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*Auditing for a Better
Oregon*

The Honorable John Kitzhaber, M.D.
Governor of Oregon
State Capitol
Salem, Oregon 97310

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying general-purpose financial statements of the State of Oregon, as of and for the year ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the State of Oregon's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit. We did not audit the financial statements of the Oregon Health Sciences University, which statements reflect total assets of \$1,364 million as of June 30, 1999, and total revenues of \$647 million for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Oregon Health Sciences University in the component units column, is based on the report of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards 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 and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the general-purpose financial statements referred to above present fairly, in all material respects, the financial

to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

The year 2000 supplementary information on page 64 is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries by management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit this information and do not express an opinion on it. In addition, we do not provide assurance that the State of Oregon is or will become year 2000 compliant, that the State of Oregon's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the State of Oregon does business will be year 2000 ready.

We did not audit the introductory and statistical sections of this report, and accordingly, express no opinion thereon.

In accordance with *Government Auditing Standards*, we issue a report on our consideration of the State of Oregon's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. This report will be issued under separate cover in our *Single Audit Report* for the State of Oregon.

OREGON AUDITS DIVISION

[signature on file]

Sharron E. Walker, CPA, CFE
Deputy Director

December 10, 1999