

W. S. A.

Memorandum Date: December 10, 2008  
Order Date: December 10, 2008

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**TO:** Board of County Commissioners

**DEPARTMENT:** Management Services

**PRESENTED BY:** Kay Blackburn, Financial Services Manager

**AGENDA ITEM TITLE:** IN THE MATTER OF ACKNOWLEDGING RECEIPT OF THE LANE COUNTY, OREGON COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR THE FISCAL YEAR ENDED JUNE 30, 2008 AND SETTING FORTH THE CORRECTIVE MEASURES FOR THE DEFICIENCIES THEREIN

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**I. MOTION**

MOVE APPROVAL OF ORDER AND RESOLUTION 08-12-10-XX IN THE MATTER OF ACKNOWLEDGING RECEIPT OF THE LANE COUNTY, OREGON COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR THE FISCAL YEAR ENDED JUNE 30, 2008 AND SETTING FORTH THE CORRECTIVE MEASURES FOR THE DEFICIENCIES THEREIN

**II. AGENDA ITEM SUMMARY**

The Board is being asked to accept the County's comprehensive annual financial report for the fiscal year ended June 30, 2008. The County is required by state law to have an annual audit conducted of its accounts and fiscal affairs by an independent accountant licensed by the State of Oregon. The County is further required to submit a copy of the report to the Secretary of State.

**III. BACKGROUND/IMPLICATIONS OF ACTION**

**A. Board Action and Other History**

The County is required by state law to have an annual audit conducted of its accounts and fiscal affairs by an independent accountant licensed by the State of Oregon. In accordance with ORS 297.465(2), a copy of that audit report shall be furnished to each person who was a member of the governing body at the end of the fiscal year and to each member of the current governing body. The Board has historically reviewed and accepted the annual audit in December of each year.

**B. Policy Issues**

In accordance with APM Chapter 2 Section 6, audits conducted by external firms are submitted to the Finance and Audit Committee and after review by that committee, the reports will be sent to the Board for final review and acceptance. Finance and Audit reviewed the report on December 4, 2008.

**C. Board Goals**

Preparation and submittal of the annual financial report and audit supports the goal of providing efficient and effective financial and administrative support.

**D. Financial and/or Resource Considerations**

None.

**E. Analysis**

Moss Adams, LLP, has issued an unqualified opinion on the basic financial statements of Lane County, Oregon, which means they are fairly presented, in all material respects, for the fiscal year ended June 30, 2008. The audit includes a review of compliance with OMB Circular A-133 covering federal grants, and no exceptions to compliance were noted. Additionally, no findings were noted in the review of the County's internal control over financial reporting.

Two exceptions to compliance with Oregon Local Budget law were noted. Expenditures exceeded appropriations authorized by the Board of Commissioners in the County Schools Fund and the Fair Board Fund. Responsibility for fund management has been transferred to the Financial Services Division for the County Schools Fund for future years. A change in the structure of the Lane Events Center will integrate the Fair Board Fund accounts and general ledger with the County's which will facilitate budget monitoring. Finance staff believes these changes adequately address the exceptions.

**F. Alternatives/Options**

The County is required to file a copy of the Comprehensive Annual Report with the Secretary of State by December 31, 2008. The only alternative, if the Board wishes to reject the report as presented, would be to request an extension of time to file the annual report with the Secretary of State.

**IV. TIMING/IMPLEMENTATION**

Financial Services staff will file the annual report with the Secretary of State prior to

December 31, 2008.

**V. RECOMMENDATION**

The Financial Services Manager recommends the Board accept the annual financial report and approve the Order.

**VI. FOLLOW-UP**

Financial Services Division staff will report back to Finance and Audit Committee on the corrective measures undertaken to address the internal control deficiencies.

**VII. ATTACHMENTS**

Attachment A – Board Order 08-12-10-XX

Attachment B – Lane County, Oregon Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2008

THE BOARD OF COUNTY COMMISSIONERS, LANE COUNTY, OREGON

ORDER 08-12-10-xx      ATTACHMENT A

Agreed upon corrective measures:

- **County Schools Fund (Special Revenue Fund):** Expenditures exceeded appropriations authorized by the Board of County Commissioners.

***Remedy:*** Fund management responsibilities have been transferred to the Financial Services Division which processes disbursements from the fund. Procedures have been established to verify disbursements against authorized expenditures.

- **Fair Board Fund (Enterprise Fund):** Expenditures exceeded appropriations authorized by the Board of County Commissioners.

***Remedy:*** In accordance with Board Order 08-6-25-14, administrative responsibility for the Events Center and Fairgrounds has been transferred to the County Administrator. In connection with the transfer, the books and records of the Fair Board Fund will be integrated with the general ledger of the County and managed centrally. The change will facilitate enhanced budget monitoring.

**THE BOARD OF COUNTY COMMISSIONERS, LANE COUNTY, OREGON**

**ORDER AND RESOLUTION**      ) IN THE MATTER OF ACKNOWLEDGING RECEIPT OF  
   ) THE LANE COUNTY COMPREHENSIVE ANNUAL  
   ) FINANCIAL REPORT (CAFR) FOR THE YEAR ENDED  
   ) JUNE 30, 2008, AND SETTING FORTH THE CORRECTIVE  
   ) MEASURES FOR DEFICIENCIES CONTAINED THEREIN

WHEREAS, ORS 297.465(2) requires that a copy of the audit report be furnished to each person who was a member of the governing body at the end of the calendar or fiscal year and to each member of the current governing body; and

WHEREAS, ORS 297.446(2) requires that upon receipt of an audit report under ORS 297.465 the governing body of a county shall determine the measures it considers necessary to correct any deficiencies disclosed in the report and shall adopt a resolution setting forth the corrective measures it proposes and the period of time estimated to complete them; and

WHEREAS, ORS 297.465(3) requires the municipal corporation shall file one copy of its audit report with the Secretary of State.

WHEREAS, ORS 297.466 (3) requires that within 30 days after a county files a copy of its audit report with the Secretary of State under ORS 297.465 a copy of the resolution prepared under the preceding section shall also be filed; and

WHEREAS, the independent auditor's report noted two exceptions to compliance with Local Budget Law;

IT IS HEREBY ORDERED that the Board of Commissioners acknowledges receipt of the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008; and it is

FURTHER ORDERED that a copy of the audit report be filed with the Secretary of State; and it is

FURTHER ORDERED AND RESOLVED that the Financial Services Division shall undertake the corrective measures agreed upon in Attachment A.

Dated this 10<sup>th</sup> day of December, 2008.

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FAYE STEWART, CHAIR  
Board of County Commissioners

APPROVED AS TO FORM  
Date 12/11/08 lane county  
[Signature]  
OFFICE OF LEGAL COUNSEL

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