

Office of the Secretary of State

Kate Brown
Secretary of State

Brian Shipley
Deputy Secretary of State

**Audits Division**

Gary Blackmer
Director

255 Capitol St. NE, Suite 500
Salem, OR 97310

(503) 986-2255
fax (503) 378-6767

December 20, 2012

Fariborz Pakseresht, Director
Oregon Youth Authority
530 Center Street NE, Suite 200
Salem, Oregon 97301-3765

Dear Mr. Pakseresht:

We have completed audit work of selected financial accounts at the Oregon Youth Authority (department) for the year ended June 30, 2012.

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, 2012, 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>GAAP Fund 0001 – General Fund</u>		
3111	Regular Employees	\$45,282,570
3210	Public Employees Retirement Contribution	9,709,653
3212	Pension Bond Assessment	2,974,989
3221	Social Security Taxes	3,791,110
3263	Medical, Dental, Life Insurance	13,353,240

GAAP Fund 1103 – Community Protection Fund

3111	Regular Employees	\$1,496,662
3210	Public Employees Retirement Contribution	304,876
3212	Pension Bond Assessment	91,362
3221	Social Security Taxes	113,284
3263	Medical, Dental, Life Insurance	403,700

GAAP Fund 8500 – Government-Wide Reporting Fund

0852	Buildings and Building Improvements	\$70,156,248
0875	Accumulated Depreciation – Buildings	25,787,125

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 me at (503) 986-2255.

Sincerely,
OREGON AUDITS DIVISION

Kelly L. Olson, CPA
Audit Manager

KLO:JMH:nmj

cc: Jan Dean, Assistant Director, Business Services
Michael J. Jordan, Director, Department of Administrative Services