

Multnomah County Board Meeting Presentation of Audit Results



December 4, 2014

Jim Lanzarotta, Partner

Steve Sharpe, Senior Manager

Samantha McClanahan, Senior

MOSS ADAMS_{LLP}

Certified Public Accountants | Business Consultants

WHAT WE WILL COVER

- Audit team
- Nature of services provided
- Auditor's opinion and reports
- AU-C 260 (SAS 114) required communications
- Best practices observations and recommendations
- New accounting and auditing standards
- Comments

AUDIT TEAM



James Lanzarotta
Partner
Responsible for Overall Engagement,
Technical Review of CAFR



Jeff Bridgens
Senior Manager
Concur Review



Debbie Gregg
Senior Manager
Single Audit Technical Resource

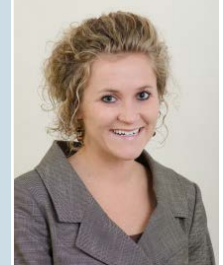


Steve Sharpe
Senior Manager
On-site Direction of Fieldwork

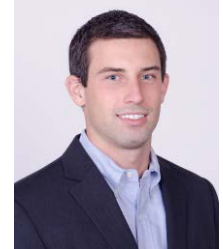
Samantha Raschio
Senior
Financial Statement and A-133
Procedures



Meagan Rammell
Staff
Financial Statement and A-133
Procedures



Brian Burns
Staff
Financial Statement and A-133
Procedures



Doron Fletcher
Staff
Financial Statement & A-133
Procedures



NATURE OF SERVICES PROVIDED

- Audit of the financial statements
- Testing the County's internal controls
- Testing for Oregon Legal Compliance
- Testing County compliance with Federal Grant requirements
- Technical review of the County's Comprehensive Annual Financial Report
- Assessment of the County's technology environment

AUDIT OPINIONS & REPORTS

- Un-modified (clean) opinion, pages 14-16
- Report on State Legal Compliance, pages 178-179
 - One instance of State noncompliance to report

AUDIT OPINIONS & REPORTS CONTINUED

- Report on compliance and internal controls required by Government Audit Standards
 - No significant deficiencies / material weaknesses in internal control over financial reporting

AUDIT OPINIONS & REPORTS CONTINUED

- Report on compliance and internal controls over Major Federal Grant Programs
 - Clean opinion on Federal grant compliance
 - Two significant deficiencies in internal control over compliance related to federal awards – instances of expenditures charged to the award twice, encountered two errors in payroll processing

AU-C 260 (SAS 114) REQUIRED COMMUNICATIONS

- Significant difficulties encountered in the audit – None.
- Corrected and uncorrected misstatements – None.
- Disagreements with management – None.

BEST PRACTICES / RECOMMENDATIONS

- Prior year observations
 - Management letter was issued
 - Did not observe these items during performance of current year procedures
 - These items are considered resolved
- Current year observations
 - No management letter issued
 - Minor observations noted, many already addressed by management

THE ACCOUNTING STANDARDS

- New accounting standards – effective for fiscal year 2014
 - GASB 67 – Financial Reporting for Pension Plans – an amendment to GASB Statement No. 25
(effective FYE 6/30/14 – no direct impact to the County)
 - GASB 70 – Accounting and Financial Reporting for Nonexchange Financial Guarantees
(effective FYE 6/30/14 – no direct impact to the County)

THE ACCOUNTING STANDARDS CONTINUED

- New accounting standards – released but not yet effective
 - GASB 68 – Accounting and Financial Reporting for Pensions
(effective FYE 6/30/15)
 - GASB 69 – Government Combinations and Disposals of Government Operations
(effective FYE 6/30/15)
 - GASB 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB No. 68
(effective FYE 6/30/15)

THE ACCOUNTING STANDARDS

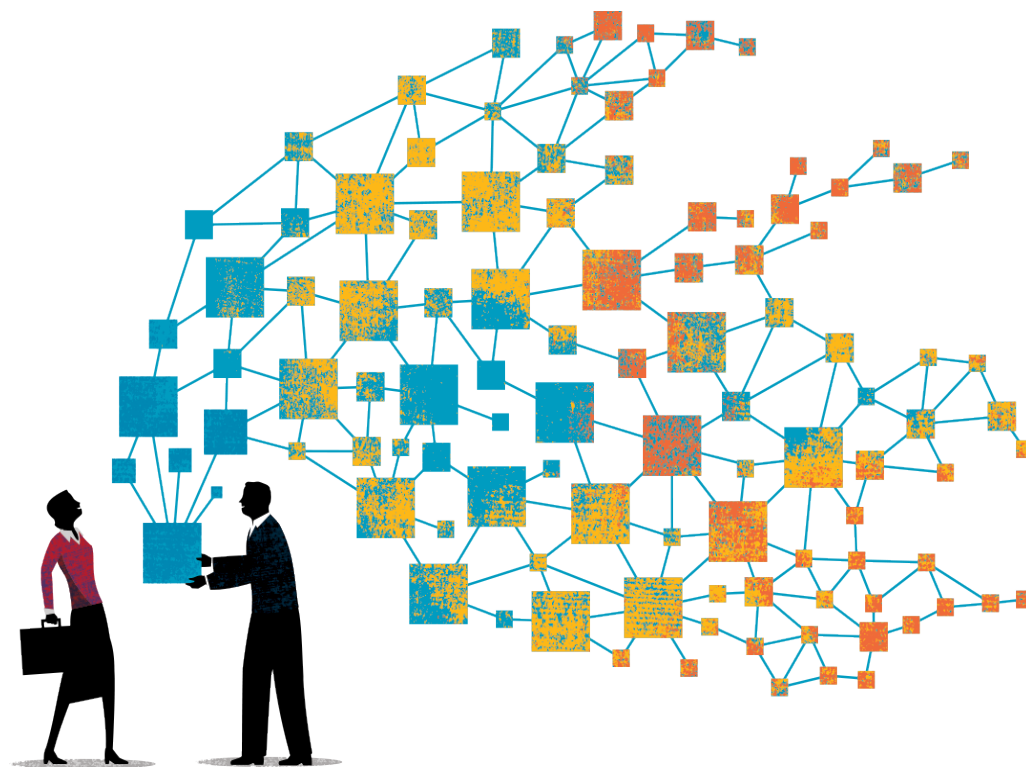
Standards in the works:

- Pension implementation guidance
- OPEB liability recognition
- Sustainability reporting
- Fair value measurements
- Conceptual framework – recognition & measurement
- GAAP hierarchy
- Research phase – financial reporting model

CHANGES IN AUDITING STANDARDS

- No new standards applicable to FY 2014 audit

QUESTIONS?



ACKNOWLEDGMENTS

Thanks to Mark Campbell for his leadership; Cara Fitzpatrick, Susan Luce, and their technical accounting team for their excellent facilitation of our audit procedures; and Steve March, Annamarie McNiel, and members of the Audit Committee for their guidance and oversight.