

## **WORKSHOP OF THE BOARD OF DIRECTORS**

February 1, 2018

2:00 p.m.

The meeting was called to order by Chairman Jim Hickey with Curt Lorenz, Mike Sims, Owen Nicholson and John Handler. Also present was Manager Bruce Halverson, Keri Scott, Janet Lease, and Kori Sarrett of Accuity LLC. There were no members of the public present.

### **WORKSHOP**

The purpose of the workshop is to discuss the Annual Financial Report of June 30, 2017 as prepared and presented by Kori Sarrett of Accuity, LLC.

Kori congratulated the Nehalem Bay Wastewater Agency on a clean audit with no findings and no issues to address.

Kori began the session with a summary of the Annual Financial Report. Kori directed attention to the Statement of Net Position and the Net pension liability line (PERS) of \$357,612 this was an increase from last year's \$117,821. The numbers change is based on the PERS actuarial calculations and change from year to year.

The Statement of Activities shows a positive change in net position of \$68,310. The Statement of Cash Flows is also positive with cash generated of \$154,183. This year we show a clean-up of payables in the System Development Fund of and in the Improvement and Replacement Fund.

In the Notes to Basic Financial Statements, Section II, sub-section A, Fair Value Measurement language was added to the LGIP reporting.

Kori ended the session by reviewing the two letters that accompany the Audit Report. The first letter is the internal letter, reviewing the internal controls for the Nehalem Bay Wastewater Agency. The letter is similar to prior years and address the following; Segregation of Duties, Preparation of Financial Statements in Accordance with General Accepted Account Principles, Compliments, and Restrictions of Use. The second letter is the Audit Opinion letter reporting no issues and outlining adjustments to Accounts Payable. The Summary of Unadjusted Differences accounted for an adjustment to the General Fund for County revenues, and an adjustment to the General Fund for prepaid Health Insurance. An adjustment was made between the General Fund and the Improvement and Replacement Fund to remove interfund payable and receivable. An adjustment was made between the General Fund and the Improvement and Replacement Fund to reverse negative accounts payable.

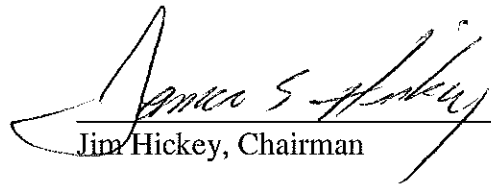
Director Handler asked about the policy whether to first apply restricted or unrestricted resources when an expense is incurred. Director Handler wanted to know if the policy should be written and presented in the handbook. Kori explained that as this is a standard operating procedure for accounting that it did not need to be written and recorded.

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**Page Two**

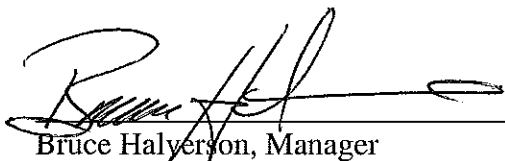
Director Nicholson requested an explanation of the Federal Awards Expenditure threshold and audit requirement. Kori explained that funds received from a federal grant more than \$750,000 require additional audits that would be performed by Accuity, LLC. The agency currently does not receive federal funding.

With no further business Chairmen Hickey adjourned the meeting 2:22 pm.



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James S. Hickey, Chairman



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Bruce Halverson, Manager