



MARION COUNTY BOARD OF COMMISSIONERS
WORK SESSION

Audit Presentation
Minutes

Tuesday, April 28, 2026, 1:30 p.m. – 2:30 p.m.
Commissioners' Boardroom
Courthouse Square, 555 Court St. NE, Suite 5231
Salem, Oregon 97301

ATTENDANCE:

Commissioner's: Colm Willis, Danielle Bethell and Kevin Cameron.

Board's Office: Jonathan Sanford, Chris Eppley, Toni Whitler, and Matt Lawyer.

Legal Counsel: Steve Elzinga, and Andrew Mittendorf.

Finance: Laura Hambrecht, Jennifer Pettigrew, Jeff White, and Sherry Downs.

Baker Tilly: Kevin Mullerleile, and Amanda Moore.

Commissioner Colm Wilis called the meeting to order at 1:33 p.m.

1. Welcome & Introductions

-Commissioner Colm Willis

2. Fiscal Year (FY) 24-25 Audit Discussion

-Kevin Mullerleile & Amanda Moore

- Auditors from Baker Tilly presented results of FY 2024–2025 audit.
- Overview of audit scope:
 - Financial audit under US Generally Accepted Accounting Principles (GAAP):
 - Governmental Accounting Standards Board (GASB) framework.
 - Generally Accepted Government Auditing Standards (GAGAS) report on internal control and compliance.
 - State of Oregon compliance requirements:
 - Procurement, gas tax funds, investments, budget law.
 - Federal awards over major federal programs.
- Audit approach emphasized:
 - Internal controls over significant accounts:
 - Revenues, disbursements, capital assets, pensions.
 - Areas requiring significant estimates:
 - Net pension, Other Post-Employment Benefits (OPEB, and landfill closure/post-closure liabilities.
 - Major debt balances and related disclosures.
- Auditors confirmed:
 - No fraud or noncompliance with laws or regulations were identified.
 - No disagreements or difficulties with management during audit.
 - No audit adjustments were required:
 - Only trivial items were noted.

3. Review FY 24-25 Annual Comprehensive Financial Report (ACFR)

-Kevin Mullerleile & Amanda Moore

- Independent auditors issued clean opinion on county's financial statements.
- Government Auditing Standards report:
 - No significant deficiencies or material weaknesses in internal control over financial reporting.
- Oregon compliance report:
 - No compliance findings and no internal control findings.
 - Positive:
 - \$1 over-expenditure of appropriations would be reported as finding.
- Financial reporting quality:
 - Achieved Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting.
 - Net investment in capital assets calculation and other key disclosures were reviewed and found to be appropriate.
 - Key disclosures reviewed included:
 - Summary of significant accounting policies.
 - Cash and investments.
 - Long-term liabilities:
 - Including landfill obligations and potential litigation.
- Two new accounting standards adopted for FY 24-25 that had no material impact on financial statements:
 - Compensated absences and certain risk disclosures

4. Review FY 24-25 Schedule of Expenditures of Federal Awards (SEFA)

-Kevin Mullerleile & Amanda Moore

- Federal awards audit:
 - Total expenditures on SEFA were approximately \$47.5 million.
 - Three major programs tested:
 - Community Development Block Grant (CDBG) Cluster.
 - HOME Investment Partnerships Program:
 - High risk due to size and timing.
 - American Rescue Plan Act (ARPA):
 - Selected due to dollar significance and required coverage.
 - Approximately 64% of total SEFA expenditures were tested.
- Results:
 - Two compliance findings and two internal control findings, in CDBG Cluster:
 - Federal Funding Accountability and Transparency Act of 2006 (FFATA) reporting/federal subrecipient reporting:
 - Prior-year finding.
 - Late or missing filings and limited evidence of timely filing:
 - Due to system overwriting original dates.
 - At least one report tested post-corrective action was on time:
 - One older report had never been filed.
 - Management implemented additional controls and documentation procedures:
 - One instance may still carry forward.
 - Allowable costs – payroll / time and effort reporting:
 - CDBG-related staff timesheets existed but not consistently recorded.
 - Payroll charges based on budgeted allocations not actual documented time:

- Contrary to Uniform Guidance.
 - No questioned costs resulted:
 - Internal controls over capturing and recording time need strengthening.
- Classification of findings:
 - CDBG control/compliance issues classified as significant deficiencies:
 - Not material weaknesses.
 - Reflect improvements and partial remediation since prior year.

5. FY 25-26 Audit Discussion

- Kevin Mullerleile & Amanda Moore

- Audit team and structure:
 - Same lead auditors will serve for FY 25–26.
 - Some staff changes to introduce new eyes while maintaining continuity.
- Auditor responsibilities for FY 25–26:
 - Express opinion on financial statements in accordance with GAAP and GAS.
 - Internal control over financial reporting and compliance for planning.
 - Report on Single Audit for federal awards.
 - Provide required governance communications at conclusion of audit.
- Audit methodology reiterated:
 - Internal controls:
 - Walkthroughs and testing of key controls over significant areas.
 - Focus on Information Technology (IT) controls:
 - Change management.
 - Security.
 - Access.
 - Analytical procedures:
 - Use historical trends, revenue and expense analytics:
 - Where predictable.
 - Substantive procedures:
 - Confirmations with third parties.
 - Vouching to supporting documentation.
 - Legal letters.
 - Evaluation of accumulated audit evidence.
- Materiality:
 - Set by opinion unit.
 - Based on:
 - Quantitative factors:
 - Assets, net position, revenues and expenditures.
 - Qualitative factors:
 - Debt covenants, user impact.
 - Materiality will drive:
 - Identification of higher-risk areas.
 - Nature, timing, and extent of testing.
 - Evaluation and communication of any misstatements.
- Fraud considerations:
 - Auditors will:
 - Conduct internal brainstorming on fraud risk specific to the county.
 - Interview personnel across departments (not just finance).
 - Perform targeted procedures on:
 - Journal entries.
 - Revenue recognition.

- Accounting estimates.
- Any unusual or non-routine transactions.

6. Discussion

-All

- Public Employees' Retirement System (PERS) risk:
- Question raised about the risk associated with PERS management and investment performance.
- Auditors noted:
 - Rely on audited, externally prepared actuarial information for PERS-related balances.
 - Concern of funding levels or performance do not, by themselves, affect audit opinion unless they create risk of material misstatement or going-concern-type issues.
- CDBG findings and repeat status:
 - Clarification provided between:
 - Material weakness:
 - Material noncompliance/material risk of misstatement.
 - Significant deficiency:
 - Less severe but still important control/compliance weakness.
 - Prior year:
 - CDBG issue was material weakness, triggered required re-audit.
 - Current year:
 - Significant deficiency due to improvements and partial remediation.
 - Next year:
 - If not selected as major program, will appear in Summary Schedule of Prior Audit Findings as repeat item not as new current-year finding.
 - Corrections implemented mid-year:
 - Issue may still appear for next audit period.
- Enterprise Resource Planning (ERP) implementation and audit timing:
 - Go-live for new ERP system overlaps with November audit fieldwork window.
 - Finance staff carrying dual workloads:
 - Maintaining current processes while preparing for ERP.
 - State oversight:
 - Verbal assurance that an extension for ACFR filing can be granted.
 - Formal extension request cannot be submitted until November.
 - State cautioned completion may realistically extend into late spring.
 - Banking and covenant implications:
 - Banks expect receipt of audited financial report by December 31st.
 - Plan to notify banks of delay and provide expected timing:
 - No major problems anticipated if proactively communicated.
 - Single Audit timing:
 - Cannot be finalized until after main audit is complete.
 - No formal federal extension mechanism identified.
 - No specific penalty is anticipated in this one-time delay scenario.

7. Next Steps

-All

- Audit scheduling and extensions:
 - Shift main FY 25–26 audit work into January–March following Fusion go-live:
 - Or late April/early May.

- Work with state in November to:
 - Formally request an extension of ACFR filing deadline.
 - Align extension with actual status of ERP implementation and closeout.
- Create FY 25–26 audit timeline with Finance and auditors:
 - Once close dates are better known.
- CDBG and grants compliance:
 - Continue corrective actions in Community Services and related areas to:
 - Ensure timely and fully documented FFATA reporting.
 - Ensure reporting is done, approved, and recorded in financial system.
 - CDBG findings to appear one more year due correction timing:
 - Aim for no new findings.
- Notify banking partners and other stakeholders that:
 - FY 25–26 audit will be delayed beyond usual December 31st deadline.
 - Due to ERP implementation and is expected to be a one-time timing shift.
- Implementation of new standards:
 - Prepare for adoption of:
 - GASB 103 in FY 25–26:
 - Financial reporting model improvements.
 - Streamlined and restructured Management Discussion & Analysis (MD&A).
 - Revised presentation and terminology for proprietary fund statements.
 - GASB 104 in FY 25–26:
 - Certain capital asset disclosures.
 - Enhanced disclosures for leases/right-of-use by asset type.
 - Additional disclosures for property held for sale.
 - GASB 105 in FY 26–27:
 - Subsequent events disclosures.
 - Note disclosure of date through subsequent events evaluation:
 - Aligned with audit report date.
- Ongoing coordination:
 - Communication with Finance, program departments, and audit firm on:
 - Fusion implementation impacts on data, controls, and reporting.
 - Status of audit-preparation workpapers and schedules.
 - Emerging compliance or control issues that could affect future findings.

Adjourned – time: 2:26 p.m.

Minutes by: Mary Vityukova

Reviewed by: Gary L. White