

ATTACHMENT D

Adopted May 31, 2012

The Board makes the following response to the recommendation made by the Tax Supervising and Conservation Commission (TSCC) which is contained in the letter certifying the FY 2013 County budget.

I. Recommendation – Expenditures exceeded appropriations

The audit for Fiscal Year 2010-11 included the following note: Expenditures exceeded appropriations in the Risk Management Fund for the Department of County Management by \$14,708.

Local Budget Law does not allow for the expenditure of funds above approved appropriation levels. Care needs to be taken to ensure that spending is within approved limits or that budget adjustments are authorized prior to the expenditure of funds.

Response –

The Board formally acknowledged receipt of the Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2011 on January 12, 2012 via Resolution 2012-009, finding:

- Expenditures in the Risk Management exceeded appropriations by \$14,708,000 as a result of an internal loan that was made to the Willamette River Bridge Fund to support construction costs associated with the Sellwood Bridge replacement project.
- There was sufficient cash in the Risk Management Fund to make the short-term loan.
- The over expenditure was due, in part, to a conflict between the way that internal loans are authorized by ORS and Generally Accepted Accounting Principles (GAAP).

The loan was authorized via Board Resolution 2011-024, and in order to make sure this situation does not occur in the future, the Chief Financial Officer will recommend alternatives to internal loans, when such loans may extend beyond the end of the fiscal year as noted in Resolution 2012-009.