

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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Salem, OR 97310

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January 3, 2011

Colette S. Peters, Director
Oregon Youth Authority
530 Center St., Suite 200
Salem, OR 97301-3765

Dear Ms. Peters:

We have completed audit work of selected financial accounts at the Oregon Youth Authority (department) for the year ended June 30, 2010.

This audit work was not a comprehensive audit of the department. We performed this audit work as part of our annual statewide financial audit. The objective of the statewide audit was to 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.

In planning and performing our audit of the selected financial accounts at the department as of and for the year ended June 30, 2010, 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	\$47,492,815
3210	Public Employees Retirement Contribution	6,880,481
3212	Pension Bond Assessment	2,985,523
3221	Social Security Taxes	4,000,076
3263	Medical, Dental, Life Insurance	14,155,151

<u>SFMA Account</u>	<u>Description</u>	<u>Audit Amount</u>
<u>Government-Wide Reporting Fund (GAAP Fund 8500)</u>		
0852	Buildings and Building Improvements	\$61,631,023
0875	Accum Depr-Buildings & Bldg Improvements	23,566,929

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 this audit. Should you have any questions, please contact Jean Hodges or me at (503) 986-2255.

Sincerely,
OREGON AUDITS DIVISION

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

VDB:JMH:jas

cc: Jean Straight, Assistant Director, Business Services
Carolina Marquette, Accounting Services Manager
Brandon Weber, Chief Audit Executive
Scott Harra, Director, Department of Administrative Services