

Office of the Secretary of State
Bill Bradbury
Secretary of State
Jean Straight
Deputy Secretary of State



Audits Division
Charles A. Hibner, CPA
Director
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February 1, 2007

Victor Merced, Director
Oregon Housing and Community Services Department
P.O. Box 14508
Salem, Oregon 97309-0409

Dear Mr. Merced:

The statewide single audit that included selected federal awards at the Oregon Department of Housing and Community Services Department (department) for the year ended June 30, 2006, has been completed.

This statewide single audit work is not a comprehensive audit of your federal awards. Instead, this single audit permits us to report on the state's internal control and the state's compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major federal program. Regular audits at the department will continue on a periodic basis.

We determined whether the department substantially complied with the federal requirements relevant to the following federal programs.

<u>CFDA Number</u>	<u>Program Name</u>	<u>Audit Amount</u>
14.182	Lower Income Housing Assistance Program – Section 8 New Construction/Substantial Rehabilitation	\$50,699,543
93.568	Low Income Home Energy Assistance	\$25,340,720

Based on our audit, we did not identify any reportable conditions related to the programs audited.

Should you have any questions, please contact me at (503) 986-6440.

Sincerely,
OREGON AUDITS DIVISION

Mary E. Wenger, CPA
Deputy Director

MEW:brk
cc: Nancy Cain, Chief Financial Officer
Lindsay A. Ball, Director, Department of Administrative Services