



**DATE:** January 9, 2013  
**TO:** Board of Commissioners  
**FROM:** Patrick Quinton, Executive Director  
**SUBJECT:** Report Number 13-03  
Accepting and Approving Comprehensive Annual Financial Report for Fiscal Year 2011-12 and Management Letter to the Audit Committee; Endorse Management's Responses to the Auditor's Letter

#### **BOARD ACTION REQUESTED**

Adopt Resolution No. 6990

#### **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, 2012, and in addition, accept the Communication of Certain Audit Matters Management Letter from Moss Adams, LLP (Moss Adams), and endorse PDC management's responses thereto.

#### **BACKGROUND AND CONTEXT**

PDC's CAFR for the FY ended June 30, 2012, 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 the Commission to undergo an annual independent audit by a licensed Municipal Auditor.

The accounting firm of Moss Adams, LLP (Moss Adams), conducted the audit of the PDC's FY 2011-2012 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 FY ended June 30, 2012, are fairly presented in accordance with accounting principles generally accepted in the United States of America.

Each year, PDC's external auditor also provides a letter to the governing Board of Commissioners discussing significant matters of interest noted during the course of the annual FY-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 Moss Adams is in compliance with its professional responsibilities to the 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 Audit Committee informed of our plans to address the issues raised by the auditor's communication.

**COMMUNITY AND PUBLIC BENEFIT**

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 Moss Adams 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