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Memorandum Date: December 16, 2009  
Order Date: December 16, 2009

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**TO:** Board of County Commissioners

**DEPARTMENT:** Management Services

**PRESENTED BY:** Mike Barnhart, Interim 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, 2009 AND SETTING FORTH THE CORRECTIVE MEASURES FOR THE DEFICIENCIES THEREIN

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**I. MOTION**

MOVE APPROVAL OF ORDER AND RESOLUTION 09-12-16-XX IN THE MATTER OF ACKNOWLEDGING RECEIPT OF THE LANE COUNTY, OREGON COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR THE FISCAL YEAR ENDED JUNE 30, 2009 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, 2009. 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. For the sake of efficiency, Management Services his submitting the audit as one agenda item for both purposes.

**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, 2009. 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 Employee Benefits Fund and the Retiree Medical Benefit Trust Fund. In accordance with Chapter 2, Section 9, Part VII, "The Fund Manager for any specific fund is responsible for ensuring that that a budget violation does not occur. In the event of a violation, it will be the responsibility of the Fund Manager to provide an explanation for the occurrence and details on how such a violation will be avoided in the future." The budget violation occurred due to a lack of timely monitoring by the Risk and Benefits Manager of the Department of Human Resources. Due to the retirement of the Risk and Benefits Manager, fund management responsibilities have been transferred Interim Budget Manager of the Department of County Administration.

**F. Alternatives/Options**

The County is required to file a copy of the Comprehensive Annual Report with the Secretary of State by December 31, 2009. 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, 2009.

**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 09-12-16-XX

Attachment B – Lane County, Oregon Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2009

*- copy for review  
at front desk*

**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, 2009, 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, 2009; 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 16<sup>th</sup> day of December, 2009.

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PETE SORENSON, CHAIR  
Board of County Commissioners

THE BOARD OF COUNTY COMMISSIONERS, LANE COUNTY, OREGON

ORDER 09-12-16-xx ATTACHMENT A

Agreed upon corrective measures:

- **Employee Benefits Fund (Internal Service Fund):** Expenditures exceeded appropriations authorized by the Board of County Commissioners.

*Remedy:* Fund management responsibilities have been transferred from the Risk and Benefits Manager of the Department of Human Resources to the Interim Budget Manager of the Department of County Administration which budgets disbursements from the fund. Procedures have been established to verify disbursements against authorized expenditures.

- **Retiree Medical Benefit Trust (Internal Service Fund):** Expenditures exceeded appropriations authorized by the Board of County Commissioners.

*Remedy:* Fund management responsibilities have been transferred from the Risk and Benefits Manager of the Department of Human Resources to the Interim Budget Manager of the Department of County Administration which budgets disbursements from the fund. Procedures have been established to verify disbursements against authorized expenditures.