

DATE: January 9, 2014

TO: Board of Commissioners

FROM: Patrick Quinton, Executive Director

SUBJECT: Report Number 14-02

Accepting and Approving Comprehensive Annual Financial Report for Fiscal Year 2012-13 as Required by Oregon Revised Statute 297.425, Portland City Charter Chapter 15-104, and PDC Resolution No. 6112

BOARD ACTION REQUESTED

Adopt Resolution No. 7036

ACTION DESCRIPTION

The purpose of this action is to accept and approve the completed Comprehensive Annual Financial Report (CAFR) for the Fiscal Year (FY) ended June 30, 2013, and in addition, accept the Communication of Certain Audit Matters Management Letter from Moss Adams, LLP (MA), and endorse Portland Development Commission (PDC) management's responses thereto.

BACKGROUND AND CONTEXT

The PDC's CAFR for the FY ended June 30, 2013, satisfies Oregon Revised Statute (ORS) 297 Municipal Audit Law, which requires municipal corporations to undergo an annual audit and subsequently publish financial statements that include the auditor's opinion on the financial condition and results of operation for the period under audit. Additionally, PDC's charter requires an annual independent audit by a licensed Municipal Auditor.

The accounting firm, MA, conducted the audit of PDC's FY 2012-2013 financial statements. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified (clean) opinion that PDC's financial statements for the FY ended June 30, 2013, are fairly presented in accordance with accounting principles generally accepted in the United States.

Each year, PDC's external auditor also provides a letter to the governing PDC Board of Commissioners discussing significant matters of interest noted during the course of the annual fiscal year-end audit. The external auditor's letter is addressed to the PDC Audit Committee so that it can appropriately discharge its oversight responsibility and so that MA is in compliance with its professional responsibilities to the PDC Audit Committee. As PDC management is responsible for financial reporting and disclosure, staff has prepared responses to the issues noted in the external auditor's letter. Management has prepared these responses to keep the PDC Audit Committee informed of staff plans to address the issues raised by MA's communication.

COMMUNITY AND PUBLIC BENEFIT

The ORS 297.425 requires that every municipal corporation undergo an independent financial audit at least annually. PDC has successfully participated in such an audit and readers may rely upon the related financial statements with reasonable assurance that they are free of material misstatements.

PUBLIC PARTICIPATION AND FEEDBACK

Not applicable.

BUDGET AND FINANCIAL INFORMATION

Financial costs have already been incurred to complete the audit cycle and produce the CAFR. No further costs are anticipated.

RISK ASSESSMENT

Adoption of this resolution reduces PDC's risk of noncompliance with ORS and governmental accounting standards. Not responding to management issues identified by MA could result in findings of material weaknesses or deficiencies in subsequent audit cycles.

ALTERNATIVE ACTIONS

There is no alternative action at this time; failure to approve this action could result in PDC being out of compliance with ORS, Portland City Charter, and governmental accounting standards.

ATTACHMENTS

None