

# PDC

## PORTLAND DEVELOPMENT COMMISSION

**DATE:** January 13, 2010

**TO:** PDC Audit Committee

**FROM:** Bruce A. Warner, Executive Director

**SUBJECT:** Report Number 10-05  
Accept Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2008-2009 and Auditor's Letters to the Audit Committee; Endorse Management's Responses to the Auditor's Letter

### EXECUTIVE SUMMARY

#### BOARD ACTION REQUESTED

Adopt Resolution No. 6760

#### ACTION SUMMARY

The purpose of this action is to accept and approve the completed CAFR for the Fiscal Year Ended June 30, 2009, and in addition, accept the Communication of Certain Audit Matters Management Letter from Moss Adams, LLP, and endorse PDC management's responses thereto.

#### PUBLIC BENEFIT

Oregon Revised Statute 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.

#### This action will support the following PDC goals:

- Sustainability and Social Equity
- Healthy Neighborhoods
- A Vibrant Central City
- Strong Economic Growth and Competitive Region
- Effective Stewardship over our Resources and Operations, and Employee Investment

#### PUBLIC PARTICIPATION AND FEEDBACK

Not applicable.

## **COMPLIANCE WITH ADOPTED PLANS AND POLICIES**

Adoption of this resolution is necessary to comply with governmental accounting standards, PDC's charter, and Oregon Revised Statute 297 which requires that every municipal corporation undergo an independent financial audit at least annually.

## **FINANCIAL IMPACT**

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 Oregon Revised Statutes and governmental accounting standards. Not responding to management issues identified by the external auditors could result in findings of material weaknesses or deficiencies in subsequent audit cycles.

## **WORK LOAD IMPACT**

Work on the audit and CAFR for fiscal year 2009 are now complete and there is no additional workload expected with respect to this cycle.

## **ALTERNATIVE ACTIONS**

There is no alternative action available at this time.

## **CONCURRENCE**

The PDC Audit Subcommittee received an extensive briefing on the audit and CAFR for fiscal year 2009 in November from PDC management, the independent auditor, and the City Auditor's Office.

## **BACKGROUND**

PDC's Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2009, satisfies 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 the Commission to undergo an annual independent audit by a licensed Municipal Auditor.

The accounting firm of Moss Adams, LLP (MA), conducted the audit of the PDC's FY 2008-09 financial statements. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified (clean) opinion that PDC's financial statements for the fiscal year ended June 30, 2009, are fairly presented in accordance with accounting principles generally accepted in the United States of America.

Each year, our external auditor also provides a letter to the governing 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 Audit Committee. As PDC management is responsible for financial reporting and disclosure, we have prepared responses to the issues noted in the external auditor's letter. Management has prepared these responses to keep the Audit Committee informed of our plans to address the issues raised by the auditor's communication.