

**Office of the Secretary of State**

Kate Brown  
Secretary of State

Barry Pack  
Deputy Secretary of State



**Audits Division**

Gary Blackmer  
Director

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January 7, 2010

Major General Raymond F. Rees, Adjutant General  
Oregon Military Department  
PO Box 14350  
Salem, Oregon 97309-5047

Dear General Rees:

We have completed audit work of selected financial accounts at Oregon Military Department (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.

<u>SFMA Account</u>	<u>Description</u>	<u>Audit Amount</u>
<u>General Fund (GAAP Fund 0001)</u>		
3111	Regular Employees	\$3,674,541
3210	Public Employees Retirement Contribution	466,149
3212	Pension Bond Assessment	218,705
3221	Social Security Taxes	286,443
3263	Medical, Dental, Life Insurance	947,001
<u>Community Protection Fund (GAAP Fund 1103)</u>		
3111	Regular Employees	\$17,372,974
3210	Public Employees Retirement Contribution	2,250,753
3212	Pension Bond Assessment	1,010,790
3221	Social Security Taxes	1,392,524
3263	Medical, Dental, Life Insurance	4,950,576
6400	Distributions to Cities	27,422,800
<u>Government-Wide Reporting Fund (GAAP Fund 8500)</u>		
0852	Buildings and Building Improvements	\$180,647,742
0875	Accum Depr-Buildings & Bldg Improvements	(43,724,883)

This communication is intended solely for the information and use of management and 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 the audit. Should you have any questions, please contact Michelle Searfus or me at (503) 986-2255.

Sincerely,

OREGON AUDITS DIVISION

V. Dale Bond, CPA, CISA, CFE  
Audit Manager

VDB:sms

cc: BG Mike Caldwell, Deputy Director  
Karl Jorgenson, Director, Financial Administration Division  
Bryce Dohrman, Controller  
Scott Harra, Director, Department of Administrative Services