

Board of Commissioners Meeting
February 1, 2017

Present: Commissioner Steve McClure
Commissioner Jack Howard
Commissioner Donna Beverage

Commissioner McClure opened the meeting at 9:00 a.m. and the pledge of allegiance was given with all three commissioners present.

Public Comments and Concerns

Partition Plat (Mt. Glen Road)

Jeff Hsu, of Bagett, Griffith & Blackman, 2006 Adams Avenue, La Grande, presented a partition plat for the Commission's consideration regarding the dedication of a portion of Mt. Glen Road. This is an existing road that was ambiguously created and the purpose is to clarify that it is a county road.

Commissioner Howard noted that the description is listed as not surveyed and asked if that was typical for plats presented to the Commission. Mr. Hsu stated that anything over ten acres does not require a survey; surveys are completed at the client's discretion, which is an additional expense. It was a client decision to not have a survey of the land. Commissioner Beverage asked if there was any opposition; Mr. Hsu stated that there was none that he was aware of.

Commissioner Howard moved approval pending identification of partition plat identified as partition of the tract situated in the Southwest Quarter of Section 16, Township 2 South, Range 38 East. Commissioner Beverage seconded.

Commissioner McClure stated that this is part of the Price property.

Roll call: Commissioner Beverage, yes. Commissioner Howard, yes. Commissioner McClure: yes. Motion carried unanimously.

Ordinance Request on Second Amendment Public Comment

Public Comment

Ken Wisdom, 63760 Mt. Glen Rd, La Grande, provided his cell phone speaker for the purpose of public comment from Rob Taylor, PO Box 973, Bandon, Oregon.

Commissioner Howard stated that he made prior approval of phone testimony from Mr. Taylor with the caveat that it may not be placed into the record if inaudible.

Commissioner McClure stated that he had previously met with Mr. Wisdom; all three commissioners indicated that they had spoken with Mr. Taylor via phone regarding the ordinance request prior to this meeting.

Mr. Taylor stated that the main function of this ordinance is to allow Union County and the Sheriff's Department to withhold funding and not lend any resources to laws that violate the Second Amendment. The Second Amendment has the same type of wording as immigration laws; he

believes that the county could refrain from funding a mandate because there is no law that forces it to fund a mandate. If you don't fund for the law, you don't enforce the law.

Commissioner Comments

Commissioner Howard stated that he had an issue with saying that the immigration law language was close enough that they could apply it to Second Amendment rights. The immigration rules are not the same argument because of the role of Federal government in the almost exclusive enforcement of immigration. Commissioner Howard understands where Mr. Taylor is going with enforcement and probable cause, but he doesn't see that lining up. In regards to unfunded mandates, one issue he has with the current language is that Mr. Taylor is bootstrapping his argument by saying that since it is an unfunded mandate, we don't have to do it locally. That is often a conclusion of law. Just saying it is unfunded and establishing it as an ordinance, doesn't mean you have the right to declare it unilaterally as being unfunded. When you are trying to say 'we know it's unconstitutional because we say it is unconstitutional,' that is legal bootstrapping that never sits well when a court considers ordinance enforceability.

Second Amendment Public Comment

Mr. Taylor stated that the Coos County Sheriff's Department posted a sign listing all the offenses that they will not respond to; these are laws that police are supposed to use to protect people. The Sheriff will not respond because he doesn't have the time or manpower, not because he doesn't want to. When the Sheriff posts that sign, he is using discretionary authority and prioritizing the law so that he can respond accordingly and to the most serious offenses. The Sheriff will not respond to business alarms, and that is part of the discretionary authority that is codified in the language. Mr. Taylor believes that if a Sheriff can put a sign on the wall stating the ordinances that he will not respond to due to lack of funding and prioritization, then it would be the same argument that counties should be able to codify that language in this ordinance to not fund unconstitutional laws based on the same Sheriff discretionary authority. It seems to him that if the Sheriff is given the discretion to prioritize, then they should be able to codify it in the language of an ordinance. Commissioner Howard stated that it is hard to codify administrative discretion, especially when it's based on budgetary restraints.

Commissioner Comments

Commissioner McClure finds Mr. Taylor's argument interesting, although it is a little different than previously presented. He is willing to run it by the county's legal counsel to see if it makes sense or not. Commissioner Beverage stated that based on previous conversations with Mr. Taylor, her understanding of the reason for the proposed ordinance was different than currently being presented. She believes in protecting the Second Amendment, but didn't know that the proposed ordinance would include choosing which offenses would be responded to by the Sheriff's office. Commissioner McClure concurred. Commissioner Beverage thought the proposed ordinance was to reinforce the commission's support of the Second Amendment and to protect it if a new law would undermine it; she would support that. Commissioner McClure agreed that Mr. Taylor's arguments for the proposed ordinance were different than he heard the first time.

Commissioner Howard stated that when he first saw the proposed ordinance, he was concerned about some of the language, such as the production of bullets. He wasn't sure if it granted immunity based on that, but it seems that Mr. Taylor has cleaned it up a bit. Commissioner Howard is

concerned that the proposed ordinance is not the same as the one adopted by Wallowa County and wonders about the effect of that. He suggested that county counsel look at both ordinances and the impact of their differences. It is important that the ordinances line up well so that counties have a united front on this issue. Commissioner McClure and Commissioner Beverage concurred.

Commissioner McClure suggested that staff send the proposed ordinance to county counsel for a legal opinion and then revisit it at a later meeting. Commissioner McClure stated that the current arguments for an ordinance are different than those presented when the commission adopted a resolution years ago. He would like to know if the county has the right to codify it.

Second Amendment Public Comment

Leo Castillo, 105 Fir Street, La Grande, stated that several Oregon counties have passed this ordinance. The argument about the Sheriff's discretionary authority has come up before and has been presented to organizations like the Second Amendment Foundation, the Goldwater Foundation in Arizona and a law firm from Portland. The Second Amendment Foundation is used to taking Second Amendment cases and they rarely lose; they endorsed this ordinance and believe it is strong legally. The ordinance is just a reinforcement of the Second Amendment. It addresses the threats citizens are facing at the Federal and State level. At the Federal level, just recently, there was a Senator from Connecticut who said he would like to ban guns from everyone on the terror watch list. Looking closely at who has been placed on that list, the definition of terrorist has been broadened to where no concrete evidence is needed to place someone on the list. Other threats are from the State where public employees have now been restricted by the Governor from carrying legal firearms to defend themselves. The current background check is flawed to say the least; there is a proposal to change it so that if the background check system hasn't responded within three days, then the application is denied. Legislation was introduced in 2013 and 2014 that would have limited the number and type of firearms allowed and would reserve the right to go into homes to make sure they are in compliance with the Bill, which also infringes on Fourth Amendment rights. This proposed ordinance is in response to obvious threats against the intended effort of our founders to have us be able to defend ourselves and be safe and secure and protect our communities. It follows the Cooley doctrine and Oregon is a Home Rule state; there is a lot of autonomy that is given to local authority. This is defending the founding documents of our nation and the ordinance is defending the Bill of Rights. If anyone is coming against that, then they will have a tough fight ahead of them. There are similar ordinances that have been standing now for four years and haven't been challenged in court. He went door to door in 2013 and collected 1,200 petition signatures in Union County and only 6% of people he talked with did not support it. Overwhelmingly, the people in Union County support it and there are twelve other counties on board with this. There is a lot of hysteria but not a lot of gun violence that is happening. The amount of times guns are used in self-defense is grossly underreported; 98% of the time that a gun is brandished, it is in the prevention of crime and a shot does not have to be fired. He wants to maintain that kind of liberty in Union County. One of the reasons for mass shootings is the use of selective serotonin inhibitor (SSRI) drugs; they have found that most people who have engaged in mass shootings have taken them. There has been a spike in mass shootings since SSRIs have been introduced in the 1980's. That doesn't get looked at often enough. Most people aren't taking SSRIs; most people are responsible gun owners and they don't need their rights trampled on anymore. He appreciates the efforts of Mr. Taylor and Mr. Wisdom in bringing the proposed ordinance forward

and asked the commissioners to seriously consider it. He feels that Mr. Taylor was very detailed in his arguments for the preservation of the Second Amendment through a county ordinance.

Second Amendment Public Comment

Daryl Plank, 3002 N. Fir, La Grande, President of the La Grande Rifle and Pistol Club with more than 500 local members, stated that the club supports the Second Amendment and people that want to back it up. This club would support anyone working to preserve the Second Amendment. He agrees that it is very important for the county to be unified with other adjacent counties on this issue.

Second Amendment Public Comment

James Tippet, 917 N. Gale, Union, wanted to emphasize that God-given rights shouldn't be up for bargain, such as the right to travel and to bear arms. If arms are taken or regulated more than they already are then a lot of religious conflict is introduced into the country. The Bible states that laws pertain to thieves, rapists and murders; that shows how far people have come in regulating brothers and sisters. When you think about why and how we got to this point it is because of the goodness of people and people have allowed themselves to be regulated by being good. If the continuous picking of rights is allowed, then there will be a large conflict.

Law Enforcement Public Comment

James Tippet, 917 N. Gale, Union, wanted to share a situation he had with the La Grande Police Department (LGPD) that needs some serious attention. He lost his livelihood and he has tried to appeal to different agencies to resolve the problem. LGPD threatened him, supported by Officer Reddington who was supposed to investigate the matter, but his conclusion was to talk to the District Attorney (DA) to make sure charges could be pressed. That is collusion. There is a good chance that other members in the court house are facilitating "policing for profit." There are a number of different counties and state agencies that are dealing with this across the nation. Some time ago, there was an inmate at the Union County jail accused of murder; it was discovered that the Union County jail staff were unrighteously gathering information from people in the jail. He stated that when he was unduly arrested, they tried to make him sign a paper consenting to drug and alcohol classes before he was tried or had due process. There was no reason for his arrest; he was taking care of his own matters and the case was eventually dropped. Because of the application and the way they handled the case, he is still unable to retain his CDL. DMV claims a different respect to those matters. Apparently, the Union County court house and the DA were not respecting the DMV's authority on the matter. The DA still claims that they have no way to, or will not, facilitate the means for him to retain his CDL after they have established a method to revoke it. This is crippling the health of our county and city; businesses like the mills and trailer factories are starving for employees. The LGPD, and maybe even some police in Elgin, are using the county courthouse for actions that should not be taken against citizens. He has heard similar stories from people that had the same thing happen to them. This problem caused him to lose a good paying job, many months of wages, and has taken away his ability to feed his family.

Commissioner Howard stated that Mr. Tippet's phrase of "policing for profit" deserves more credence and would like Mr. Tippet to explain that concept. Commissioner Howard stated that in part because of conversations he had with Mr. Tippet, and the frustrations he has had as someone involved in county government and looking at another jurisdiction, no one is immune from this type

of problem occurring, which can happen innocently. He is concerned that the national law system is getting too big and out of hand. There is a backlog of background checks. He spoke with the Director of Background Checks Division last week and the bad news is that getting answers to people who have been wrongfully accused and charged is getting those charges off the books. It takes away the opportunity to work and there is a cost involved to defend yourself. If people think this is only a problem for people being wrongfully charged or inconveniently accused of something, that is not true. The State will assume more responsibility for background checks; the system will continue to get bigger. He is frightened for people being charged wrongfully. He is not making a decision about how charges were handled in Mr. Tippet's case; he has his own opinions about that. But he has worked with Mr. Tippet and his concern keeps getting bigger and bigger. We worried when the financial got too big to fail, why don't we do the same thing when we are crushing these arrest procedures. He is still pursuing that and trying to get some answers through background checks. They are admitting that they at least have a problem. Even though Mr. Tippet's arrest was not made by county personnel, it is an issue that needs to be addressed.

Mr. Tippet stated that "policing for profit" is where a law enforcement officer or group of law enforcement officers establish a coup in order to charge an individual with something that happens to look like it fits the situation. Once they are charged, the DA prosecutes the individual. The person is going through undue stress causing relationship and employment issues. Then the DA starts throwing out offers to settle for money or a reduction of criminal charges with no trial, such as parole or drug and alcohol classes. There is a huge ethic violation with those classes. He hasn't verified the business part of it, but he understands that Judge Russell West owns the consortium that holds the classes for which inmates are signing for at the county jail. They also have a pass along file. That established the kind of policing for profit that is happening here; it is a big industry. They also call to get other Bar Association members to battle this, even in Portland. He asks himself why he can't find an attorney to take his case and thinks it could possibly be that they are all affiliated in some manner and check with each other to make sure they're not stepping on toes. He thinks it is highly likely, but he can't prove it in this case. It comes down to rights. If we concentrate on human rights and religious liberties, we will avoid these sorts of things. The LGPD's mission statement is that they will provide safety services for the public. If they go out there and find somebody to lay a ticket on, then they are working outside of their mission statement. They are also using the color of law for this policing for profit. He could not get a court appointed attorney to do anything about his problem because they all belong to the Bar Association, including the judges, prosecutors, and defense attorneys. When publicly appointed counsel members are assigned to defend these people and they make money from the State to defend these people, that brings another layer of profiting for the Bar Association members. He wondered what would happen with policing for profit if Second Amendment rights were regulated any further.

Commissioner McClure stated that he didn't expect Mr. Tippet to answer his question and put it on public record if he didn't want to, but it would help him understand the situation if he knew the particulars of his case. He reminded Mr. Tippet that this would be public record and he would not be offended a bit if he didn't want to answer. He noted that Commissioner Howard had talked to Mr. Tippet and understands it more on a personal basis, but he himself does not. Commissioner Beverage stated that she did not understand the particulars either. Commissioner McClure stated that he wasn't asking Mr. Tippet to do something he didn't want to do.

Commissioner Howard advised Mr. Tippet not to disclose any more information in public, but that is not to stop him from talking individually with the Commissioners.

Commissioner McClure stated that he would be glad to talk to Mr. Tippet one on one anytime. Commissioner Beverage concurred. Mr. Tippet stated that he would be willing to do that and he would like to be able to get back to work. Children are being subjected to these issues through custody battles in the system; those parents are being milked for money by Bar Association members. It brings conflict into lives where it is not needed.

Commissioner McClure stated that he would honor Mr. Tippet's confidentiality if he chose to talk to him individually.

Commissioner Beverage appreciated Mr. Tippet's comments and stated that she is also willing to listen.

Second Amendment Public Comment

Leo Castillo stated that gun registration has invariably led to confiscation, such as in Australia, England, and New York. It is now extremely difficult to get a gun in New York. He asked the commission to weigh that when considering the ordinance. There has been outside influence in Salem from New York Mayor Bloomberg; his lobbying team has influenced politicians and paid protesters. A Union County citizen traveled to Salem to testify against Senate Bill 941 regarding expanded background checks, but never got to testify. Someone from California was allowed to speak for a long time on an issue that concerns Oregon, but they weren't timed out because they supported the measure. People opposed to the measure were timed out. That is concerning when it comes to Second Amendment rights.

Constituent Inquiries

Sanctuary County Status

Commissioner Howard stated that some people in Union County are very concerned about its designation as a sanctuary county, in part due to an ORS that indicates the enforcement actions by law enforcement. He hopes that the Commission will send some form of communication to Congressman Walden's office to address the fact that Union County is not a sanctuary county. We do not encourage sanctuary or the non-enforcement of immigration laws. The Immigration and Research Council has incorrectly reported that counties that refuse to enforce a sole probable cause of stop based on immigration are sanctuary counties. In no way has Union County adopted a sanctuary county status.

Commissioner McClure stated that the State of Oregon adopted the law that makes the whole state a sanctuary, causing the county problems. He has always been concerned about the defiance of Federal rules; when there is a change in administration, everything in place before could change. That is what we are seeing with the Trump Administration and those federal decisions impact Union County. If the county loses federal funding streams, it would lose a huge amount of funding. It is frustrating to be lumped into sanctuary county status when he does not think Union County is a sanctuary county. He thinks the county needs to follow the political process and talk to a Congressman and explain the situation. He is not convinced that the marijuana issue won't turn into

the same thing. A lot of the reason he did not want recreational marijuana to be legal in Union County was based on the fact that when Federal Administration changes, the climate in Washington D.C. changes. Union County depends on Washington, D.C. for funding for a lot of things that are done locally.

Flag Disposal System

Commissioner Howard would like the county to adopt a flag disposal system so that people can dispose of flags in a more respectful manner. Commissioner McClure and Commissioner Beverage thought it was a fine idea.

Public Safety Building Review Committee

Commissioner Howard presented the initial plan and report for a public safety building review committee. He wanted to incorporate comments from the other commissioners on ways to proceed with the study about the need for a new jail facility.

Commissioner McClure hoped that going forward from this point that it would be a public process open to public comment and use that as a basis for the discussion. He would have no problem with it when it is based on a full community discussion of how the county should proceed. Commissioner Beverage concurred. Commissioner McClure stated that it is well known that the La Grande School District passed a \$31 million bond and it impacted a lot of people in this community financially. If the study proceeds, he would encourage that it be done in an open discussion with the whole community. Commissioner Howard noted that another point made by the commissioners was to include all options, including out of county services. Commissioner Beverage thought planning ahead ten to twenty years would be important.

Race Car Events at Airport

Commissioner Howard stated that he started a conversation with a group of race car drivers in Salem to gauge their interest in bringing an event to Union County. They submitted a preliminary request to see if the county airport facilities might be used as a race facility for these high end racing cars. Commissioner McClure stated that he would make sure the Union County Public Works Director takes a look at it. Commissioner Howard stated he would anticipate resistance but it should be looked at as potential economic development and the commissioners should be engaged in the process and discussion. Commissioner Beverage stated that this was the first she had heard about it and would need to think about it.

Consent Agenda

Commissioner Beverage moved approval of the Consent Agenda, which includes Claims Journals from January 19. Commissioner Howard seconded. Motion carried unanimously.

Administrative Matters

STF Advisory Committee Recommendation: 2017-19 Grant Fund Allocation

Shelley Burgess, Administrative Officer, stated that STF grant funds are made available to Union County through the State of Oregon Public Transit Division for transportation services of senior citizens and persons with disabilities. The State announces an allocation for which Union County is

eligible; the STF advisory committee then reviews applications and makes a recommendation to the Commission. If approved by the Commission, applications are submitted to the State, who will then approve or deny the applications. Eligible funds are not available unless qualified applications are submitted. 2017-19 STF Grant Fund allocation for Union County is \$134,000; the STF Advisory Committee recommended funding as follows:

	<u>2017-18</u>	<u>2018-19</u>
Community Connection of Northeast Oregon	\$59,207	\$54,793
Center for Human Development, Inc.	\$10,000	\$10,000

Commissioner McClure stated that the STF Advisory Committee reviewed both applications and felt they met the state requirements. Mrs. Burgess added that the county has a Coordinated Transportation Plan, as required under this program, and both providers are identified in that plan. **Commissioner Beverage moved approval of the STF Advisory Committee recommendation for the 2017-19 STF funding allocation. Commissioner Howard seconded. Motion carried unanimously.**

Court Order 2017-13, Appointment to the Union County Community Advisory Council for the Eastern Oregon Coordinated Care Organization

Mrs. Burgess stated that approval of this court order would appoint Winnifred Andrews to the Union County LCAC effective immediately. **Commissioner Howard moved approval. Commissioner Beverage seconded.**

Commissioner Howard stated that he was aware of the application and added that the LCAC is always looking for more members. The LCAC helps people that are on the Oregon Health Plan. The LCAC has made great strides so far in making some resources available through grants and would like to continue that process.

Roll Call on Court Order 2017-13: Commissioner Beverage, yes. Commissioner Howard, yes. Commissioner McClure, yes. Motion carried unanimously.

Commissioner Liaison Designations

Mrs. Burgess stated that the commissioners had discussed liaison designations at an earlier planning session; she presented the draft for their consideration. The intent of the document is to inform county partners and constituents of designations for specific areas. It helps staff direct inquiries, but does not preclude commissioners from talking to anyone about any subject. **Commissioner Beverage moved approval of the Commissioner Liaison Designation list. Commissioner Howard seconded. Motion carried unanimously.**

Second Amendment Ordinance Request Comment

Commissioner McClure would like the minutes from today's meeting to be sent to the county's legal counsel when a legal opinion is sought on the Second Amendment ordinance request. County counsel needs to hear the context of the request and public comments as the commissioners heard from constituents. Commissioner Howard and Commissioner Beverage concurred. Mrs. Burgess stated that when the issue was addressed in 2013, the county's current legal counsel was not engaged at that level.

FY 2015-16 Audit Report

Commissioner McClure stated that although it is not a conflict of interest in state statute, he stated for the record that Chelsea Herron is his great niece.

Mike Poe and Chelsea Herron from Lewis, Poe, Moeller, Gunderson & Roberts, LLC, 1121 Adams Avenue, La Grande presented the FY 2015-16 audit report.

Audit Comments

Mr. Poe stated that he appreciated working with the county. As auditors, they work for the commissioners and standards spell out how the communications need to occur. Significant audit findings are not findings but required communications. There is nothing negative in the letter, it just includes what they have to disclose by standards.

Mr. Poe stated that the Solid Waste District (SWD), as a related entity, is included in these financial statements because the Commissioners are the Board of Directors for that district. Commissioner McClure added that Mr. Poe determined under GASB 34 that the SWD has to be included, but there is language in the document stating that the SWD is a separate entity. Commissioner McClure's concern was that if it was included in the county audit without designating it as a separate organization, liability will follow and he doesn't want that to go to the county. The SWD owns the landfill and is technically responsible; funding sources are kept separate from the county.

Commissioner McClure stated that years ago he read the GASBs and had a different opinion than Mr. Poe at the time. Mr. Poe stated that they called in the AICPA to seek an opinion; AICPA advised that this is the way it should be done. Commissioner McClure agreed and added that he felt satisfied with it as long as the SWD was listed as a separate entity.

Commissioner Howard noted that Commissioner McClure was stating that the management authority of this entity is separate from the commissioners' traditional functions.

Mr. Poe stated that AICPA says it doesn't change the legal standing, whether it does or doesn't is outside of his function. The accounting rules designate that if the three commissioners are in charge of something, then it should be included in one document. Commissioner Howard stated that "in charge" is not the same as "charged with" and asked Commissioner McClure if he would say that the commissioners are in charge of the SWD. Commissioner McClure stated yes, decisions for the SWD are made by the commissioners.

Mrs. Burgess stated that the official actions that are necessary to take for the SWD are brought to the Commissioners for a formal action; by order they adopt the budget for both the 4-H Extension Service District and the SWD. This only deals with financial responsibility, which is identified in the document.

Commissioner Howard felt this was an excellent distinction; the commissioners do not have management responsibility or functional capacity.

Mr. Poe stated that the commissioners are setting the budget and policies for the SWD. Commissioner McClure stated that technically the commissioners are the governing body, but the SWD and 4-H and Extension Service District have their own reviews and audits completed.

Commissioner Howard was glad Commissioner McClure addressed the issue of liabilities. Mr. Poe assured Commissioner Howard that Commissioner McClure had all of those concerns at the time, too. They went through the rule process together, had these conversations and they agreed that this is how it is supposed to be done.

Presentation of Audit

Mr. Poe stated that there were no difficulties, no corrected misstatements, all proposed adjustments were posted, and journal entries were distributed. There were no disagreements with management and county management signed the management representation letter. He was not aware of any consultations with other independent accountants.

Ms. Herron stated that other matters are things are not materially wrong but were noted during the audit.

1. Sheriff's commissary account. There has been an issue with this in the past; a lot of that has been cleared up this year, but there is still one discrepancy that relates to when the county changed over to the COBRA program. It is more of a software issue, but still not reconciled.
2. Sheriff's evidence account. There was not a lot of activity, but it was not being reconciled.

Commissioner McClure asked if this was a checking account; Ms. Herron stated yes. Commissioner McClure stated that his understanding was that checking accounts have to be approved by the commissioners. Mrs. Burgess stated that this account was approved by the commissioners when the county negotiated with the City of La Grande for evidence procedures. It was decided that the Sheriff's Office would begin doing evidence as well as the City Police and it was necessary to open an account, specifically for evidence.

Commissioner McClure stated that he is very sensitive to departments opening accounts without the commission's knowledge after it happened several years ago for the benefit of a citizen who drowned at Wolfe Creek Reservoir. He added that the Deschutes County Sheriff opened accounts in his county without telling anyone and took \$500,000 before being caught. Commissioner McClure stated that the commissioners need to be extremely sensitive about funding that goes into accounts that have not been approved by the commission. Mr. Poe agreed; if the auditors don't know about it, it doesn't get reviewed and statements are misleading. Commissioner McClure stated that departments cannot open banking accounts without the commission's approval and knowledge, which would be subject to review and audit.

Commissioner Howard asked if it would be immaterial if an account was opened and approval was sought later. Commissioner McClure stated that it would result in an audit finding. Mr. Poe stated that it would be based on the facts or circumstances; if the commissioners didn't know about the account, it would be in this report. Commissioner Howard stated that a couple of programs he had been working on skirted close to some receipts on funds; he tried to get funding first and assumed

the Board would approve it, but meeting grant application deadlines could cause a problem. Mrs. Burgess stated that those circumstances would be different because they are not separate checking accounts, but rather funds that flow through the county Treasurer's office. Obtaining grant funds would not require opening new bank accounts.

Ms. Herron continued with her audit report.

3. Enhanced Mobility of Seniors and Individuals with Disabilities Grant. There could be improvements in the subrecipient monitoring, as noted in previous audits. Sites visits are being done, but they are not being documented.
4. Petty Cash. There were quite a few discrepancies because the accounts had not been reconciled with the Treasurer's records. It is an immaterial amount of money and two of the accounts had more cash than recorded. Their recommendation is to have a written policy.

Commissioner McClure asked about the total amount of all petty cash accounts; Ms. Herron stated that total petty cash is \$1,200. Commissioner McClure stated that there needs to be a consistent policy to follow or use receipts for reimbursements.

Commissioner Howard stated that he had heard that it was worse to have an excess of funds than a shortage of funds in petty cash. Mr. Poe stated they want it to balance.

Mrs. Burgess stated that she spoke with Ms. Herron during the exit interview and will work with the Treasurer to establish an accounting policy through the Treasurer's office for petty cash.

Audit Procedure Comments

Mr. Poe stated that the commissioners have hired his firm to give an opinion on whether or not financial statements are misleading. Materiality standards are set instead of looking at every transaction every year. Petty cash had not been reviewed in quite some time. This is not a forensic audit; auditing the petty cash every year would not change the opinion of the user of the document. Their procedure includes setting materiality, determining tests that will be made, and conducting some surprise tests. Even though petty cash is a relatively small amount, there could be an enormous amount of money running through it each year. They also run a risk analysis to determine areas of higher risk. They have discussions with commissioners to hear of any concerns or specific areas of focus. The standards are high, but they are set up so that CPAs don't have to stay forever to complete the audit; a reasonable standard has to be applied. There are some transactions that are high risk, such as travel, fuel usage, credit cards, and areas that collect cash. The real risk is the revenue that you don't know about. Once the money makes it to the bank account, there is a trail. Until the receipt is recorded, there is no trail. That type of exposure is reviewed. Once the money is in the bank, then it is a matter of disbursement policies. They have found that the county's disbursement policies are very solid and watched very closely by Department Heads, the Administrative Officer, Commissioners, and the Treasurer's office.

Commissioner McClure stated that there is risk; gasoline is sold at the airport and people pay with cash. The county has to have a system that records that cash as quickly as possible. Commissioner Beverage agreed and added that the golf course would be another example.

Mr. Poe stated that other examples of payments include licenses at the Clerk's office, fees at the Sheriff's office, and property taxes at the Assessor's office. The Assessor's office has a complicated system to handle payments; there are separate sides for the calculation of taxes and the collection of taxes. His firm takes a lot of time reconciling those two sides. It requires commissioner approval to write off a tax bill so the staff can't make that decision and pocket the amount. That system is tested very thoroughly. Other large sources of funds from the State and the Federal government are confirmed; his firm writes letters to them and they respond with the exact amount that was given to the county. His firm then goes into county records to find it, trace it, and confirm that revenue. There is some risk, but it is with smaller fund amounts. It is up to the commissioners to determine the cost benefit of staff time spent reducing those risks. Ideally, there would be two staff members involved in collecting cash, but if the county can't afford two employees to do that, then it has to try to utilize the computer system the best it can and have other monitoring activities.

Mr. Poe stated that his firm utilizes a couple different techniques for disbursements, including random sample, specific selection of larger dollar transactions where one transaction could materially change the financial statement and riskier transactions as earlier explained.

Mr. Poe stated that an important part of a successful organization is the environment and the tone from the top down. He has always felt that Commissioner McClure is a bull dog on it and the county has a great tone. You tell people to do the right thing, don't hide mistakes, fix mistakes, and move forward. An example is that the Accounts Payable clerk has been instructed not to pay a bill without supporting documentation and questionable transactions should be brought to the attention of the Treasurer, Administrative Officer, or a Commissioner. That is happening at the county and staff in those positions are supported; that is a good control of the organization and is important in building a successful, transparent organization.

Commissioner McClure stated that the county's retirement system and the fact that there is no liability is important to state clearly in the document. The county's liability for employee retirement is fully paid and there is no Public Employees Retirement System (PERS) liability. It is important for the community to know that and asked for assurance of that from Mr. Poe. Mr. Poe agreed that he was correct and added that it is reflected in note 11 on page 37. Mr. Poe stated that other local government entities in this county have huge liabilities with PERS, including some large negative equities. Commissioner McClure stated that having a balance sheet that is upside down becomes a big problem when looking for loans. The county doesn't have that infinite liability. He doesn't think people realize how fortunate Union County is to not be involved in PERS.

Commissioner Beverage asked if entities could switch out of PERS at some point. Mr. Poe stated that they could get out of PERS, but it creates more issues with labor union negotiations and changing benefits. Entities could stop participating moving forward, but would still have the unfunded liability. Commissioner McClure stated that it could be decades for that liability to disappear.

Commission McClure asked if the bid for the John Deere tractor for the Fair Board was done correctly. Mrs. Burgess stated that it was done correctly and the Fair Board purchased it on time. Ms. Herron stated that it was not in FY 2015-16. Commissioner McClure asked if they followed proper process in purchasing that tractor. Mrs. Burgess stated she would have to request

documentation from the Fair Board. Commissioner McClure stated that the Fair Board is the strangest relationship that the county has; the county owns the property, they are in the county budget, but the commissioners have no control of it. Mr. Poe agreed and added that by statute they are a department of the county, but the commissioners have no control over them.

Mr. Poe stated that commissioners could contact his office anytime with questions or concerns. There is ongoing communication with the Administrative Officer and Treasurer when they have a new transaction that they are unsure of. Involving the firm at that stage is probably a better use of time than involving them at the time of the audit. He encourages ongoing communication.

Commissioner Howard moved to approve the Union County audit document for FY 2015-2016 with supporting documentation. Commissioner Beverage seconded.

Commissioner McClure thanked Mr. Poe; they did a good job and were here timely. It is nice to have this information now so that the county has six months to make corrections.

Roll Call on approval of the FY 2015-16 Audit: Commissioner Beverage, yes. Commissioner Howard, yes. Commissioner McClure, yes. Motion carried unanimously.

Commissioner McClure recessed the meeting for an Executive Session to be held pursuant to ORS 192.660(2)(h).

Next Meeting and Location

The next meeting is scheduled to take place on Wednesday, February 15, 2017 at 9:00 a.m. in the Joseph Annex Building.

Adjournment

The meeting adjourned at 11:05 a.m.

Respectfully Submitted,

Lorcinda Johnston
Sr. Dept. Specialist II