



WILLAMETTE UNIVERSITY

Independent Auditors' Report in
Accordance with OMB Circular A-133

May 31, 2009

(With Independent Auditors' Report Thereon)

WILLAMETTE UNIVERSITY

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KPMG LLP
Suite 3800
1300 South West Fifth Avenue
Portland, OR 97201

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

The Board of Trustees
Willamette University:

Compliance

We have audited the compliance of Willamette University with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* (Compliance Supplement) that are applicable to each of its major federal programs for the year ended May 31, 2009, except the requirements discussed in the second paragraph of this report. Willamette University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Willamette University's management. Our responsibility is to express an opinion on Willamette University's compliance based on our audit.

We did not audit Willamette University's compliance with the requirements governing maintaining contact with borrowers and billing and collection procedures in accordance with the requirements of the Student Financial Assistance Cluster: Federal Perkins Loan program as described in the Compliance Supplement. Those requirements govern functions performed by Educational Computer Systems Inc. (ECSI). Since we did not apply auditing procedures to satisfy ourselves as to compliance with those requirements, the scope of work was not sufficient to enable us to express, and we do not express, an opinion on compliance with those requirements. ECSI's compliance with the requirements governing the functions that it performs for Willamette University for the year ended May 31, 2009 was examined by other accountants in accordance with the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*. Our report does not include the results of the other accountants' examination of ECSI's compliance with such requirements.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Willamette University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Willamette University's compliance with those requirements.



In our opinion, Willamette University complied, in all material respects, with the requirements referred to in the first paragraph above that are applicable to each of its major federal programs for the year ended May 31, 2009.

Internal Control over Compliance

The management of Willamette University is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Willamette University's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Willamette University's internal control over compliance.

Requirements governing maintaining contact with borrowers and billing and collection procedures in the Student Financial Assistance Cluster: Federal Perkins Loan program as described in the Compliance Supplement are performed by ECSI. Internal control over compliance related to such functions for the year ended May 31, 2009 was reported on by other accountants in accordance with the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*. Our report does not include the results of the other accountants' testing of ECSI's internal control over compliance related to such functions.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program 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 material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of Willamette University as of and for the year ended May 31, 2009, and have issued our report thereon dated October 16, 2009. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



This report is intended solely for the information and use of the board of trustees, University management, 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.

KPMG LLP

October 16, 2009

WILLAMETTE UNIVERSITY

Schedule of Expenditures of Federal Awards

Year ended May 31, 2009

	Federal CFDA number	Federal expenditures
		<u> </u>
Student financial assistance cluster:		
Department of education:		
Federal Pell Grant Program	84.063	\$ 1,178,407
Federal Work Study	84.033	503,083
Supplemental Education Opportunity Grant	84.007	488,034
Federal Perkins Loans	84.038	1,276,316
Academic Competitiveness Grant	84.375	85,325
National SMART Grant	84.376	<u>86,000</u>
Total student financial assistance cluster		<u>3,617,165</u>
Research and development cluster:		
National Science Foundation:		
NSF Grant – Johnson/Starr	47.049	195,268
NSF Grant – Stewart/Stas	47.049	67,822
NSF Grant – Stavrianeas	47.049	7,423
NSF Grant – Orr	47.049	169
NSF Grant – A. Duncan	47.049	<u>244,200</u>
Total national science foundation	47.049	<u>514,882</u>
National Endowment for the Humanities		
NEH - Spalti	45.169	<u>21,379</u>
Total national endowment for the humanities		<u>21,379</u>
National Endowment for the Arts:		
NEA - Dobkins	45.024	<u>4,659</u>
Total national endowment for the arts		<u>4,659</u>
Department of defense:		
Department of Defense	12.000	44,811
State Department	19.xxx	<u>232,380</u>
Total research and development cluster		818,111
Department of education:		
National Writing Project	84.928	<u>52,447</u>
Total expenditures of federal awards		<u>\$ 4,487,723</u>

See accompanying notes to schedule of expenditures of federal awards.

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Notes to Schedule of Expenditures of Federal Awards

Year ended May 31, 2009

(1) Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes all federal grants received by the University which had activity during the year ended May 31, 2009. This schedule has been prepared on the accrual basis of accounting and in accordance with OMB Circular A-133.

(2) Subrecipients

Of the Federal expenditures presented in the Schedule of Expenditures of Federal Awards, Willamette University provided Federal awards to subrecipients as follows:

<u>Program title</u>	<u>CFDA number</u>	<u>Expenditures</u>
NSF (Johnson/Starr)	47.076	\$ 136,350

(3) Loan Program Administration

The University administers the following loan programs:

	<u>CFDA number</u>	<u>Outstanding balance at May 30, 2009</u>
Perkins loans	84.038	\$ 8,947,145

(4) Federal Family Education Loan Program (FFELP)

During the fiscal years ended May 31, 2009, the University processed the following amount of new loans under the FFELP (which includes Stafford Loans and Parents' Loans for Undergraduate Students):

	<u>CFDA number</u>	<u>Amount outstanding</u>
Stafford loans	84.032	\$ 17,759,396
Parents' loans for undergraduate students	84.032	9,147,025
Total		\$ <u>26,906,421</u>

(5) Administrative Costs

The amount of Pell grant and Federal Work-Study disbursements shown on the schedule of expenditures of federal awards includes the current year administrative cost allowance of \$1,725 and \$99,000, respectively.

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Schedule of Findings and Questioned Costs

Year ended May 31, 2009

(1) Summary of Auditors' Results

- (a) The type of report issued on the financial statements: **Unqualified opinion**
- (b) Significant deficiencies in internal control disclosed by the audit of the financial statements:
None reported
Material weaknesses: **No**
- (c) Noncompliance which is material to the financial statements: **No**
- (d) Significant deficiencies in internal control over major programs: **None reported**
Material weaknesses: **No**
- (e) The type of report issued on compliance for major programs: **Unqualified opinion**
- (f) Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133:
No
- (g) Major programs: **Student Financial Assistance Cluster**
- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$1,171,949**
- (i) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: **No**

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*: None

(3) Findings and Questioned Costs Relating to Federal Awards: None