSAC) audited fund financial statements and report on compliance and internal control over financial reporting. The audit, performed by Merina & Company, LLP for the Oregon Audits Division, encompasses the year ended June 30, 2002.

OREGON AUDITS DIVISION

Cathy Pollino  
Director



# TABLE OF CONTENTS

|   | <u>Page</u> |
|---|-------------|
| <b>FINANCIAL SECTION:</b>   |             |
| Independent Auditors' Report .....  | 2           |
| Fund Financial Statements   |             |
| Balance Sheet– Governmental Funds .....   | 4           |
| Statement of Revenues, Expenditures, and Changes in<br>Fund Balances – Governmental Funds .....     | 6           |
| Statement of Fiduciary Net Assets – Fiduciary Funds .....   | 8           |
| Statement of Changes in Fiduciary Net Assets – Fiduciary Funds .....                                | 9           |
| Notes to the Financial Statements .....   | 13          |
| <b>REQUIRED SUPPLEMENTARY INFORMATION:</b>  |             |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual –               |             |
| General Fund .....  | 23          |
| Federal Family Education Loan Program .....   | 24          |
| Private Awards Service Agreements .....   | 25          |
| Education Endowment Fund .....  | 26          |
| Jobs Plus Education.....  | 27          |
| <b>OTHER REPORTS:</b>   |             |
| Independent Auditors' Report on Compliance and on<br>Internal Control Over Financial Reporting..... | 30          |



## **FINANCIAL SECTION**

**INDEPENDENT AUDITOR'S REPORT**

Oregon Secretary of State  
Audits Division  
255 Capitol Street NE, Suite 500  
Salem, Oregon 97310

We have audited the accompanying financial statements of each major fund, and the aggregate remaining fund information for the Oregon Student Assistance Commission (OSAC), an agency of the State of Oregon, as of and for the year ended June 30, 2002, as listed in the table of contents. These financial statements are the responsibility of agency management. Our responsibility is to express an opinion on these financial statements based on our audit.

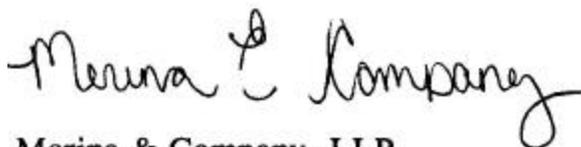
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of OSAC are intended to present the financial position, and the changes in financial position, of only that portion of each major fund and the aggregate remaining fund information of the State of Oregon that is attributable to the transactions of OSAC. They do not purport to, and do not, present fairly the financial position of the State of Oregon as of June 30, 2002, and the changes in its financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information for the Oregon Student Assistance Commission, as of June 30, 2002, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2002 on our consideration of OSAC's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit. That report is separately presented in other reports section, as listed in the table of contents.

A handwritten signature in cursive script that reads "Merina & Company".

Merina & Company, LLP  
West Linn, Oregon  
November 13, 2002

**STATE OF OREGON  
OREGON STUDENT ASSISTANCE COMMISSION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2002**

| <u><b>ASSETS</b></u>                               | <u>General Fund</u> | <u>Federal Family<br/>Education Loan<br/>Program</u> |
|--|---------------------|--|
| Cash and cash equivalents                          | \$ —                | \$3,666,639  |
| Receivables (net of allowance for uncollectables): | —                   | 616,158  |
| Due from other funds/agencies                      | —                   | —  |
| Other Receivables – noncurrent                     | 454,453             | —  |
|  | <hr/>               | <hr/>  |
| Total Assets                                       | <u>\$454,453</u>    | <u>\$4,282,797</u>                                   |
| <br>   |                     |  |
| <u><b>LIABILITIES AND FUND BALANCES</b></u>        |                     |  |
| Liabilities:                                       |                     |  |
| Accounts payable                                   | \$ —                | \$ 185,306   |
| Due to other funds/agencies                        | —                   | 176,357  |
|  | <hr/>               | <hr/>  |
| Total Liabilities                                  | <u>—</u>            | <u>361,663</u>                                       |
| <br>   |                     |  |
| Fund Balances:                                     |                     |  |
| Reserved for:                                      |                     |  |
| Receivables  | 454,453             | —  |
| Unreserved, reported in:                           |                     |  |
| Federal Reserve fund                               | —                   | 2,709,890  |
| Fund balance                                       | —                   | 1,211,244  |
|  | <hr/>               | <hr/>  |
| Total Fund Balances                                | <u>454,453</u>      | <u>3,921,134</u>                                     |
|  | <br>                | <br>   |
| Total Liabilities and Fund Balances                | <u>\$454,453</u>    | <u>\$4,282,797</u>                                   |

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

**STATE OF OREGON  
OREGON STUDENT ASSISTANCE COMMISSION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2002**

| <u>Private Awards</u> | <u>Education<br/>Endowment<br/>Fund</u> | <u>Jobs Plus<br/>Education</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|-----------------------|---|--------------------------------|---|---|
| \$2,074,919           | \$1,226,804                             | \$1,857,123                    | \$2,315,425                             | \$11,140,910                            |
| -                     | -                                       | -                              | -                                       | 616,158                                 |
| -                     | 91,584                                  | -                              | -                                       | 91,584                                  |
| 10,734                | -                                       | -                              | 25,852                                  | 491,039                                 |
| <u>\$2,085,653</u>    | <u>\$1,318,388</u>                      | <u>\$1,857,123</u>             | <u>\$2,341,277</u>                      | <u>\$12,339,691</u>                     |
| <br>                  |   |                                |   |   |
| \$ 3,000              | \$ -                                    | \$ 927                         | \$ 45,338                               | \$ 234,571                              |
| -                     | -                                       | -                              | 13,112                                  | 189,469                                 |
| <u>3,000</u>          | <u>-</u>                                | <u>927</u>                     | <u>58,450</u>                           | <u>424,040</u>                          |
| <br>                  |   |                                |   |   |
| 10,734                | -                                       | -                              | 25,852                                  | 491,039                                 |
| -                     | -                                       | -                              | -                                       | 2,709,890                               |
| <u>2,071,919</u>      | <u>1,318,388</u>                        | <u>1,856,196</u>               | <u>2,256,975</u>                        | <u>8,714,722</u>                        |
| <br>                  |   |                                |   |   |
| <u>2,082,653</u>      | <u>1,318,388</u>                        | <u>1,856,196</u>               | <u>2,282,827</u>                        | <u>11,915,651</u>                       |
| <br>                  |   |                                |   |   |
| <u>\$2,085,653</u>    | <u>\$1,318,388</u>                      | <u>\$1,857,123</u>             | <u>\$2,341,277</u>                      | <u>\$12,339,691</u>                     |

**STATE OF OREGON**  
**OREGON STUDENT ASSISTANCE COMMISSION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES – GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2002**

|  | General Fund      | Federal Family<br>Education Loan<br>Program |
|--|-------------------|---|
| <b>REVENUES:</b>   |                   |   |
| State appropriations   | \$20,750,356      | \$ –  |
| Federal  | –                 | 2,054,499                                   |
| Interest income  | –                 | 795,973                                     |
| Donations and grants   | 744               | 512   |
| Borrower payments  | 94,841            | 2,796,535                                   |
| Inc/(dec) in the fair value of investments                   | –                 | (11,880)                                    |
| Other  | 608               | 46  |
|  | <u>20,846,549</u> | <u>5,635,685</u>                            |
| <b>EXPENDITURES:</b>   |                   |   |
| General government   | 635,256           | –   |
| Federal Family Education Loan Program (FFELP)                | –                 | 8,053,228                                   |
| Grants and private awards                                    | 19,692,414        | –   |
|  | <u>20,327,670</u> | <u>8,053,228</u>                            |
| Excess (deficiency) of Revenues<br>Over (under) Expenditures | <u>518,879</u>    | <u>(2,417,543)</u>                          |
| <b>OTHER FINANCING SOURCES (USES):</b>                       |                   |   |
| Transfers in   | 15,329            | –   |
| Transfers out  | (534,208)         | (177,673)                                   |
|  | <u>(518,879)</u>  | <u>(177,673)</u>                            |
| Net Change in Fund Balances                                  | –                 | (2,595,216)                                 |
| Fund Balances – Beginning                                    | 319,693           | 6,516,350                                   |
| Increase (decrease) in reserve for receivables               | <u>134,760</u>    | <u>–</u>                                    |
| Fund Balances – Ending                                       | <u>\$ 454,453</u> | <u>\$ 3,921,134</u>                         |

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

**STATE OF OREGON  
OREGON STUDENT ASSISTANCE COMMISSION  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2002**

| Private Awards     | Education<br>Endowment<br>Fund | Jobs Plus<br>Education | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--------------------|--------------------------------|------------------------|--------------------------------|--------------------------------|
| \$ –               | \$ –                           | \$ –                   | \$ –                           | \$20,750,356                   |
| –                  | –                              | –                      | 709,910                        | 2,764,409                      |
| 105,632            | –                              | 47,603                 | 37,333                         | 986,541                        |
| 8,096,042          | –                              | –                      | 166,612                        | 8,263,910                      |
| 201,437            | –                              | 433                    | 9,869                          | 3,103,115                      |
| –                  | –                              | –                      | –                              | (11,880)                       |
| –                  | –                              | 2,059                  | 12,306                         | 15,019                         |
| <u>8,403,111</u>   | <u>–</u>                       | <u>50,095</u>          | <u>936,030</u>                 | <u>35,871,470</u>              |
| –                  | –                              | –                      | 198,008                        | 833,264                        |
| –                  | 105,776                        | –                      | 1,904,786                      | 10,063,790                     |
| <u>8,105,421</u>   | <u>–</u>                       | <u>272,099</u>         | <u>–</u>                       | <u>28,069,934</u>              |
| <u>8,105,421</u>   | <u>105,776</u>                 | <u>272,099</u>         | <u>2,102,794</u>               | <u>38,966,988</u>              |
| <u>297,690</u>     | <u>(105,776)</u>               | <u>(222,004)</u>       | <u>(1,166,764)</u>             | <u>(3,095,518)</u>             |
| 1,119,676          | 1,272,084                      | 393,586                | 1,454,562                      | 4,255,237                      |
| <u>(708,895)</u>   | <u>–</u>                       | <u>–</u>               | <u>(50)</u>                    | <u>(1,420,826)</u>             |
| <u>410,781</u>     | <u>1,272,084</u>               | <u>393,586</u>         | <u>1,454,512</u>               | <u>2,834,411</u>               |
| 708,471            | 1,166,308                      | 171,582                | 287,748                        | (261,107)                      |
| 1,368,991          | 152,080                        | 1,684,614              | 1,995,079                      | 12,036,807                     |
| <u>5,191</u>       | <u>–</u>                       | <u>–</u>               | <u>–</u>                       | <u>139,951</u>                 |
| <u>\$2,082,653</u> | <u>\$1,318,388</u>             | <u>\$1,856,196</u>     | <u>\$2,282,827</u>             | <u>\$11,915,651</u>            |

**STATE OF OREGON  
OREGON STUDENT ASSISTANCE COMMISSION  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
June 30, 2002**

|                                | <u>Private Purpose Trust Funds</u> |                        |                    |
|--------------------------------|------------------------------------|------------------------|--------------------|
|                                | <u>Grants</u>                      | <u>Federal Reserve</u> | <u>Total</u>       |
| <b><u>ASSETS</u></b>           |                                    |                        |                    |
| Cash and cash equivalents      | \$574,255                          | \$1,008,159            | \$1,582,414        |
| Other receivables – noncurrent | 256,056                            | 2,014,572              | 2,270,628          |
| Total assets                   | <u>\$830,311</u>                   | <u>\$3,022,731</u>     | <u>\$3,853,042</u> |
| <b><u>LIABILITIES</u></b>      |                                    |                        |                    |
|                                | <u>–</u>                           | <u>–</u>               | <u>–</u>           |
| <b><u>NET ASSETS</u></b>       |                                    |                        |                    |
| Reserve for receivables        | 256,056                            | –                      | 256,056            |
| Unreserved fund balance        | 574,255                            | 3,022,731              | 3,596,986          |
| Total net assets               | <u>\$830,311</u>                   | <u>\$3,022,731</u>     | <u>\$3,853,042</u> |

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

**STATE OF OREGON  
OREGON STUDENT ASSISTANCE COMMISSION  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
For the Fiscal Year Ended June 30, 2002**

|  | <u>Private Purpose Trust Funds</u> |                           |                           |
|--|------------------------------------|---------------------------|---------------------------|
|  | <u>Grants</u>                      | <u>Federal Reserve</u>    | <u>Total</u>              |
| <b>ADDITIONS:</b>  |                                    |                           |                           |
| Interest income  | \$ 20,379                          | \$ 93,560                 | \$ 113,939                |
| Donations and grants   | 431,085                            | 10,622,879                | 11,053,964                |
| Other loan repayments  | 49,383                             | 7,192,241                 | 7,241,624                 |
| Increase (decrease) in fair value investments  | -                                  | (8,910)                   | (8,910)                   |
| Other revenue  | 476,006                            | 34,046                    | 510,052                   |
|  | <u>976,853</u>                     | <u>17,933,816</u>         | <u>18,910,669</u>         |
| <b>DEDUCTIONS:</b>   |                                    |                           |                           |
| Federal Family Education Loan Program  | -                                  | 20,332,708                | 20,332,708                |
| Grants and private awards  | 987,965                            | -                         | 987,965                   |
|  | <u>987,965</u>                     | <u>20,332,708</u>         | <u>21,320,673</u>         |
| Change in net assets held in trust for individuals,<br>organizations and other governments | (11,112)                           | (2,398,892)               | (2,410,004)               |
| Net assets – beginning   | <u>841,423</u>                     | <u>5,421,623</u>          | <u>6,263,046</u>          |
| Net assets – ending  | <u><u>\$830,311</u></u>            | <u><u>\$3,022,731</u></u> | <u><u>\$3,853,042</u></u> |

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

**THIS PAGE INTENTIONALLY LEFT BLANK**

**NOTES TO THE FINANCIAL STATEMENTS**



**STATE OF OREGON**  
**OREGON STUDENT ASSISTANCE COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2002**

**1. Summary of Significant Accounting Policies**

The accompanying financial statements are presented in conformity with generally accepted accounting principles (GAAP) applicable to state governments as prescribed by the Governmental Accounting Standards Board (GASB) and interpreted by the Department of Administrative Services in administrative rules and the Oregon Accounting Manual.

**a. Reporting Entity**

The Oregon Student Assistance Commission (OSAC) is a part of the state of Oregon reporting entity. The Commission was created as an agency of the state of Oregon on June 20, 1967, by Oregon Revised Statute (ORS) 348.510. Oversight responsibility lies with elected state officials. The Governor of the state of Oregon appoints the Commission members.

The Commission's primary mission is to assist Oregon students in obtaining post-secondary education by administering, planning, evaluating, coordinating, and promoting programs in financial aid. The Commission is also responsible for the protection of the citizens of Oregon and their post-secondary schools by ensuring the quality of higher education and preserving the integrity of an academic degree as a public credential.

**b. Fund Financial Statements**

These statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental or fiduciary. Major individual governmental funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column in the financial section of the financial statements.

OSAC reports the following major governmental funds:

- *General Fund* – Accounts for ordinary operations financed by legislatively approved appropriations and used for general purposes. Appropriations, when made for debt service or capital projects, would be reported in either a Debt Service Fund or a Capital Projects Fund, respectively.
- *Federal Family Education Loan Program (FFELP) Fund* – Accounts for revenues received from the U.S. Department of Education or student borrowers for administration of the Federal Family Education Loan Program.
- *Private Awards Fund* – Accounts for revenues from private donors for student grants.

**STATE OF OREGON**  
**OREGON STUDENT ASSISTANCE COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2002**

- *Education Endowment Fund* – Accounts for lottery proceeds received from the State of Oregon to fund need grant programs.
- *Jobs Plus Education* – Accounts for state revenues used to fund opportunity grants.

In addition, OSAC reports non-major funds within the governmental fund type.

- *Special Revenues Funds* – Accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- *Permanent Funds* are legally restricted to the extent that only earnings, not principal, may be used for purposes supporting the government's programs. OSAC has only one permanent fund – the Non-expendable Private Awards Trust Fund.

OSAC reports the following private purpose trust funds:

- *U.S. Department of Education Federal Reserve Fund* – Accounts for activities related to defaulted loans of the FFELP program. This fund is maintained for the U.S. Department of Education. In prior fiscal years, the FFELP Reserve was reported as a special revenue fund.
- *Grants* – Accounts for private awards legally held in trust to provide awards to students. All resources of the fund, including any earnings on investments, may not be used to support the organization's activities.

**c. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe which transactions are recorded with the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, long-term compensated absences are recorded only when payment is due.

**d. Cash and Cash Equivalents**

Cash and cash equivalents includes cash and investments held by the State Treasury in the Oregon Short Term Fund (OSTF). Money deposited by OSAC in the State

**STATE OF OREGON**  
**OREGON STUDENT ASSISTANCE COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2002**

Treasury is invested as authorized by law. All moneys held in the OSTF are considered to be cash equivalents.

**e. Receivables**

Receivables are shown net of an allowance for uncollectible accounts of \$511,995. Receivables are amounts due representing revenues earned or accrued in the current period. Types of receivables included in this classification relate to interest, amounts due from the federal government or other governments, and amounts due on forgivable loans.

**f. Short-term Interfund Receivables/Payables**

During the course of operations, many transactions occur between individual funds for various reasons. These receivables and payables are classified as "Due From Other Funds" and "Due To Other Funds" on the balance sheet.

**g. Capital Assets**

Capital assets used in governmental fund type operations are recorded as expenditures when purchased.

**h. Interfund Transactions**

Quasi-external transactions are accounted for as revenues and expenditures in the funds, as if they involved organizations external to OSAC. Transactions that are reimbursements to a fund for expenses initially made from it that are properly applicable to another fund, are recorded as expenses in the reimbursing fund and as reductions of expense in the fund that is reimbursed.

All other interfund transactions are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**i. Elements of Fund Equity/Fund Balance**

A portion of the fund equity/balance has been reserved to indicate it cannot be used for expenditure of current resources in governmental fund types. A Reserve for Receivables is segregated. Unrestricted balances are reported as Federal Reserve Fund and Fund Balance.

**j. Accounting Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions which affect the reported amounts of assets and liabilities, disclosure of contingent assets, and liabilities at the date of the financial statements, and the reported

**STATE OF OREGON  
OREGON STUDENT ASSISTANCE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2002**

amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimated.

**2. Budgetary Accounting**

The Oregon Legislative Assembly approves agency budgets biennially. The Emergency Board of the Legislative Assembly approves any mid-biennium increases in the budget that may be necessary. Legislatively approved appropriations are financed from state general governmental revenues. Legislatively approved limitations are financed from general governmental revenues or revenues of self-supporting activities of the OSAC.

Appropriated budgets include expenditure authority created by appropriation bills and related estimated revenues. All funds are subject to legislative approval. Nonappropriated budgets and some nonlimited financial activities are also subject to allotment control by the Department of Administrative Services.

**3. Cash Deposits**

Statute and the Oregon Investment Council (Council) govern OSAC's investment policies. The State Treasurer is the investment officer for the Council and is responsible for the funds on deposit in the State Treasury. In accordance with Oregon law, funds are invested and managed, as a prudent investor would do, exercising reasonable care, skill, and caution.

The State Treasurer maintains the Oregon Short-Term Fund, a cash and investment pool, which is available for use by all state funds and local governments. Because the pool operates as a demand deposit account, each fund's portion of this pool is classified on the Combined Balance Sheet as cash and cash equivalents. The State Treasury's direct investments in short-term securities are limited by portfolio rules established by the Oregon Short-Term Fund Board and the Council.

**There are three categories of credit risk that apply to deposits of OSAC:**

1. Insured or collateralized with securities held by the State Treasury or by its agent in the State's name.
2. Collateralized with securities held by the pledging financial institution's trust department or agent in the State's name.
3. Uncollateralized.

As of June 30, 2002, deposit balances are as follows:

|                                  | Category     |   |   | Book<br>Balance | Bank<br>Balance |
|----------------------------------|--------------|---|---|-----------------|-----------------|
|                                  | 1            | 2 | 3 |                 |                 |
| Student Assistance<br>Commission | \$12,723,324 |   |   | \$12,723,324    | \$11,676,518    |

**STATE OF OREGON  
OREGON STUDENT ASSISTANCE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2002**

Cash is distributed as follows:

|                    |                            |
|--------------------|----------------------------|
| Governmental Funds | \$11,140,910               |
| Fiduciary Funds    | <u>1,582,414</u>           |
| Total Cash         | <u><u>\$12,723,324</u></u> |

**4. Retirement Plan**

The Public Employees Retirement System (PERS) is a statewide-defined benefit retirement plan for units of state government, school districts, community colleges, and political subdivisions of the State, including OSAC. PERS is administered by the Public Employees Retirement Board (Board) under the guidelines of Chapter 238 of the *Oregon Revised Statutes*, and it provides retirement and disability benefits, cost-of-living adjustments, and death benefits to plan members and beneficiaries.

OSAC's employees participate in the PERS cost sharing multiple employer defined benefit pension plan. The payroll for OSAC employees covered by PERS for the year ended June 30, 2002, was \$3,122,419; the total OSAC payroll for that period was \$3,357,274.

All OSAC employees are eligible to participate in the system after completing six months of service. An employee member will be eligible at minimum retirement age for a service retirement allowance, if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. Employee members may retire with unreduced benefits at age 58 or 60, or at any age with 30 or more years of service. A member with less than 30 years of service who is between the ages of 55 and 58 or 60 may retire with reduced benefits.

Covered OSAC employees are required by state law to contribute six percent of their salary to the plan. OSAC's employee contributions are currently paid for by OSAC. OSAC is required by state law to contribute actuarially computed amounts as determined by PERS (the contribution rate for the year ending June 30, 2002, was 9.49 percent. For the year ended June 30, 2002, the total amount paid by OSAC was \$515,913, which consisted of \$328,568 for the employer contribution and \$187,345 for the employee contribution.

PERS issues a separate, publicly available financial report that includes audited financial statements and required supplementary information. That report may be obtained by writing to the Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700.

**STATE OF OREGON  
OREGON STUDENT ASSISTANCE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2002**

**5. Deferred Compensation**

A deferred compensation plan was authorized under Internal Revenue Code (IRC) Section 457 and Oregon Revised Statutes (ORS) 243.400 to 243.507. This plan is a benefit available to all state employees wherein they may execute an individual agreement with the state for amounts earned by them to be paid at a future date; ORS 243 provides for PERS to administer the plan. Participants in the plan are not required to pay federal and state income taxes on the deferred earnings until these earnings are received. Participants or their beneficiaries cannot receive the funds until at least one of the following circumstances is met: termination by reason of death, disability, resignation, retirement, or unforeseeable emergency. Payments to participants may be made over a period not to exceed the life expectancy of the participant and/or spouse.

Moneys accumulated by the state plan are held in a trust fund for the benefit of participating employees. Investments of the plan are not subject to the state's collateral requirements.

**6. Leases**

Operating leases are rental agreements with payments reported as expenditures. All lease agreements contain termination clauses that provide for cancellation of the lease at the end of a biennium. This is necessary because the Oregon Legislature could disallow the funding for particular leases.

The only lease that OSAC has is for the rental of real property. The Department of Administrative Services (DAS) approves leases for real property. This lease may be extended to 1/31/03 for a monthly rental of \$24,150. DAS and OSAC are currently negotiating a new lease with the landlord.

**7. Guaranteed Student Loans**

OSAC administers the Federal Family Educational Loan Program (FFELP). As part of this process OSAC guarantees new student financial aid loans under the authority of the U.S. Department of Education and acts as a collection agent for defaulted loans. New student loans guaranteed during the fiscal year ended June 30, 2002, totaled approximately \$140 million. The outstanding receivable balance of loans being collected for the federal government as of June 30, 2002, totaled approximately \$107 million. The financial activities and balance of these guaranteed student loans are not reported in the accompanying financial statements.

**STATE OF OREGON**  
**OREGON STUDENT ASSISTANCE COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2002**

**8. Return of Federal Reserve Amounts**

The Balanced Budget Act of 1997 requires the FFELP guarantee agencies to deposit \$1 billion of reserve funds into escrow accounts over a five-year period, for deposit to the U.S. Treasury in the year 2002. OSAC's share is approximately \$10.4 million. A deposit of \$2,074,551 is required in each year between 1998 and the year 2002 to satisfy this requirement. During fiscal year 2002, this amount was transferred from the Federal Reserve Fund to the escrow account.

**9. Unemployment**

State agencies are subject to the Department of Employment Act. State employees who qualify are entitled to benefit payments during periods of unemployment. Each state agency is required to reimburse the Department of Employment for benefit payments that may be made to former employees for wage credits earned prior to June 30, 2002. Consequently, this potential obligation is not included in the accompanying financial statements.

**10. Risk Management**

The State of Oregon administers property and casualty insurance programs covering state government through its Insurance Fund. The Insurance Fund services claims for direct physical loss or damage to state property; tort liability claims brought against the state, its officers, employees, or agents; workers' compensation; employee dishonesty; and faithful performance coverage for certain key positions required by law to be covered, and other key positions.

As a state agency, OSAC participates in the Insurance Fund. The cost of servicing insurance claims and payments is covered by charging an assessment to each state entity based on its share of services provided in a prior period. The total statewide assessment of each coverage is based on independent biennial actuarial forecasts and administrative expenses, less any available fund balance in the Insurance Fund from the prior biennium.

**11. Restricted Fund Balance**

OSAC has restricted \$2,709,889 of the Federal Family Education Loan Program's fund balance for future transfers to the Federal Reserve Fund. The restriction represents the cost of 180 days of operating expenses that were transferred from the Federal Reserve Fund to the Federal Family Education Loan Program Fund when the fund was established.

**STATE OF OREGON  
OREGON STUDENT ASSISTANCE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2002**

**12. Contingencies**

The establishment of the Federal Family Education Loan Program – Limited Fund was accomplished, in part, by a transfer of funds representing the remaining principal balance of State funds and accrued interest thereon which had been held in the FFELP Reserve Account for the period October 1976 through November 1998. The US Department of Education Office of Inspector General has questions concerning the State’s claim to these funds. OSAC is in the process of responding to the U.S. Department of Education. It is not possible to ascertain the outcome of these discussions.

**REQUIRED SUPPLEMENTARY INFORMATION**

**THIS PAGE INTENTIONALLY LEFT BLANK**

**STATE OF OREGON**  
**OREGON STUDENT ASSISTANCE COMMISSION**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2002**

|  | FY 2002           | FY 2003          | Biennial          | Biennial Budget   |                   | Variance               |
|--|-------------------|------------------|-------------------|-------------------|-------------------|------------------------|
|  | Actuals           | Actuals          | Actuals           | Original          | Final             | Positive<br>(Negative) |
| <b>REVENUE:</b>  |                   |                  |                   |                   |                   |                        |
| State Appropriations   | \$20,750,356      |                  | \$20,750,356      | \$39,364,345      | \$39,320,021      | (18,569,665)           |
| Donations and grants   | 744               | –                | 744               | –                 | –                 | 744                    |
| Borrower payments  | 94,841            | –                | 94,841            | 129,156           | 129,156           | (34,315)               |
| Other  | 608               | –                | 608               | –                 | –                 | 608                    |
| Total revenues   | <u>20,846,549</u> | <u>–</u>         | <u>20,846,549</u> | <u>39,493,501</u> | <u>39,449,177</u> | <u>(18,602,628)</u>    |
| <b>EXPENDITURES:</b>   |                   |                  |                   |                   |                   |                        |
| General government   | 535,733           | –                | 535,733           | 945,681           | 913,419           | 377,686                |
| Grants and private awards  | 19,692,414        | –                | 19,692,414        | 38,182,340        | 38,178,340        | 18,485,926             |
| Office of Degree Authorization   | 99,523            | –                | 99,523            | 236,324           | 228,262           | 128,739                |
| Total expenditures   | <u>20,327,670</u> | <u>–</u>         | <u>20,327,670</u> | <u>39,364,345</u> | <u>39,320,021</u> | <u>18,992,351</u>      |
| Excess (deficiency) of revenues<br>over (under) expenditures   | <u>518,879</u>    | <u>–</u>         | <u>518,879</u>    | <u>129,156</u>    | <u>129,156</u>    | <u>389,723</u>         |
| <b>OTHER FINANCING SOURCES (USES):</b>   |                   |                  |                   |                   |                   |                        |
| Transfers in   | 15,329            | –                | 15,329            | 620,052           | 620,052           | (604,723)              |
| Transfers out  | (534,208)         | –                | (534,208)         | (749,208)         | (749,208)         | 215,000                |
| Total other financing sources (uses)   | <u>(518,879)</u>  | <u>–</u>         | <u>(518,879)</u>  | <u>(129,156)</u>  | <u>(129,156)</u>  | <u>(389,723)</u>       |
| Excess (deficiency) of revenues and<br>other financing sources over/(under)<br>expenditures and other financing uses | <u>–</u>          | <u>–</u>         | <u>–</u>          | <u>– \$</u>       | <u>– \$</u>       | <u>– \$</u>            |
| Fund balance – beginning   | 319,693           | 454,453          | 319,693           |                   |                   |                        |
| Increase (decrease) in reserve for<br>receivables  | <u>134,760</u>    | <u>–</u>         | <u>134,760</u>    |                   |                   |                        |
| Fund balance – ending  | <u>\$ 454,453</u> | <u>\$454,453</u> | <u>\$ 454,453</u> |                   |                   |                        |

**STATE OF OREGON  
OREGON STUDENT ASSISTANCE COMMISSION  
FEDERAL FAMILY EDUCATION LOAN PROGRAM  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2002**

|  | Limited Fund       |                    |                    |                      |                      | Variance<br>Positive<br>(Negative) |
|--|--------------------|--------------------|--------------------|----------------------|----------------------|------------------------------------|
|  | FY 2002            | FY 2003            | Biennial           | Biennial Budget      |                      |                                    |
|  | Actuals            | Actuals            | Actuals            | Original             | Final                |                                    |
| <b>REVENUES:</b>   |                    |                    |                    |                      |                      |                                    |
| Federal  | \$2,054,499        | \$ –               | \$2,054,499        | \$ 1,651,868         | \$ 1,651,868         | \$ 402,631                         |
| Interest income  | 795,973            | –                  | 795,973            | 2,596,300            | 2,596,300            | (1,800,327)                        |
| Donations and grants   | 512                | –                  | 512                | –                    | –                    | 512                                |
| Borrower payments  | 2,796,535          | –                  | 2,796,535          | 4,057,132            | 4,057,132            | (1,260,597)                        |
| Inc/(dec) in the fair value of investments   | (11,880)           | –                  | (11,880)           | –                    | –                    | (11,880)                           |
| Other  | 46                 | –                  | 46                 | –                    | –                    | 46                                 |
| <b>Total revenues</b>  | <b>5,635,685</b>   | <b>–</b>           | <b>5,635,685</b>   | <b>8,305,300</b>     | <b>8,305,300</b>     | <b>(2,669,615)</b>                 |
| <b>EXPENDITURES:</b>   |                    |                    |                    |                      |                      |                                    |
| Federal Family Education Loan Program  | 8,053,228          |                    | 8,053,228          | 12,429,904           | 12,429,904           | 4,376,676                          |
| <b>Total expenditures</b>  | <b>8,053,228</b>   | <b>–</b>           | <b>8,053,228</b>   | <b>12,429,904</b>    | <b>12,429,904</b>    | <b>4,376,676</b>                   |
| Excess (deficiency) of revenues<br>over (under) expenditures   | (2,417,543)        | –                  | (2,417,543)        | (4,124,604)          | (4,124,604)          | 1,707,061                          |
| <b>OTHER FINANCING SOURCES (USES):</b>   |                    |                    |                    |                      |                      |                                    |
| Transfers in   | –                  | –                  | –                  | 5,399,859            | 5,399,859            | (5,399,859)                        |
| Transfers out  | (177,673)          | –                  | (177,673)          | (5,199,859)          | (5,199,859)          | 5,022,186                          |
| <b>Total other financing sources (uses)</b>  | <b>(177,673)</b>   | <b>–</b>           | <b>(177,673)</b>   | <b>200,000</b>       | <b>200,000</b>       | <b>(377,673)</b>                   |
| Excess (deficiency) of revenues and<br>other financing sources over/(under)<br>expenditures and other financing uses | (2,595,216)        | –                  | (2,595,216)        | <u>\$(3,924,604)</u> | <u>\$(3,924,604)</u> | <u>\$1,329,388</u>                 |
| Fund balance – beginning   | 6,516,350          | 3,921,134          | 6,516,350          |                      |                      |                                    |
| Fund balance – ending  | <u>\$3,921,134</u> | <u>\$3,921,134</u> | <u>\$3,921,134</u> |                      |                      |                                    |

**STATE OF OREGON**  
**OREGON STUDENT ASSISTANCE COMMISSION**  
**PRIVATE AWARDS SERVICE AGREEMENTS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2002**

|  | <u>Nonlimited Fund</u> |                    |                    |                      |                      | Variance<br>Positive<br>(Negative) |
|--|------------------------|--------------------|--------------------|----------------------|----------------------|------------------------------------|
|  | FY 2002                | FY 2003            | Biennial           | Biennial Budget      |                      |                                    |
|  | Actuals                | Actual             | Actuals            | Original             | Final                |                                    |
| <b>REVENUES:</b>   |                        |                    |                    |                      |                      |                                    |
| Interest income  | \$ 105,632             | \$ –               | \$ 105,632         | \$ 126,509           | \$ 126,509           | \$ (20,877)                        |
| Donations and grants   | 8,096,042              | –                  | 8,096,042          | 13,577,021           | 13,577,021           | (5,480,979)                        |
| Borrower payments  | 201,437                | –                  | 201,437            | 26,669               | 26,669               | 174,768                            |
| Total revenues   | 8,403,111              | –                  | 8,403,111          | 13,730,199           | 13,730,199           | (5,327,088)                        |
| <b>EXPENDITURES:</b>   |                        |                    |                    |                      |                      |                                    |
| Grants and private awards  | 8,105,421              | –                  | 8,105,421          | 17,251,629           | 17,251,629           | 9,146,208                          |
| Total Expenditures   | 8,105,421              | –                  | 8,105,421          | 17,251,629           | 17,251,629           | 9,146,208                          |
| Excess (deficiency) of revenues<br>over (under) expenditures   | 297,690                | –                  | 297,690            | (3,521,430)          | (3,521,430)          | 3,819,120                          |
| <b>OTHER FINANCING SOURCES (USES):</b>   |                        |                    |                    |                      |                      |                                    |
| Transfers in   | 1,119,676              | –                  | 1,119,676          | 2,862,719            | 2,559,518            | (1,439,842)                        |
| Transfers out  | (708,895)              | –                  | (708,895)          | (1,590,001)          | (1,590,001)          | 881,106                            |
| Total other financing sources (uses)   | 410,781                | –                  | 410,781            | 1,272,718            | 969,517              | (558,736)                          |
| Excess (deficiency) of revenues and<br>other financing sources over/(under)<br>expenditures and other financing uses | 708,471                | –                  | 708,471            | <u>\$(2,248,712)</u> | <u>\$(2,551,913)</u> | <u>\$3,260,384</u>                 |
| Fund balance – beginning   | 1,368,991              | 2,082,653          | 1,368,991          |                      |                      |                                    |
| Increase (decrease) in reserve for receivables   | 5,191                  | –                  | 5,191              |                      |                      |                                    |
| Fund balance – ending  | <u>\$2,082,653</u>     | <u>\$2,082,653</u> | <u>\$2,082,653</u> |                      |                      |                                    |

**STATE OF OREGON  
OREGON STUDENT ASSISTANCE COMMISSION  
EDUCATION ENDOWMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2002**

|  | <b>Limited Fund</b> |                  |                  |                     |                    | Variance<br>Positive<br>(Negative) |
|--|---------------------|------------------|------------------|---------------------|--------------------|------------------------------------|
|  | FY 2002             | FY 2003          | Biennial         | Biennial Budget     |                    |                                    |
|  | Actuals             | Actuals          | Actuals          | Original            | Final              |                                    |
| <b>EXPENDITURES:</b>   |                     |                  |                  |                     |                    |                                    |
| Grants and private awards  | \$ 105,776          | \$ –             | \$ 105,776       | \$ 5,151,298        | \$2,965,741        | \$2,859,965                        |
| Total expenditures   | <u>105,776</u>      | <u>–</u>         | <u>105,776</u>   | <u>5,151,298</u>    | <u>2,965,741</u>   | <u>2,859,965</u>                   |
| Excess (deficiency) of revenues<br>over (under) expenditures   | <u>(105,776)</u>    | <u>–</u>         | <u>(105,776)</u> | <u>(5,151,298)</u>  | <u>(2,965,741)</u> | <u>2,859,965</u>                   |
| <b>OTHER FINANCING SOURCES (USES):</b>   |                     |                  |                  |                     |                    |                                    |
| Transfers in   | 1,272,084           | –                | 1,272,084        | 4,717,157           | 4,717,157          | (3,445,073)                        |
| Total other financing sources (uses)   | <u>1,272,084</u>    | <u>–</u>         | <u>1,272,084</u> | <u>4,717,157</u>    | <u>4,717,157</u>   | <u>(3,445,073)</u>                 |
| Excess (deficiency) of revenues and<br>other financing sources over/(under)<br>expenditures and other financing uses | <u>1,166,308</u>    | <u>–</u>         | <u>1,166,308</u> | <u>\$ (434,141)</u> | <u>\$1,751,416</u> | <u>\$ (585,108)</u>                |
| Fund balance – beginning   | <u>152,080</u>      | <u>1,318,388</u> | <u>152,080</u>   |                     |                    |                                    |
| Fund balance – ending  | <u>\$1,318,388</u>  |                  |                  | <u>\$1,318,388</u>  | <u>\$1,318,388</u> |                                    |

**STATE OF OREGON  
OREGON STUDENT ASSISTANCE COMMISSION  
JOBS PLUS EDUCATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2002**

|  | <b>Nonlimited Fund</b>    |                           |                           |                    |                    | Variance         |
|--|---------------------------|---------------------------|---------------------------|--------------------|--------------------|------------------|
|  | FY 2002                   | FY 2003                   | Biennial                  | Biennial Budget    |                    | Positive         |
|  | Actuals                   | Actuals                   | Actuals                   | Original           | Final              | (Negative)       |
| <b>REVENUES:</b>   |                           |                           |                           |                    |                    |                  |
| Interest income  | \$47,602                  | \$-                       | \$47,602                  | \$590,037          | \$590,037          | \$(542,435)      |
| Borrower payments  | 433                       | -                         | 433                       | -                  | -                  | 433              |
| Other  | 2,059                     | -                         | 2,059                     | -                  | -                  | 2,059            |
| <b>Total revenues</b>  | <b>50,094</b>             | <b>-</b>                  | <b>50,094</b>             | <b>590,037</b>     | <b>590,037</b>     | <b>(539,943)</b> |
| <b>EXPENDITURES:</b>   |                           |                           |                           |                    |                    |                  |
| Grants and private awards  | 272,099                   | -                         | 272,099                   | 1,235,200          | 1,235,200          | 963,101          |
| <b>Total expenditures</b>  | <b>272,099</b>            | <b>-</b>                  | <b>272,099</b>            | <b>1,235,200</b>   | <b>1,235,200</b>   | <b>963,101</b>   |
| Excess (deficiency) of revenues<br>over (under) expenditures   | (222,005)                 | -                         | (222,005)                 | (645,163)          | (645,163)          | 423,158          |
| <b>OTHER FINANCING SOURCES (USES):</b>   |                           |                           |                           |                    |                    |                  |
| Transfers in   | 393,586                   |                           | 393,586                   | 545,293            | 545,293            | (151,707)        |
| Transfers out  | -                         | -                         | -                         | (495,894)          | (495,894)          | 495,894          |
| <b>Total other financing sources (uses)</b>  | <b>393,586</b>            | <b>-</b>                  | <b>393,586</b>            | <b>49,399</b>      | <b>49,399</b>      | <b>344,187</b>   |
| Excess (deficiency) of revenues and<br>other financing sources over/(under)<br>expenditures and other financing uses | 171,581                   | -                         | 171,581                   | <u>\$(595,764)</u> | <u>\$(595,764)</u> | <u>\$767,345</u> |
| Fund balance – beginning   | <u>1,684,615</u>          | <u>1,856,196</u>          | <u>1,684,615</u>          |                    |                    |                  |
| Fund balance – ending  | <u><u>\$1,856,196</u></u> | <u><u>\$1,856,196</u></u> | <u><u>\$1,856,196</u></u> |                    |                    |                  |



## **OTHER REPORTS**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING  
STANDARDS***

Oregon Secretary of State  
Audits Division  
255 Capitol Street NE, Suite 500  
Salem, OR 97310

We have audited the financial statements of the Oregon Student Assistance Commission (OSAC), as of and for the year ended June 30, 2002, and have issued our report thereon dated November 13, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

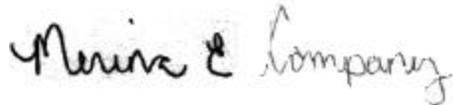
As part of obtaining reasonable assurance about whether the OSAC's financial statements are free of material misstatement, we performed tests of OSAC's compliance with certain provision of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the OSAC's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low

level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weakness.

This report is intended solely for the information and use of the Oregon Student Assistance Commission, the Oregon Secretary of State Audits Division and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Merina & Company".

Merina & Company, LLP  
West Linn, Oregon  
November 13, 2002



## **FACTS ABOUT THE SECRETARY OF STATE AUDITS DIVISION**

---

The Oregon Constitution provides that the Secretary of State shall be, by virtue of his 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 the Executive, Legislative, and Judicial branches of Oregon government. The division audits all state officers, agencies, boards, and commissions and oversees audits and financial reporting for local governments.

### **DIRECTORY OF KEY OFFICIALS**

|                        |                     |
|------------------------|---------------------|
| <i>Director</i>        | Cathy Pollino, CGFM |
| <i>Deputy Director</i> | Charles Hibner, CPA |
| <i>Deputy Director</i> | Mary E. Wenger, CPA |

**This report, which is a public record, is intended to promote the best possible management of public resources.**

If you received a copy of an audit report and no longer need it, you may return it to the Audits Division. We maintain an inventory of past audit reports. Your cooperation helps us save on printing costs.

Oregon Audits Division  
Public Service Building  
255 Capitol Street NE • Suite 500  
Salem, Oregon 97310

**We invite comments on our reports through our Hotline or Internet address.**

Ph. 503-986-2255  
Hotline: 800-336-8218  
Internet: Audits.Hotline@state.or.us

<http://www.sos.state.or.us/audits/audithp.htm>

***Auditing to Protect the Public Interest and Improve Oregon Government***

