

**COMMENTS AND DISCLOSURES REQUIRED  
BY OREGON MINIMUM STANDARDS**

**MARION COUNTY, OREGON**

**COMMENTS AND DISCLOSURES REQUIRED BY STATE OF OREGON MINIMUM  
STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS  
YEAR ENDED JUNE 30, 2009**

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Oregon Administrative Rules 162-10-000 through 162-16-000 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 annual financial reports. Required comments and disclosures related to our audit of such financial statements and schedules are set forth on the following pages.

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Marion County, Oregon (the County) as of and for the year ended June 30, 2009, which collectively comprised Marion County, Oregon's basic financial statements and have issued our report thereon dated December 21, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**ACCOUNTING AND INTERNAL CONTROL**

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily 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. We issued a separate letter to management on control deficiencies.

**ACCOUNTING RECORDS**

We found the County's accounting records to be adequate for audit purposes.

**ADEQUACY OF COLLATERAL SECURING DEPOSITORY BALANCES**

Our review indicated that the City complied with Oregon Revised Statutes 295 relating to the deposit of public funds during the year ended June 30, 2009.

**INVESTMENTS**

Our review of deposit and investment balances indicated that, during the year ended June 30, 2009, the County was in compliance with ORS 294, as it pertains to investment of public funds.

**LEGAL REQUIREMENTS RELATING TO DEBT**

The general obligation bonded debt of the County is in compliance with the limitation imposed by ORS 328. We noted no defaults in principal, interest, sinking fund, or redemption provisions with respect to any of this bonded debt.

**MARION COUNTY, OREGON**

**COMMENTS AND DISCLOSURES REQUIRED BY STATE OF OREGON MINIMUM  
STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS (Continued)  
YEAR ENDED JUNE 30, 2009**

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**BUDGET COMPLIANCE**

The County appears to have complied with Local Budget Law (ORS 294.305 to 294.520) in the preparation and adoption of its budget and tax levy for the years ended June 30, 2009 and 2010. A description of the budgeting process is in the notes to the basic financial statements.

**INSURANCE POLICIES AND FIDELITY BONDS**

We have reviewed the County's insurance coverage at June 30, 2009. We ascertained that such policies appeared to be in force and comply with legal requirements relating to insurance coverage.

**PUBLIC CONTRACTS**

The County's procedures for awarding public contracts were reviewed and found to be in accordance with ORS Chapter 279.

**PROGRAMS FUNDED FROM OUTSIDE SOURCES**

Our reports on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards* and compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133 are contained in the separate Federal Grant Compliance Report.

We have reviewed the County's compliance with appropriate laws, rules, and regulations pertaining to material programs funded wholly or partially by other governmental agencies. The County is in compliance with the guidelines in all material aspects.

**FINANCIAL REPORTING REQUIREMENTS**


We have reviewed financial reports and other data relating to programs funded wholly or partially by other governmental agencies. This data, filed with other governmental agencies, is in agreement with and supported by the accounting records.

**HIGHWAY FUNDS**

The County complied with the legal requirements, Article IX, Section 3a of the Oregon Constitution pertaining to the use of revenue from taxes on motor vehicle fuel, and the statutory requirements of ORS 368 and 373 as they pertain to the use of road funds.

This report is intended solely for the information and use of the Board of Commissioners, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*GROVE, MUELLER & SWANK, P.C.*  
*CERTIFIED PUBLIC ACCOUNTANTS*

By:   
Charles A. Swank, A Shareholder  
December 21, 2009