

Office of the Secretary of State

Kate Brown
Secretary of State

Barry Pack
Deputy Secretary of State



Audits Division

Gary Blackmer
Director

255 Capitol Street NE, Suite 500
Salem, OR 97310

(503) 986-2255

fax (503) 378-6767

February 2, 2010

Scott Harra, Director
Department of Administrative Services
155 Cottage St NE
Salem, OR 97301

Dear Mr. Harra:

We have completed audit work of selected financial accounts at Department of Administrative Services (department) for the year ended June 30, 2009.

This audit work was not a comprehensive audit of the department. Instead, the audit work performed allowed us, in part, to achieve the following objectives: (1) express an opinion on whether the financial statements contained in the State of Oregon's Comprehensive Annual Financial Report were fairly presented, in all material respects, in conformity with generally accepted accounting principles; (2) determine whether the state's internal controls provided reasonable assurance of proper accounting, financial reporting, and legal compliance of transactions; and (3) determine whether the state has complied with applicable legal requirements that may have a direct and material effect on the state's financial statements.

In planning and performing our audit of the selected financial accounts at the department as of and for the year ended June 30, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the department's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements of the State of Oregon, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control. Accordingly, we do not express an opinion on the effectiveness of the department's internal control.

We audited the following accounts at the department and determined their fair presentation in accordance with generally accepted accounting principles in relation to the statewide financial statements.

SFMA Account	Description	Audit Amount Debit (Credit)
<u>GAAP Fund 0001, General Fund</u>		
0065	Unreconciled Deposit	(605,377,027)
0070	Cash On Deposit With Treasurer	222,555,945
1853	Transfer Out To OR University System	364,444,973
<u>GAAP Fund 1102, Business Development Fund</u>		
1322	Transfer In From Lottery Commission	(599,254,398)
<u>GAAP Fund 1105, Educational Support Fund</u>		
0070	Cash On Deposit With Treasurer	462,145,737
0300	Federal Revenue	(193,934,869)
1301	Transfer In From Other Fund	(92,739,391)
<u>GAAP Fund 1107, Environmental Management Fund</u>		
1301	Transfer In From Other Funds	(79,336,648)
<u>GAAP Fund 1108, Health and Social Services Fund</u>		
0065	Unreconciled Deposit	2,827,229
0070	Cash On Deposit With Treasurer	252,789,711
1401	Transfer Out To Other Fund	83,785,169
<u>GAAP Fund 1111, Public Transportation Fund</u>		
1405	Transfer To Counties	103,030,953
<u>GAAP Fund 1114, Oregon Rainy Day Fund</u>		
0070	Cash On Deposit With Treasurer	337,270,771
<u>GAAP Fund 5001, Central Services Fund</u>		
0816	Motor Vehicles	80,671,720
0852	Buildings And Building Improvements	317,787,230
0872	Accumulated Depreciation-Motor Vehicles	(49,336,660)
0875	Accumulated Depreciation-Buildings & Building Improvements	(106,428,566)
<u>GAAP Fund 8500, Government-Wide Reporting Fund</u>		
0967	Net Pension Asset	1,788,700,000
1276	Bonds Payable-Current	(84,348,755)
1714	Bonds Payable-Noncurrent	(2,435,396,460)

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Department of Administrative Services
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This communication is intended solely for the information and use of management, others within the organization, and is not intended to be and should not be used by anyone other than the specified parties.

We appreciate your staff's assistance and cooperation during this audit. Should you have any questions, please contact Mark Winter or me at (503) 986-2255.

Sincerely,
OREGON AUDITS DIVISION

Julianne Kennedy, CPA
Audit Manager

cc: Bret West, Operations Division Administrator, Department of Administrative Services
Pam Strobel-Valencia, Chief Audit Executive, Department of Administrative Services
James Russell, Accounting Manager, Department of Administrative Services
Joy Sebastian, Deputy State Controller, Department of Administrative Services