COMPLIANCE SECTION
COMMENTS OF THE INDEPENDENT ACCOUNTANTS REQUIRED BY THE STATE OF OREGON MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS
Comments of the Independent Accountants Required by the State of Oregon
Minimum Standards for Audits of Oregon Municipal Corporations

To the Board of Commissioners
Coos County, Oregon

Oregon Administrative Rules 162-10-050 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments and disclosures required in audit reports. The required statements and schedules are set forth in the preceding pages of this report. Required comments and disclosures related to our audit of such statements and schedules are set forth as follows:

REPORT ON ACCOUNTING AND INTERNAL CONTROL STRUCTURE

We have audited the financial statements of the Coos County, as of and for the year ended June 30, 2005, and have issued our report thereon dated November 2, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State of Oregon Minimum Standards for Audits of Oregon Municipal Corporations.

In planning and performing our audit, we considered Coos County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

The condition of the accounting records was generally excellent. Data was readily available and sufficient for audit.

COLLATERAL

We reviewed compliance with legal requirements pertaining to the amount and adequacy of collateral pledged by depositaries to secure the deposit of public funds. Nothing came to our attention to indicate that the County does not comply with these legal requirements.
INDEBTEDNESS

We reviewed compliance relating to short-term and long-term debt, including limitations on the amount of debt which may be incurred, liquidation of debt within the prescribed period of time, and compliance with provisions of bond indentures or other agreements, including any restrictions on the use of monies available to retire indebtedness. We found no instances in which the County had not complied with these legal or contractual provisions relating to short-term or long-term debt.

BUDGET

We reviewed budget procedures for compliance with Oregon local budget law. We found that the budget for the year ended June 30, 2005, was prepared, adopted, and executed in accordance with local budget law.

We found that the budget for the year ending June 30, 2005, was prepared and adopted in accordance with local budget law.

INSURANCE AND FIDELITY BONDS

We reviewed compliance with legal requirements relating to insurance and fidelity bond coverage. During our audit, we found no instances of noncompliance with these legal requirements pertaining to insurance and fidelity bond coverage.

PROGRAMS FUNDED FROM OUTSIDE SOURCES

During our audit, we found no material instances of noncompliance with appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.

INVESTMENTS

We reviewed policies and procedures relating to investments of public funds. Nothing came to our attention to indicate that the County does not materially comply with legal requirements relating to investment of public funds.
We reviewed procedures relating to awarding of public contracts and the construction of public improvements. During our audit, we found no evidence to indicate that the County does not materially comply with legal requirements (as contained in ORS Chapter 279) pertaining to public contracts and purchasing.

This report is intended solely for the information and use of management, the Board, and the Secretary of State, Division of Audits, of the State of Oregon and is not intended to be and should not be used by anyone other than these specified parties.

HALLIS LLC
Certified Public Accountant

Eugene, Oregon
November 2, 2005