





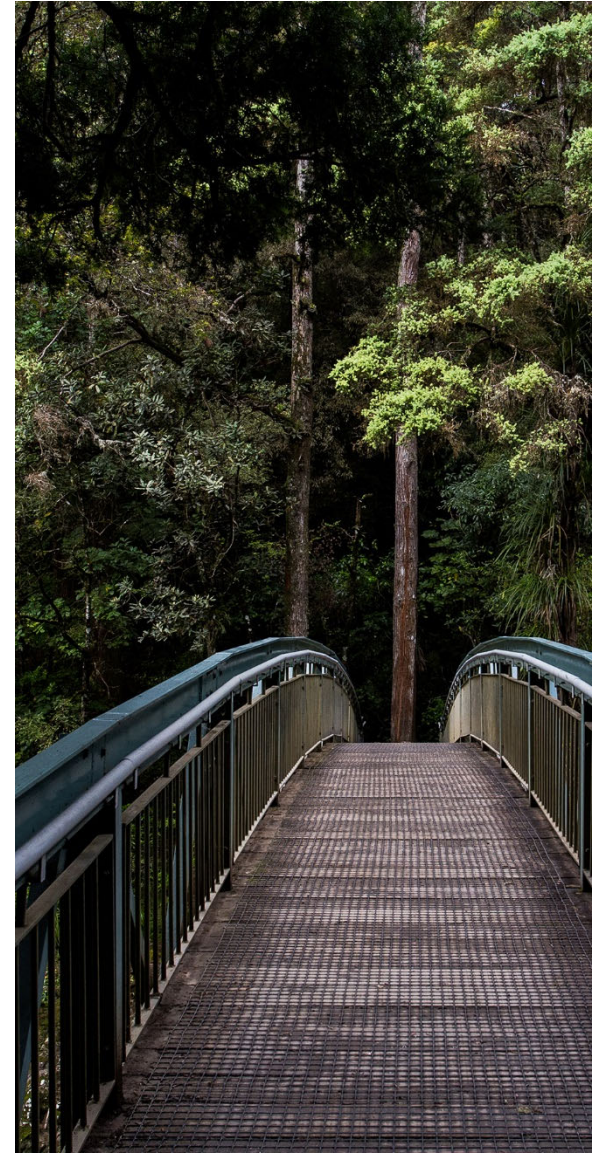
# Agenda

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1. Auditor Opinions and Reports
2. Areas of Audit Emphasis
3. Required Communications with Those Charged with Governance
4. Information Technology Overview
5. Other Information



# Auditor Opinions & Reports



# Auditor Report on the Financial Statement

## Report of Independent Auditors

- Unmodified opinion
- Financial statements are presented fairly in accordance with US GAAP



# Other Auditor Reports – Single Audit

<p>GAGAS Report on Internal Control Over Financial Reporting and on Compliance and Other Matters</p>	<ul style="list-style-type: none"><li>• No control findings</li><li>• No compliance findings</li></ul>
<p>Report on Compliance with Requirements that could have a Direct and Material Effect on the Major Federal Program and on Internal Control Over Compliance in accordance with the Uniform Guidance for Federal Awards (2 CFR Part 200)</p>	<ul style="list-style-type: none"><li>• No control findings</li><li>• No compliance findings</li></ul>



# Other Auditor Reports – Oregon Minimum Standards and Bond Expenditures

Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements in Accordance with Oregon Municipal Auditing Standards

- No control findings
- No instances of non-compliance

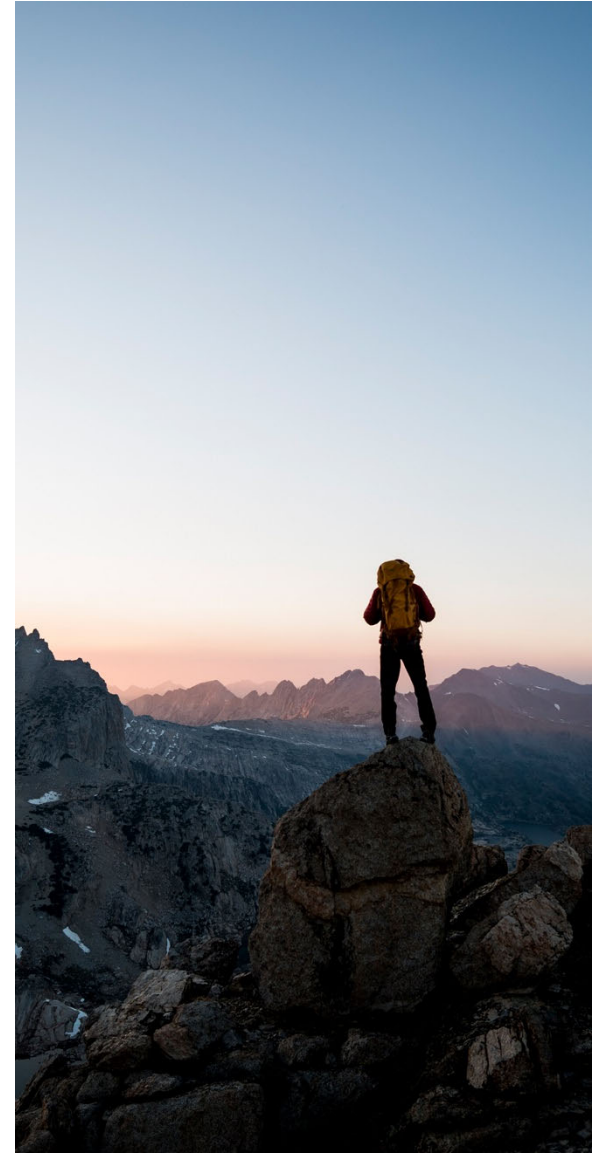
Report of Independent Auditors regarding Natural Areas General Obligation Bonds, Oregon Zoo General Obligation Bonds, Affordable Housing General Obligation Bonds, and Parks and Nature General Obligation Bonds

- Expenditures tested met the stated purpose in Council Resolutions laying out the intended use of the bond proceeds





# Areas of Audit Emphasis







# Areas of Audit Emphasis

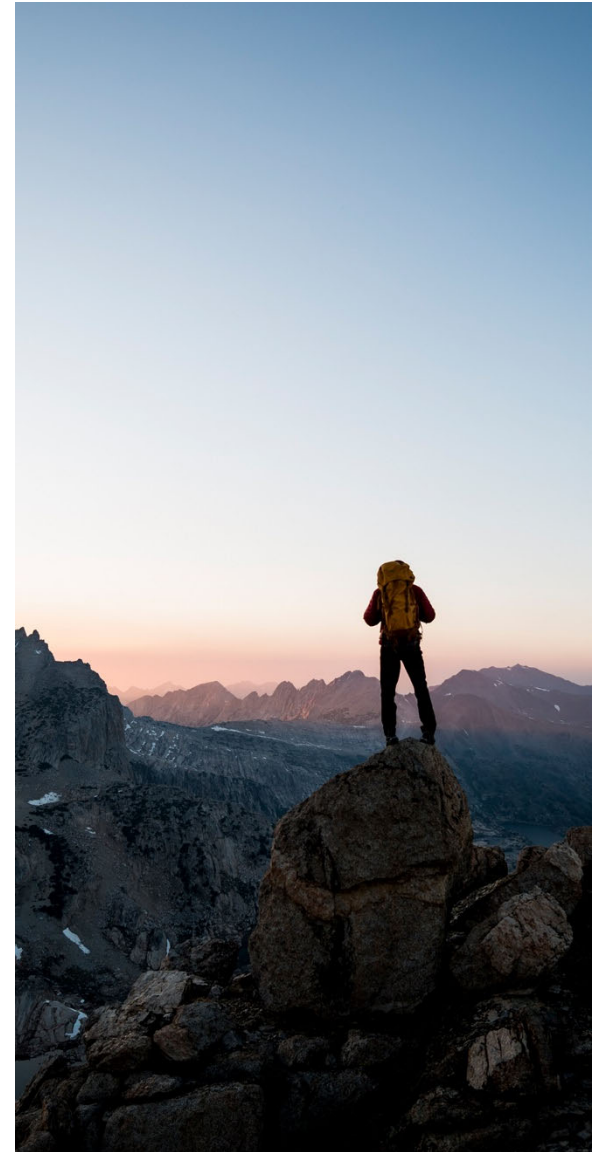
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- Internal control environment – financial close and reporting, revenue/receivables, payroll, disbursements, capital assets, and information technology general controls.
- Management estimates – environmental remediation liability, legal contingencies, depreciation, allowance for doubtful accounts.
- Cash and investments – valuation of investments and classification of cash and investments between restricted and unrestricted and current and long-term.
- Net pension liability – recognition of Metro’s share of the liability for Metro employees’ future pension obligations as part of Oregon PERS; employer liability and related deferred inflows of resources and outflows of resources including selections of new hires and contributions made by Metro.
- Bond activity – tested issuance of FF&C Series 2021; sampled transactions for compliance with allowable expenditures; reviewed discounts and premiums, debt repayments, and compliance with covenants.
- Capital assets – tested additions, retirements, and depreciation.
- Revenue recognition – reviewed tax revenue, investment income, and federal grants; considered collectability of receivables.
- Net position – consideration of classification for unrestricted, restricted, and net investment in capital assets
- Single audit – one major program tested (Coronavirus Relief Fund) totaling \$5.3 million.





# Communications with Those Charged with Governance



# Our Responsibility Under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

**1** To express our opinion on whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, and in accordance with U.S. GAAP. However, our audit does not relieve you or management of your responsibilities.

**2** To perform an audit in accordance with generally accepted auditing standards issued by the AICPA and Government Auditing Standards issued by the Comptroller General of the United States, and design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement.

**3** To consider internal control over financial reporting and internal control over compliance as a basis for designing audit procedures but not for the purpose of expressing an opinion on its effectiveness or to provide assurance concerning such internal control.

**4** To communicate findings that, in our judgment, are relevant to your responsibilities in overseeing the financial reporting process and administering federal awards. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.



# Planned Scope & Timing of the Audit

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It is the auditor's responsibility to determine the overall audit strategy and the audit plan, including the nature, timing and extent of procedures necessary to obtain sufficient appropriate audit evidence and to communicate with those charged with governance an overview of the planned scope and timing of the audit.

## Our Comments

The planned scope and timing of the audit was communicated to the Audit Committee during the audit entrance meeting on June 28, 2021.

# Significant Accounting Policies & Unusual Transactions

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The auditor should determine that the Audit Committee is informed about the initial selection of and changes in significant accounting policies or their application. The auditor should also determine that the Audit Committee is informed about the methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

## Our Comments

Management has the responsibility for selection and use of appropriate accounting policies. The significant accounting policies used by Metro are described in the footnotes to the financial statements. Throughout the course of an audit, we review changes, if any, to significant accounting policies or their application, and the initial selection and implementation of new policies. There were no changes to significant accounting policies for the year ended June 30, 2021.

We believe management has selected and applied significant accounting policies appropriately and consistent with those of the prior year.

# Management Judgments & Accounting Estimates

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The Audit Committee should be informed about the process used by management in formulating particularly sensitive accounting estimates and about the basis for the auditor's conclusions regarding the reasonableness of those estimates.

## Our Comments

Management's judgments and accounting estimates are based on knowledge and experience about past and current events and assumptions about future events. We apply audit procedures to management's estimates to ascertain whether the estimates are reasonable under the circumstances and do not materially misstate the financial statements.

We deemed all significant management estimates reasonable.

# Management Judgments & Accounting Estimates

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Our views about qualitative aspects of the entity's significant accounting practices, including accounting policies, accounting estimates, and financial statement disclosures.

## Our Comments

The disclosures in the financial statements are clear and consistent. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We draw your attention to the following:

Note II, D – Summary of Significant Accounting Policies

Note IV, G – Pension Plan

Note IV, H – Other Postemployment Benefits

Note IV, I – Commitments

Note IV, K – Bonds Payable

# Difficulties Encountered in Performing the Audit

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The Audit Committee should be informed of any significant difficulties encountered in dealing with management related to the performance of the audit.

## Our Comments

No significant difficulties were encountered during our audit.





# Significant Audit Adjustments & Unadjusted Differences Considered by Management To Be Immaterial

The Audit Committee should be informed of all significant audit adjustments arising from the audit. Consideration should be given to whether an adjustment is indicative of a significant deficiency or a material weakness in Metro's internal control over financial reporting, or in its process for reporting interim financial information, that could cause future financial statements to be materially misstated.

The Audit Committee should also be informed of uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements as a whole.

## Our Comments

There were no corrected audit adjustments.

There were two uncorrected audit adjustments. One adjustment was to accrue for expenses in the Natural Areas Fund and Internal Service Fund that were incurred in FY 2021 and paid in FY 2022 totaling approximately \$84,012. The other adjustment was to decrease depreciation expense in the Solid Waste Fund by \$521,285, increase accumulated depreciation by \$109,015 and decrease beginning net position by \$630,300.

# Potential Effect on the Financial Statements of Significant Risks & Exposures & Uncertainties

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The Audit Committee should be adequately informed of the potential effect on the financial statements of significant risks and exposures and uncertainties that are disclosed in the financial statements.

## Our Comments

Metro is subject to potential legal proceedings and claims that arise in the ordinary course of business, which are disclosed in the notes to the financial statements.



# Disagreements with Management

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Disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to Metro's financial statements, or the auditor's report.

## Our Comments

We are pleased to report that there were no disagreements with management.



# Deficiencies in Internal Control

Any material weaknesses and significant deficiencies in the design or operation of internal control that came to the auditor's attention during the audit must be reported to the Audit Committee.

## Our Comments

- **Material weakness**
  - None noted
- **Significant deficiencies & non-compliance**
  - None noted
- **Current year best practice recommendations**
  - Accounts receivable
  - Payroll timecard approval
  - Expenditure approval (repeat)
  - User access reviews (repeat)
  - Administrative permissions (repeat)
  - Password configurations (repeat)
- **Update on prior year items**
  - Capital assets – resolved

# Management's Consultation with Other Accountants

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In some cases, management may decide to consult about auditing and accounting matters. If management has consulted with other accountants about an auditing and accounting matter that involves application of an accounting principle to Metro's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.

## Our Comments

We are not aware of any significant accounting or auditing matters for which management consulted with other accountants.



# Other Material Written Communications

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Report to the Audit Committee significant written communications between the auditor and client management.

## Our Comments

Other than the contract, management representation letter, and the management letter, there have been no other significant communications.



# Material Uncertainties Related to Events & Conditions

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Any doubt regarding the entity's ability to continue, as a going concern, should be communicated to the Audit Committee.

## Our Comments

No such matters came to our attention.



# Fraud & Noncompliance with Laws and Regulations

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Fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements should be communicated. We are also required to communicate any noncompliance with laws and regulations involving senior management that come to our attention, unless clearly inconsequential.

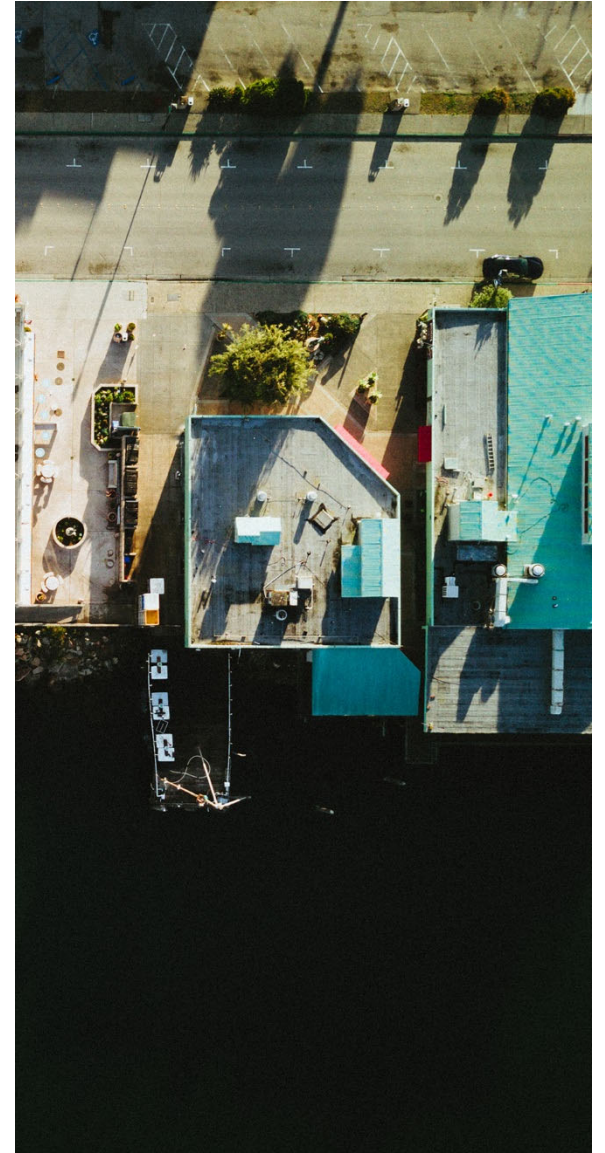
## Our Comments

We have not become aware of any instances of fraud or noncompliance with laws and regulations.





# Information Technology Overview



# Scope and Results for 2021

## Scope

- PeopleSoft Financials
- PeopleSoft Human Resource Management
- Ungerboeck Event Management (USI)
- Weighmaster – *new in FY2021*

## General Comments

- Excellent engagement from IT
- Continuous improvement opportunities
  - User Access Reviews / Segregation of Duties
  - IT Risk Assessment
  - Application Controls

## Observations

- **USER ACCESS REVIEWS** (*carried forward from FY2019*) – Annual frequency recommended
  - USI – the review process was started for FY2021, however due to resource constraints the review was not completed; additional procedures were necessary to support the audit
  - Weighmaster – this is a newly in-scope system for FY2021, for which a user access review has not yet been implemented; no additional procedures were necessary to support the audit
  - PeopleSoft Financials, HRMS – timeliness of completing user access reviews was improved
- **ADMINISTRATIVE PERMISSIONS** (*carried forward from FY2019*) – Proactive monitoring of logged financial- and personnel-related activities recommended
  - Individuals with development responsibilities have administrative access in PeopleSoft Financials and HRMS; additional procedures were necessary to support the audit
  - Restriction of access was achieved for two users
- **PASSWORD CONFIGURATIONS** (*carried forward from FY2020*) – Alignment with Domain Policy configurations recommended
  - PeopleSoft Financials and HRMS systems are not configured in accordance with best practice recommendations; no additional procedures were necessary to support the audit

# Weighmaster Project

## Scope

- Evaluation of transaction processing, system access, and audit logging capabilities within the weigh station system, Weighmaster

## Objective

- To identify potential financial and operational risks related to the use of the Weighmaster system

## Timing

- Project Kick-off: April 6
- Completion of procedures: May 13
- Report Finalized: July 23

### Impact Factor

Impact signifies the risk the observation presents, operationally and fiscally, to Metro.

High	Medium	Low
Observations represent a substantial risk of interruption to Metro operations or potential failure of the Weighmaster system, and consequently present a greater risk to the security and integrity of transactional data as well as the continuity of Metro operations.	Observations represent an elevated risk of potential interruption to Metro operations and unfavorable financial loss.	Observations represent process improvement opportunities for Metro. A meaningful risk to the security and integrity of transactional data is not anticipated to be present.

### Priority Factor

Priority signifies the importance of addressing the observation as well as consideration for the feasibility of doing so.

Critical	Significant	Minor
Observations represent an imminent consequence to the effectiveness and efficiency of Metro weigh station operations if not addressed.	Observations represent a moderate consequence to Metro weigh station operations. Left unaddressed, these observations could result in ineffective weigh station operations as well as cause inefficiencies to be experienced by those involved in or affected by weigh station operations.	Observations represent a near negligible consequence to Metro weigh station operations. Left unaddressed, these observations are most likely to result in inefficiencies experienced by those involved in or affected by weigh station operations; however, the effectiveness of operations is not expected to be affected.



# Weighmaster Project

## Observations Summary

### PROCESS

- Establish consistent policies & procedures
- Evaluate system sustainability
- Establish consistent disciplinary protocols for non-compliance with policies & procedures
- Amplify training efforts

### SECURITY

- Implement periodic user access review
- Formalize access management protocols
- Restrict generic account access
- Establish succession and backup support plans
- Evaluate and monitor vendor access

### OTHER CONSIDERATIONS

- Expand internal resources for system support
- Establish protocols for managing upgrades and customizations to minimize disruption of operations
- Streamline system infrastructure
- Establish a contingency plan
- Consider whether the system can best support future operations
- Evaluate vendor contract terms

### PRIORITY

Significant  
Significant  
Significant  
Significant

### IMPACT

Medium  
High  
Medium  
Medium

Significant  
Significant  
Significant  
Significant  
Significant

High  
High  
High  
Medium  
Low

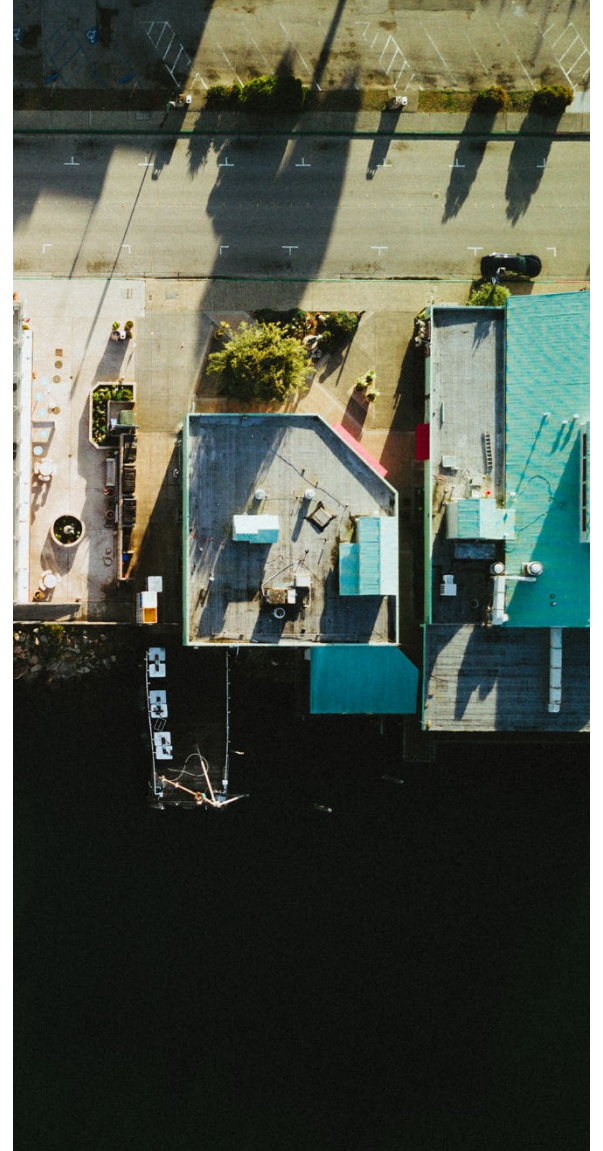
Critical  
Critical  
Significant  
Significant  
Significant  
Minor

High  
High  
High  
Medium  
Medium  
Low



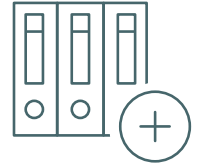


# Accounting Update



# New Standards

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*GASB 87, Leases*

*GASB 89, Accounting for Interest Cost Incurred before the End of a Construction Period*

*GASB 91, Conduit Debt Obligations*

*GASB 92, Omnibus 2020*

*GASB 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

*GASB 96, Subscription-Based Information Technology Arrangements*

*GASB 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*



# Contact Us



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THANK  
YOU