Secretary of State Audit Report

Kate Brown, Secretary of State

Gary Blackmer, Director, Audits Division

Enterprise Fund of the State of Oregon

Department of Energy

Small Scale Energy Loan Program

For the Fiscal Years Ended
June 30, 2009 and June 30, 2008

2010-17
March 2010

http://www.sos.state.or.us/audits/index.html

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Office of the Secretary of State

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March 26, 2010

The Honorable Theodore Kulongoski
Governor of Oregon

Mark Long, Acting Director
Oregon Department of Energy

This report presents the results of our annual audit of the Oregon Department of Energy (department), Small Scale Energy Loan Program (SELP).

As required by auditing standards, we performed the audit to obtain reasonable assurance about whether the SELP financial statements and accompanying notes have been presented fairly by management. Our Independent Auditor's Report and the financial statements for the fiscal years ended June 30, 2009 and 2008, are included in the Financial Section of this report. We concluded that the SELP financial statements are fairly presented in accordance with accounting principles generally accepted in the United States of America.

Auditing standards also require us to review internal control over financial reporting and compliance with applicable laws, regulations, contracts, and grant agreements relating to SELP. Our report on the results of those reviews is included in the Other Report section of this report. We noted no instances of noncompliance that are required to be reported under *Government Auditing Standards*. Similarly, we did not note any material weaknesses in internal control over financial reporting. Our consideration of internal control was limited to the scope necessary to achieve our audit objectives and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined by generally accepted auditing standards.

We appreciated the cooperation and assistance of the department's management and staff during the course of our audit.

OREGON AUDITS DIVISION

Gary Blackmer
Director

TABLE OF CONTENTS

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the Small Scale Energy Loan Program (SELP), an enterprise fund of the State of Oregon, Department of Energy, as of and for the years ended June 30, 2009 and 2008, as listed in the table of contents. These financial statements are the responsibility of Department of Energy's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SELP's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of SELP are intended to present the financial position, and the changes in financial position and cash flows that are attributable to the transactions of SELP. They do not purport to, and do not, present fairly the financial position of the State of Oregon as of June 30, 2009 and 2008, the changes in its financial position or its cash flows for the years 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 financial position of SELP as of June 30, 2009 and 2008, and the respective changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2010, on our consideration of SELP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

OREGON AUDITS DIVISION

Kate Brown
Secretary of State

February 23, 2010

STATE OF OREGON
DEPARTMENT OF ENERGY
SMALL SCALE ENERGY LOAN PROGRAM
ENTERPRISE FUND
BALANCE SHEETS
JUNE 30, 2009 AND JUNE 30, 2008

	2009	2008
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 6,456,009	$ 11,174,702
Cash and Cash Equivalents--Restricted	24,250,449	35,568,515
Accounts Receivable	48,881	32,724
Loan Interest Receivable	1,350,028	839,329
Total Current Assets	32,105,367	47,615,270
Noncurrent Assets:		
Cash and Cash Equivalents--Restricted	6,664,732	6,229,592
Deferred Bond Issuance Costs	907,137	896,713
Loans Receivable (Net)	132,525,723	129,414,490
Capital Assets (Net)	22,039	74,932
Total Noncurrent Assets	140,119,631	136,615,727
TOTAL ASSETS	$ 172,224,998	$ 184,230,997
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	$ 19,004	$ 20,356
Bond Interest Payable	2,464,959	2,202,610
Arbitrage Rebate Liability	-	41,875
Borrower Deposit Liability	-	542
Compensated Absences Payable	28,951	30,547
Deferred Income	106,407	127,924
Bonds Payable	12,580,000	17,720,000
Total Current Liabilities	15,199,321	20,143,854
Noncurrent Liabilities:		
Arbitrage Rebate Liability	-	1,099
Compensated Absences Payable	14,259	15,045
Borrower Deposit Liability	1,554,093	1,529,946
Other Postemployment Benefits Obligation (Net)	6,992	3,598
Bonds Payable	145,306,102	143,113,171
Total Noncurrent Liabilities	146,881,446	144,662,859
TOTAL LIABILITIES	162,080,767	164,806,713
Net Assets:		
Invested in Capital Assets	22,039	74,932
Restricted for Debt Service	7,435,508	8,325,449
Unrestricted	2,686,684	11,023,903
Total Net Assets	10,144,231	19,424,284
TOTAL LIABILITIES AND NET ASSETS	$ 172,224,998	$ 184,230,997

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

STATE OF OREGON
DEPARTMENT OF ENERGY
SMALL SCALE ENERGY LOAN PROGRAM
ENTERPRISE FUND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
For the Fiscal Years Ended June 30, 2009 and June 30, 2008

	2009	2008
OPERATING REVENUES		
Interest on Loans	$ 8,501,834	$ 7,031,363
Interest on Cash Investments	776,009	2,415,275
Application and Disbursement Fees	12,031	26,286
Loan Fees	80,121	436,608
Holding Cost Fees	426,993	61,570
Other Fees and Charges	68,050	10,236
Miscellaneous Revenue	8,838	12,685
TOTAL OPERATING REVENUES	9,873,876	9,994,023
OPERATING EXPENSES		
Bond Interest	7,369,348	7,083,667
Bond Expenses	24,253	22,302
Salaries and Other Personal Services	827,829	698,090
Services and Supplies	489,598	413,534
Amortization of Deferred Bond Issuance Costs	130,501	126,816
Depreciation Expense	52,893	52,893
Bad Debt Expense	10,259,507	1,152,632
TOTAL OPERATING EXPENSES	19,153,929	9,549,934
OPERATING INCOME/CHANGE IN NET ASSETS	(9,280,053)	444,089
CHANGE IN NET ASSETS	(9,280,053)	444,089
NET ASSETS - BEGINNING	19,424,284	18,980,195
NET ASSETS - ENDING	$ 10,144,231	$ 19,424,284

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

STATE OF OREGON
DEPARTMENT OF ENERGY
SMALL SCALE ENERGY LOAN PROGRAM
ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	$ 579,876	$ 521,074
Loan Principal Repayments	12,580,005	18,740,582
Loan Interest Received	7,969,618	6,711,348
Loans Disbursed to Borrowers	(25,950,746)	(40,263,200)
Cash Credited to Borrowers on Deposit Net of Withdrawals	23,605	-
Cash Paid to Vendors for Goods and Services	(513,679)	(437,478)
Cash Paid for Employees	(828,341)	(688,373)
Cash Disbursed on Borrower Deposits and Matured Bonds	-	(321,808)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(6,139,662)	(15,737,855)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from Bonds	15,277,647	18,232,712
Principal Paid on Bonds	(18,315,000)	(12,240,000)
Interest Paid on Bonds	(7,090,098)	(7,232,834)
Bond Issue Costs Paid	(67,542)	(64,513)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(10,194,993)	(1,304,635)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received on Cash Investments	774,911	2,344,465
Arbitrage Rebate Paid	(41,875)	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	733,036	2,344,465
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(15,601,619)	(14,698,025)
CASH AND CASH EQUIVALENTS - BEGINNING	52,972,809	67,670,834
CASH AND CASH EQUIVALENTS - ENDING	$ 37,371,190	$ 52,972,809
Cash and Cash Equivalents	6,456,009	11,174,702
Cash and Cash Equivalents--Restricted	30,915,181	41,798,107
TOTAL CASH AND CASH EQUIVALENTS	$ 37,371,190	$ 52,972,809

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

STATE OF OREGON
DEPARTMENT OF ENERGY
SMALL SCALE ENERGY LOAN PROGRAM
ENTERPRISE FUND
STATEMENT OF CASH FLOWS (continued)
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2008

	2009	2008
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
OPERATING INCOME (LOSS)	$ (9,280,053)	$ 444,089
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Bad Debt	10,259,507	1,152,632
Loan Receivable Write-off	(32,055)	(835,000)
Depreciation	52,893	52,893
Amortization of Deferred Bond Issue Costs	130,501	126,816
Interest Received on Cash Investments Reported as Operating Revenue	(776,009)	(2,415,275)
Bond Interest Expense and Debt Service Amortization Reported as Operating Expense	7,369,348	7,083,667
(Increase)/Decrease in Assets:		
Accounts Receivable	(16,157)	(26,311)
Loan Interest Receivable	(510,699)	(297,003)
Loan Receivable	(13,338,686)	(20,687,618)
Increase/(Decrease) in Liabilities:		
Accounts Payable	(1,352)	(1,642)
Compensated Absences Payable	(2,382)	6,119
Deferred Income	(21,517)	(23,012)
Net OPEB Obligation	3,394	3,598
Borrower Deposits	23,605	(321,808)
TOTAL ADJUSTMENTS	3,140,391	(16,181,944)
NET CASH PROVIDED (USED) BY OPERATIONS	$ (6,139,662)	$ (15,737,855)

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

STATE OF OREGON
DEPARTMENT OF ENERGY
SMALL SCALE ENERGY LOAN PROGRAM
ENTERPRISE FUND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009 AND JUNE 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Oregon Department of Energy Small Scale Energy Loan Program (SELP) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB). Under GASB Statement 20, SELP does not apply private-sector standards of accounting and financial reporting issued after November 30, 1989 for proprietary fund activities, unless GASB amends its pronouncements to specifically adopt FASB pronouncements issued after that date.

A. Reporting Entity

The Small Scale Energy Loan Program (SELP) was created through the adoption of Oregon Constitution Article XI-J by statewide vote in May 1980 and is implemented under the provisions of Oregon Revised Statutes Chapter 470. Article XI-J authorizes the sale of State General Obligation Bonds to finance fixed-rate secured loans for the development of energy conservation and renewable energy projects within Oregon. SELP was designed as a self-supporting program that is part of the State of Oregon and the Department of Energy (Department).

The financial statements and footnotes include only the bonded debt financial activity of the Department of Energy SELP program. The Department operates other programs, which have no impact on the bond related activity of SELP.

B. Basis of Presentation

The accounts of the Department are organized on the basis of funds, each of which is a separate accounting entity. The funds utilize a separate set of self balancing accounts to record the assets, liabilities, net assets, revenues, and expenses of their program activities. SELP is classified as a proprietary fund. Proprietary funds contain two types of funds: Enterprise Funds and Internal Service Funds. SELP is accounted for as an Enterprise Fund. Enterprise funds are used for operations that are financed and operated in a manner similar to private business enterprises, where the costs of providing goods and services to the general public on a continuing basis is intended to be financed or recovered primarily through user charges. Enterprise fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds are accounted for using the flow of economic resources measurement focus and are maintained on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liabilities are incurred. All assets and liabilities associated with the operations of these funds are included on the Balance Sheet. Total net assets are segregated into the categories of Invested in Capital Assets, Restricted Net Assets, and Unrestricted Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets present increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. The Statement of Cash Flows provides information about how SELP finances and meets the cash flow needs of its proprietary activities.

D. Budgetary Process

The Oregon Legislature approves budgets for a biennial period. Operating expenses are subject to budget limitation and bond related expenses are subject to administrative limitation. The Emergency Board of the Legislature approves any increase in the budget that may be necessary during the interim. Both types of limitation are funded from revenues of self-supporting activities and lapse at the end of the biennium. Budgets are adopted on a basis that differs from generally accepted accounting principles and financial reporting standards. For budgetary purposes, transactions related to the treatment of bond proceeds, loan disbursements and other operating revenues and expenditures are recorded on a cash basis and converted to the accrual basis for financial reporting purposes.

E. Cash and Cash Equivalents

Cash and cash equivalents are defined as cash held in the State Treasury and cash on deposit outside the State Treasury. All SELP monies are held in the Oregon Short Term Fund (OSTF), a cash and investment pool that is available for use by all funds and local governments. The OSTF pool operates as a demand deposit account and funds held in the OSTF are considered cash equivalents.

F. Restricted Assets

Use of all cash, cash equivalents, and investments of SELP are restricted as to purpose and use by Article XI-J of the Oregon Constitution, Bond Indenture, and State statute. SELP's funds are restricted to funding loans and paying bond debt service and operating costs. Individual borrower reserve accounts have been established to meet certain loan requirements and the balances of these accounts as of June 30, 2009 and 2008 were sufficient to meet all contractual agreements. Any cash on deposit with a fiscal agent is held on behalf of bondholders and is the result of unclaimed monies from matured bonds and coupons.

G. Capital Assets

Capital assets are reported at historical cost or estimated historical cost if the original cost cannot be determined. Capital assets costing less than $5,000 and having an estimated useful life of less than one year are not capitalized. Maintenance that does not add to the value of assets or significantly extend asset lives is expensed rather than capitalized.

Depreciation or amortization of capital assets is charged as an expense against operations over the estimated useful life using the straight-line method of depreciation. Once placed into service the estimated useful life of capital assets is five years. Capital Assets are recorded net of accumulated depreciation.

H. Receivables

Receivables reported are amounts due that represent revenues earned or accrued in the applicable period. Types of receivables included in this classification relate to interest, loans receivable, and other miscellaneous receivables. Interest receivable on loans is recorded at the net recoverable amount by management policy. Loans receivable are recorded net of an allowance for uncollectible accounts based on a percentage of receivables as determined by management.

I. Operating Revenues and Expenses

Operating revenues include interest and fees on program loans as well as earnings on cash and any investments related to SELP's loan program. Administrative expenses and bond program related expenses are considered operating expenses.

J. Compensated Absences

Employees accrue vacation leave at various accrual rates and may generally be paid for up to a maximum of 250 hours accrued vacation leave at termination. Accumulated vacation leave is recorded as an expense and a liability of those funds as the benefits accrue to the employees. No liability is recorded for accumulated sick pay benefits, as employees may not convert accrued sick leave into cash at termination.

K. Arbitrage Rebate Liability

Internal Revenue Code Section 148(f) requires issuers of tax-exempt bonds to rebate income from the investment of bond proceeds that exceeds limits established for each bond issue. These limits are based on the bond yield calculated for federal tax purposes for each bond issue and are subject to certain exceptions. Arbitrage rebate payments are due not later than 60 days after the end of the fifth anniversary of each bond issue and every five years thereafter in an amount equal to at least 90 percent of the calculated arbitrage liability. Final arbitrage rebate payments are due not later than 60 days after the final retirement of all bonds in an issue in an amount equal to 100 percent of the calculated arbitrage liability. SELP records arbitrage rebate as a reduction of investment revenue.

L. Bond Expenses

Bond issuance costs are capitalized as deferred charges and amortized over the term of the related bond issue. Bond premiums and discounts arising from the sale of a particular bond issue are deferred and charged or credited to interest expense over the term of the bond issue, using the bonds-outstanding method of amortization. Deferred amounts related to debt refunding are reflected as a reduction to Bonds Payable and are amortized over the shorter of the term of the refunding or refunded bonds using the bonds-outstanding method of amortization. The bonds-outstanding method of discount and deferred charge amortization most closely approximates the effective-interest method.

M. Borrower's Reserve Accounts

SELP holds reserve investments for certain municipal borrowers. All interest earned on these reserve accounts is credited to the borrower's account when received. Funds in the reserve account in excess of contractual requirements are remitted to the borrowers upon request.

N. Comparative Data

Comparative financial statements are presented in order to provide an understanding of the changes in SELP's financial position and operations.

NOTE 2. CASH AND INVESTMENTS

SELP funds are held in demand accounts with the State Treasurer. The State's investment policies are governed by statute, and are overseen by the Oregon Investment Council. The State Treasurer is the investment officer responsible for the funds on deposit in the State Treasury. In accordance with Oregon statutes, the investment funds are invested, and the investments of those funds managed, as would a prudent investor, exercising reasonable care, skill and caution. Investments in the Oregon Short Term Fund (OSTF) are further governed by portfolio guidelines issued by the Oregon Short Term Fund Board. Earnings on the OSTF are allocated on a pro-rata basis on daily account balances.

A. Cash Deposits

The custodial credit risk for cash deposits is the risk that in the event of a bank failure, the State's deposits may not be recovered, or the State will not be able to recover collateral securities that are in the possession of an outside party.

At June 30, 2009, the book balance of cash and cash equivalents was $37,371,190. The unadjusted bank balance was $37,395,422, all of which was held in demand accounts with the State Treasurer invested in the Oregon Short Term Fund (OSTF). All deposits in the OSTF at June 30, 2009, are with financial institutions participating in the FDIC's Transaction Account Guarantee Program. Under that program, all noninterest-bearing transaction accounts are fully guaranteed by the DFIC for the entire amount in the account. Coverage under the Transaction Account Guarantee Program is in addition to and separate from the coverage available under the FDIC's general deposit insurance rules. Consequently, the entire bank balance of the OSTF was fully insured.

Securities in the Oregon Short Term Fund are held by the Treasury's agent in the name of the State of Oregon. They consist of government securities, certificates of deposit, bankers acceptances, and other short-term commercial paper. A separate financial report for the OSTF is prepared by the Treasurer. Copies of the report can be obtained from the Oregon State Treasury, Finance Division, 350 Winter Street, NE, Suite 100, Salem, Oregon 97301-3896 or from their web site at
http://www.ost.state.or.us/divisions/investment/index.htm#fund.

At June 30, 2008, the book balance of cash and cash equivalents was $52,972,809. The unadjusted bank balance was $52,992,764, all of which was held in demand accounts with the State Treasurer invested in the Oregon Short Term Fund (OSTF). State Treasurer demand deposit accounts and time certificate of deposit investments of the OSTF are held in state banks and insured or collateralized in excess of FDIC coverage for a minimum of 25 percent in accordance with State statute.

Bond Indenture and State statute require SELP cash be segregated into the Loan Fund and the Sinking Fund. The following table itemizes cash balances at June 30, 2009 and 2008:

	June 30, 2009	June 30, 2008
Loan Fund	$12,144,453	$21,390,648
Sinking Fund		
Program Account	10,089,546	11,289,959
Principal & Interest	7,412,459	6,562,610
Redemption Account	1,060,000	7,500,000
Extraordinary Expense	5,110,639	4,699,646
Borrower's Reserves	1,554,093	1,529,946
TOTALS	$37,371,190	$52,972,809

NOTE 3. LOANS RECEIVABLE

The loans receivable portfolio includes state agency loans. The loan portfolio value and associated statewide concentration of credit risk is:

	June 30, 2009	June 30, 2008
Loans Receivable	$145,474,461	$132,135,776
State agency loans	(27,514,178)	(19,267,092)
Net credit risk exposure	$ 117,960,283	$ 112,868,684

SELP uses the allowance method to estimate uncollectible loans receivable. The allowance for loans is based primarily upon a percentage of new loans made during the fiscal year. The allowance is periodically adjusted by management to accommodate changes in economic conditions, non-performing assets, historical loss experience, industry practice and other conditions that may affect the ultimate collectability of the loans. In 2009 and 2008, SELP management determined that the balance of the allowance account was sufficient to cover projected losses for the loan portfolio.

The following table details Net Loans Receivable as of June 30, 2009 and 2008:

	June 30, 2009	June 30, 2008
Loans Receivable	$145,474,461	$132,135,776
Allowance for uncollectible principal	(12,948,738)	(2,721,286)
Net Loans Receivable	$ 132,525,723	$ 129,414,490

A borrower defaulted on a SELP loan during fiscal year 2009 after their business closed in October 2008. The lien holder in first position issued a notice of default and commenced foreclosure proceedings in January 2009. The borrower and guarantor filed for bankruptcy on June 23, 2009 and a judgment of default was entered against the defendants to protect SELP's interests. Because of SELP's lien position and the defendant's net worth, SELP management determined that debt collection was highly unlikely. Considering the circumstances, the Oregon Secretary of State directed SELP to write off the debt as uncollectible. Accordingly, $32,055 of loan principal was written off the allowance for uncollectible principal during fiscal year ended June 30, 2009.

A loan representing approximately 14% of SELP's loan portfolio filed a voluntary Chapter 11 bankruptcy petition on January 28, 2009. The SELP loan of $20,000,000 represented 1/6 of the total debt associated with the project construction. While the exact loss cannot be estimated as of the end of fiscal year 2009, it appears probable that SELP will not collect all contractual principal and interest related to the loan. An estimated loss contingency of $10 million was added to the allowance for uncollectible principal in recognition of the negotiations among the borrower and creditors and the plan submitted to the bankruptcy court for consideration.

Without regard to this loan, the loss allowance associated with the loan portfolio represents approximately two percent of the gross loans receivable. The current allowance balance represents approximately nine percent of gross loans receivable.

During fiscal year ended June 30, 2007, SELP held an agreement with a borrower that allowed for temporary modification of the payment terms associated with their loan. In exchange for borrower compliance with the terms of their agreement, SELP agreed to forbear against issuing a notice of default and enforcement of its security interests under the loan documents. SELP holds a first deed of trust as security for the loan. SELP management determined in prior fiscal years that collection of the accrued interest from this borrower was impaired. Although the loan documents provide for corrective actions in the event of default, SELP was not able to enforce these provisions to collect the entire amount of accrued interest on the loan. Accordingly, a loss contingency recorded as a reduction of interest income was recognized in the year ended June 30, 2007 based on historical interest collection rates and current settlement negotiations with the borrower. Pursuant to those settlement negotiations, SELP restructured the borrower's loan in November 2007. SELP agreed to revised loan terms and lump sum principal payments by the borrower in exchange for principal and accrued interest and principal concessions by SELP. Accrued interest $3,085,232 was written off against the allowance for uncollectible interest and $835,000 of loan principal was written off against the allowance for uncollectible principal during fiscal year ended June 30, 2008.

NOTE 4. BONDS PAYABLE AND DEBT SERVICE

Since SELP's inception in 1980, it has issued State of Oregon General Obligation bonds totaling $640,910,000, of which $157,380,000 was outstanding at June 30, 2009. Bond proceeds are loaned to individual residents, businesses, nonprofit organizations, state agencies, school districts and local governments in Oregon for energy conservation, renewable resource energy, recycling and alternate fuels projects. The following table provides a summary of bond transactions as presented on the balance sheets for the fiscal years ended June 30, 2009 and June 30, 2008:

	June 30, 2009	June 30, 2008
Bonds Payable-beginning	$160,250,000	$154,490,000
Bonds issued	15,445,000	18,000,000
Bonds retired and defeased	(18,315,000)	(12,240,000)
Bonds Payable-ending	157,380,000	160,250,000
Premium on Bonds Payable	889,421	1,010,187
Discount on Bonds Payable	(368,138)	(403,621)
Deferred Loss on Bond Refunding	(15,181)	(23,395)
Net Bonds Payable	$ 157,886,102	$ 160,833,171

Debt Service Requirements to Maturity

The following table summarizes the amounts necessary to pay all future bonded debt principal and interest requirements as of June 30, 2009, for each fiscal year during the next five years period ending June 30, 2014, and in five year increments thereafter:

Years Ending June 30	Bond Principal	Bond Interest	Total Debt Service
2010	$ 12,580,000	$ 7,623,952	$ 20,203,952
2011	13,770,000	6,713,735	20,483,735
2012	14,200,000	6,099,121	20,299,121
2013	12,410,000	5,487,049	17,897,049
2014	11,315,000	4,939,140	16,254,140
2015-2019	50,085,000	16,739,965	66,824,965
2020-2024	32,425,000	5,861,944	38,286,944
2025-2029	10,095,000	1,577,291	11,672,291
2030	500,000	15,000	515,000
TOTALS	$157,380,000	$55,057,197	$212,437,197

The following table summarizes the outstanding bond issues by series as of June 30, 2009:

SCHEDULE OF DEBT ISSUED AND OUTSTANDING
General Obligation Bonds

Original Issue						Bonds Outstanding				
		Final	Coupon Interest Range			Beginning			Ending	Due Within
Series	Dated Date	Maturity	From	To	Amount	Balance	Increases	Decreases	Balance	One Year
1998 A	Mar-98	Jan-14	3.900%	4.900%	3,000,000	1,520,000	-	225,000	1,295,000	235,000
1998 C	Oct-98	Jul-19	3.500%	4.800%	5,500,000	3,955,000	-	250,000	3,705,000	260,000
1998 D	Oct-98	Jan-28	4.100%	4.800%	14,535,000	12,075,000	-	7,595,000	4,480,000	95,000
1998 E	Oct-98	Jan-17	3.650%	4.900%	2,000,000	1,200,000	-	110,000	1,090,000	115,000
1998 G	Oct-98	Jan-17	3.650%	4.900%	2,500,000	470,000	-	55,000	415,000	415,000
1999 A	Oct-99	Jan-17	4.750%	5.100%	25,995,000	15,310,000	-	1,595,000	13,715,000	1,645,000
1999 B	Apr-99	Jan-15	4.000%	4.750%	9,100,000	1,555,000	-	195,000	1,360,000	205,000
1999 C	Apr-99	Jul-11	4.000%	4.600%	2,115,000	775,000	-	775,000	-	-
1999 D	Apr-99	Jan-14	5.500%	6.000%	8,840,000	755,000	-	110,000	645,000	645,000
2000 A	Apr-00	Jul-17	4.500%	5.500%	7,320,000	2,820,000	-	215,000	2,605,000	230,000
2001 A	May-01	Jul-18	4.000%	5.000%	2,000,000	1,925,000	-	215,000	1,710,000	225,000
2001 D	Oct-01	Apr-16	2.300%	4.500%	4,000,000	2,645,000	-	285,000	2,360,000	300,000
2001 E	Oct-01	Oct-16	3.150%	4.850%	1,600,000	1,500,000	-	-	1,500,000	-
2001 F	Oct-01	Oct-16	3.150%	6.000%	11,500,000	7,500,000	-	795,000	6,705,000	840,000
2002 A	May-02	Oct-12	3.000%	4.250%	10,950,000	5,995,000	-	1,100,000	4,895,000	1,145,000
2004 A	Apr-04	Jul-16	2.000%	3.500%	11,035,000	6,785,000	-	1,470,000	5,315,000	1,500,000
2004 C	Apr-04	Jul-15	2.000%	3.750%	3,850,000	2,695,000	-	390,000	2,305,000	400,000
2004 D	Nov-04	Oct-17	4.000%	5.000%	8,845,000	4,895,000	-	885,000	4,010,000	925,000
2005 A	Aug-05	Oct-20	3.000%	4.375%	1,470,000	1,320,000	-	80,000	1,240,000	85,000
2005 B	Aug-05	Oct-21	4.230%	5.290%	4,500,000	3,865,000	-	290,000	3,575,000	300,000
2006 A	May-06	Apr-22	5.500%	5.750%	12,000,000	11,170,000	-	960,000	10,210,000	1,030,000
2006 B	Nov-06	Oct-22	4.000%	5.000%	24,200,000	24,200,000	-	-	24,200,000	575,000
2006 C	Nov-06	Oct-22	5.160%	5.510%	3,750,000	3,750,000	-	-	3,750,000	190,000
2007 A	May-07	Oct-28	4.000%	4.375%	8,000,000	8,000,000	-	-	8,000,000	180,000
2007 B	May-07	Oct-23	4.000%	4.500%	10,570,000	10,570,000	-	335,000	10,235,000	620,000
2007 C	May-07	Oct-22	5.030%	5.380%	5,000,000	5,000,000	-	385,000	4,615,000	420,000
2008 A	Apr-08	Oct-23	4.600%	5.000%	18,000,000	18,000,000	-	-	18,000,000	-
2008 B	Oct-08	Oct-29	4.000%	5.750%	15,445,000	-	15,445,000	-	15,445,000	-
Defeased/ Matured	98-04				29,335,000	-				
	Pre-98				373,955,000	-			-	-
Total General Obligation Bonds issued					$640,910,000	$160,250,000	$15,445,000	$18,315,000	$157,380,000	$12,580,000

Early Bond Redemptions

SELP exercised the following optional bond redemptions with loan prepayments and other funds on hand:

Bond Series	Amount Redeemed	Date Redeemed
1998D	$7,500,000	7/1/2008
1999C	595,000	5/1/2009

NOTE 5. CHANGES IN LONG TERM LIABILITIES

Long term liability activity for June 30, 2009 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Net Bonds Payable	$160,833,171	$15,368,162	$18,315,231	$157,886,102	$12,580,000
Arbitrage Rebate Liability	42,974	0	42,974	0	0
Borrower's Deposit Liability	1,530,488	31,586	7,981	1,554,093	0
OPEB Liability	3,598	3,394	0	6,992	0
Compensated Absences Payable	45,592	0	2,382	43,210	28,951
TOTALS	$162,455,823	$15,403,142	$18,368,568	$159,490,397	$12,608,951

NOTE 6. COMMITMENTS

As of June 30, 2009 and June 30, 2008, SELP had committed but undisbursed loan funds of $10,975,970 and $19,327,683, respectively, for various alternative energy, energy efficiency and alternate fuel projects within the state of Oregon. Funds are committed pursuant to legal agreements with borrowers. Additional general obligation bond funds are designated for future energy project loans pursuant to the bond indenture in the amounts of $43,149 and $686,014 as of June 30, 2009 and June 30, 2008, respectively.

NOTE 7. CAPITAL ASSETS

As of June 30, 2009, SELP capital assets consisted of the accumulated costs of developing a new database for the program. The Data Processing Software was placed into service in January 2005. The new database ran concurrently with the old from October 2004 through December 2005. SELP has no outstanding debt related to capital assets.

A summary of SELP's capital asset activity is presented in the following table:

	Beginning Balance	Additions	Deletions	Ending Balance
Data Processing Software	$ 264,466	$ 0	$ 0	$ 264,466
Less: Accumulated Depreciation	(189,534)	(52,893)	0	(242,427)
Total Net Capital Assets	$ 74,932	$(52,893)	$ 0	$ 22,039

NOTE 8. EMPLOYEE RETIREMENT PLANS

The Oregon Public Employees Retirement System (PERS) provides defined benefit and defined contribution retirement plans for State government, school districts, community colleges, and political subdivisions of the State. The 2003 Oregon Legislature created a new plan to provide public employees hired on or after August 29, 2003 with retirement benefits after completion of six months of service. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid pension plan with two components: the Pension Program, a defined benefit program, and the Individual Account Program (IAP), a defined contribution plan. PERS members retain their existing PERS accounts, but beginning January 1, 2004, any future member contributions were deposited in the member's IAP account, rather than into the member's PERS account. PERS issues a separate financial report that includes audited financial statements and required supplementary information. The report is available publicly and may be obtained by contacting the Fiscal Services Division, Oregon Public Employees Retirement System 11410 SW 68th Parkway, Tigard, Oregon 97223.

Oregon Public Employees Retirement System (PERS)

SELP employees who were plan members before August 29, 2003 participate in PERS, a cost-sharing multiple- employer defined benefit pension plan. PERS is administered by the Public Employees Retirement Board (Board) under the guidelines of the Oregon Revised Statutes, Chapter 238. PERS provides retirement benefits and cost-of-living adjustments as well as disability, post-employment healthcare, and death benefits to plan members and beneficiaries.

SELP is required by statute to contribute actuarially computed amounts as determined by the Board. The funding policies provide for monthly employer contributions. Rates are subject to change as a result of subsequent actuarial valuations. The rate of each covered employees salary was 6.54 percent through June 30, 2009. The amounts contributed by SELP representing the employer contributions for the years ended June 30, 2009, 2008, and 2007 were $25,031, $25,069, and $47,957, respectively, equal to the required contributions each year.

Oregon Public Service Retirement Plan (OPSRP)

The defined benefit portion of the Oregon Public Service Retirement Plan (OPSRP) is the Pension Program. This program is a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees Retirement Board (Board) under the guidelines of the Oregon Revised Statutes, Chapter 238A. The Pension Program monthly pension benefit is payable for life and, after the death of the member, payable to the designated beneficiary at either the same amount or one-half of the amount, depending on the option the member chose at retirement.

SELP is required by statute to contribute actuarially computed amounts as determined by the Board. Rates are subject to change as a result of subsequent actuarial valuations. The rate of each covered employee's salary for the fiscal year ended June 30, 2009 8.03 percent. SELP did not have any employees eligible for contribution to the OPSRP until April 2008. The amounts contributed by SELP for the years ended June 30, 2009, 2008, and 2007 were $9,669, $1,524, and $0, respectively, equal to the required contributions for the year.

The Individual Account Program (IAP) is the defined contribution portion of OPSRP. The IAP is administered by the Public Employees Retirement Board (Board) under the guidelines of Oregon Revised Statutes, chapter 238A. It is applicable to all new hires on or after August 29, 2003 and for active PERS members as of January 1, 2004. The 6.00 percent employee contribution required by State statute was credited to the accounts of covered employees effective January 1, 2004. All covered employees are required by state statute to contribute a percentage of their salary to the IAP. Current law permits employers to pay the employee contribution, which SELP does. The amount contributed by SELP for the years ended June 30, 2009, 2008 and 2007, were $31,827, $25,965 and $33,112, respectively, equal to the required contributions for the year.

NOTE 9. OTHER POSTEMPLOYMENT BENEFIT PLANS

SELP employees may be eligible to participate in health insurance plans and other benefit plans after retirement, collectively known as Other Postemployment Benefits (OPEB). OPEB plans are offered through the Public Employees Retirement System (PERS) as established by Oregon Revised Statutes (ORS) 238.410 and the Public Employees Benefit Board (PEBB) established by ORS 243.302. A copy of the Oregon Public Employees Retirement System annual financial report may be obtained from PERS Fiscal Services Division, 11410 SW 68th Parkway, Tigard, Oregon 97223.

Retirement Health Insurance Account

The Retirement Health Insurance Account (RHIA) is a cost-sharing multiple-employer OPEB plan which provides a payment of up to $60 toward the monthly cost of health insurance for eligible PERS members. To be eligible for the RHIA subsidy, the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement ore receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare parts A and B coverage, and (3) enroll in a PERS-sponsored health insurance plan.

SELP is required by statute to contribute actuarially computed amounts as determined by PERS. Rates are subject to change as a result of subsequent actuarial valuations. The rate of each covered employee's salary for the fiscal year ended June 30, 2009 was .37 percent. The RHIA employer contribution is embedded within the total PERS contribution rate.

Combined employer contributions by SELP for the years ended June 30, 2009, 2008 and 2007, were $2,131, $1,784 and $3,256, respectively.

The Legislature has sole authority to amend the benefit provisions and funding policy for the RHIA plan.

Retiree Health Insurance Premium Account

The Retiree Health insurance Premium Account (RHIPA) is a single –employer OPEB plan that provides for payment of the average difference between the health insurance premiums paid by retired state employees , under contracts entered into by the PERS Board, and the health insurance premiums paid by state employees who are not retired. Retired state employees are qualified to receive the RHIPA subsidy if they had eight or more years of qualifying service in PERS at the time of retirement or are receiving a disability pension calculated as if they had eight ore more years of qualifying service, but are not eligible to federal Medicare coverage.

SELP is required by statute to contribute actuarially computed amounts as determined by PERS. Rates are subject to change as a result of subsequent actuarial valuations. The rate of each covered employee's salary for the fiscal years ended June 30, 2009 and 2008 was .10 percent which is embedded within the total PERS contribution rate. SELP's actual contribution for the years ended June 30, 2009 and 2008 totaled $576 and $482, respectively.

The Legislature has sole authority to amend the benefit provisions and funding policy for the RHIPA plan.

Public Employees Benefit Board Plan

The Public Employees Benefit Board (PEBB) plan is an agent multiple-employer plan which offers medical, dental and vision benefits to eligible retired employees. Retired employees not eligible for Medicare are eligible for PEBB coverage if the retiree is receiving a service or disability benefit from PERS or another state system, is eligible to receive a retirement allowance from PERS and has reached the earliest retirement age under ORS Chapter 238, or is eligible to receive a service allowance or pension under any system offered by the state and has attained the earliest retirement age under that system. The PEBB Plan funding policy provides for contributions at amounts sufficient to fund benefits on a pay-as-you-go basis. Active employees do not make contributions. Participating retirees pay their own monthly premiums based on a blended premium rate since retirees are pooled together with active employees for insurance rating purposes. PEBB activity is reported as part of the State of Oregon's annual report and does not issue a separate financial report.

SELP's liability for OPEB expenses for the years ended June 30, 2009 and 2008 was $6,992 and $3,598, respectively.

NOTE 10. RISK FINANCING

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; and employees, elected officials, and members of commissions and boards for honesty. Faithful performance coverage is provided for key positions in state government that are required by law to be covered. For the State of Oregon, the amount of claim settlements did not exceed commercial insurance coverage for each of the past three fiscal years.

SELP 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 losses. The total statewide risk charges are based on independent biennial actuarial forecasts and administrative expenses, less any available fund balance in the Insurance Fund from the prior biennium.

NOTE 11. DEFEASED DEBT

On August 24, 2006, the balance of 2001 Series B bonds were legally defeased in the amount of $8,715,000. Pursuant to tax law requirements, the balance of unexpended proceeds were placed into escrow until the January 1, 2011 optional call date. The escrowed securities and earnings thereon will be sufficient to pay principal and interest of the defeased bonds as it becomes due and payable until the redemption date through the Escrow Agent. These bonds represented Private Activity Bonds (PAB) issued on May 1, 2001 for a project that did not proceed. The outstanding defeased debt at June 30, 2009 and 2008 was $6,745,000 and $7,430,000, respectively.

NOTE 12. TROUBLED DEBT RESTRUCTURINGS

SELP makes every reasonable effort to work with borrowers that are experiencing difficulties making payments under existing loan agreements. During the fiscal year ended June 30, 2009, a loan restructuring agreement was reached between SELP and a borrower facing financial difficulties. SELP provided relief to the borrower by reducing the interest rate on the loan, adjusting the monthly payment and extending the original term of the loan. The revised interest rate is commensurate with current market conditions for debt with similar risk. As part of the new agreement, the maturity of the loan was extended approximately 9 years on a loan balance of $70,677. Interest revenue under the restructured loan will exceed the scheduled interest under the original terms of the debt by approximately $15,000 over the life of the loan. SELP management considers this loan a performing asset as the borrower is in full compliance with the terms of the restructured loan agreement.

Pursuant to ongoing settlement negotiations, SELP reached an agreement with a borrower to restructure their loan in November 2007. Previous to the restructure, SELP had agreed to forbear against issuing a notice of default and commencing foreclosure or litigation to enforce its security interests and legal remedies under the original loan documents in exchange for a temporary modification of their payment terms. Leading up to the restructure, the borrower had complied with the terms of the forbearance agreement. As part of the new agreement, unpaid accrued interest and a portion of principal, was written off pursuant to a directive from the Governor's office in exchange for lump sum payments on behalf of the borrower during fiscal years 2008 and 2007. Prior to restructure after application of borrower lump sum payments, the aggregate loan balance including accrued interest was $9,377,100. The loan interest rate was reduced commensurate with current market conditions for debt with similar risk and cost of funds, quarterly payments increased and the final maturity extended. Under the existing loan terms the interest collected during fiscal year ended June 30, 2008 would have been $728,779 if loan had been paying under terms of the loan agreement or $250,000 under the forbearance agreement. The actual amount of interest collected on the restructured note during fiscal year ended June 30, 2008 was $302,200. Under the terms of the restructured note of $5,456,868, SELP management expects the loan to be paid as agreed.

NOTE 13. SUBSEQUENT EVENTS

The following subsequent events occurred after June 30, 2009:

Early Bond Redemptions

SELP exercised the following optional bond redemptions with loan prepayments and other funds on hand:

Bond Series	Amount Redeemed	Date Redeemed
1998G	$415,000	7/1/2009
1999D	645,000	7/1/2009

Bond Issuance

SELP issued the following General Obligation Alternate Energy Bonds on November 11, 2009:

Bond Series	Bond Type	Par Amount
2009A	Governmental Purpose	$23,850,000
2009B	Private Activity-No AMT	16,430,000
2009C	Taxable	3,525,000

Bankruptcy Update

A major borrower that operated Oregon's largest ethanol plant filed a voluntary Chapter 11 bankruptcy petition on January 28, 2009. SELP loaned the borrower $20 million in 2007 out of a total project cost of approximately $192 million. The principal balance on the loan at June 30, 2009 was $19,860,481. Pursuant to a plan for reorganization, SELP received approximately $1.3 million from the project sponsor on September 8, 2009. The bankruptcy court rejected a plan for reorganization and converted the case to Chapter 7 proceedings on September 28, 2009. The court appointed trustee determined that it is in the best interests of the bankruptcy estate to sell the plant assets and an auction was held on December 9, 2009. The assets were sold free and clear of liens to the highest bidder, JH Kelly, LLC, Ethanol. $3 million will be dispersed among the six lenders. SELP received a partial settlement payment on December 28, 2009 of $267,715 and expects to receive approximately $250,000 in final settlement within the next 30-90 days. Management expects to write off the loan as uncollectible during fiscal year 2010, with the loss to the program anticipated to be a little over $18 million in loan principal write off plus carrying charges associated with the outstanding debt.

The loan was financed with State of Oregon General Obligation debt and as such, the full faith and credit of the State of Oregon is pledged for the payment of principal and interest on the bonds when due. While the bonds are secured by general ad valorem taxes which may be levied against all taxable property within Oregon, the State has not imposed property taxes for many years, and does not expect that a levy will be required to pay the outstanding bonds. In event that loan repayments and other resources available to SELP are not sufficient to pay the bonds issued for this loan, management anticipates that the State will either use its general fund to pay the bonds or use other resources to loan funds to SELP for the bond payments.

OTHER REPORT

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The Honorable Theodore Kulongoski
Governor of Oregon

Mark Long, Acting Director
Oregon Department of Energy

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

We have audited the financial statements of the Small Scale Energy Loan Program (SELP), an enterprise fund of the State of Oregon, Department of Energy, as of and for the years ended June 30, 2009 and 2008, and have issued our report thereon dated February 23, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered SELP's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SELP's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of SELP's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SELP's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Department of Energy's management, the governor of the State of Oregon, and the Oregon Legislative Assembly and is not intended to be and should not be used by anyone other than those specified parties.

OREGON AUDITS DIVISION

Kate Brown
Secretary of State

February 23, 2010

ABOUT THE SECRETARY OF STATE AUDITS DIVISION

The Oregon Constitution provides that the Secretary of State shall be, by virtue of her 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.

Audit Team

Julianne Kennedy, CPA, Audit Manager
Alan J. Bell, MBA
Nicole M. Rollins

This report, a public record, is intended to promote the best possible management of public resources. Copies may be obtained from:

internet: http://www.sos.state.or.us/audits/index.html

phone: 503-986-2255

mail: Oregon Audits Division
255 Capitol Street NE, Suite 500
Salem, OR 97310

The courtesies and cooperation extended by officials and employees of the Oregon Department of Energy during the course of this audit were commendable and sincerely appreciated.

Auditing to Protect the Public Interest and Improve Oregon Government

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