

AUDIT WORKSHOP OF THE BOARD OF DIRECTORS

January 15, 2020 1:00 p.m.

The meeting was called to order by Chairman Mike Sims with David Wilson, Owen Nicholson, Jim Hickey, and John Handler. Also present was Manager Bruce Halverson, Keri Scott, and Glen Kearns of Accuity LLC.

WORKSHOP

The purpose of the workshop is to discuss the Annual Financial Report of June 30, 2019 as prepared and presented by Glen Kearns of Accuity, LLC.

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

Glen began with the Statement of Net Position: This report compares total assets as compared to total liabilities. With an unrestricted net position of \$2,883,152, the agency is in excellent financial position. On the Statement of Net Position, Glen noted the net pension liability of \$397,130. The net pension liability will not decrease until the PERS Tier 1 employees drop out of the system.

The Statement of Activities shows that the primary function of the agency is self-supporting through direct revenues. The statement shows the agency is \$249,000 "in the red" because the User Fee revenue does not cover the entirety of the operating expenses. The change in net position for the year was a positive \$289,292. Glen noted that everything looks solid on the Statement of Net Position for the Proprietary Funds and the Statement of Cash Funds for the Proprietary Funds.

The Agency was in line and in compliance with state requirements. No issues. No findings.

Glen referenced the Audit Opinion letter reporting no issues. There is a control deficiency that will remain because we are unable to hire additional staff to address segregation of duties. He suggested that the Agency continue to communicate to all staff that the organization implements additional review and approval steps to mitigate the risks from a lack of segregation of duties.

Director Hickey wanted to express kudos for the Agency's Net Position as mentioned in the Management's Discussion and Analysis. "At the end of the current fiscal year, the Agency was able to report positive balances in all categories of net position. The Agency's net position increased by \$289,292 during the current fiscal year. This increase is primarily due to diligent cost management."

Executive Assistant, Keri Scott, presented the letter to the Secretary of State addressing the Audit Findings for the lack of Segregation of Duties. The Board was in agreement to sign and send the letter to the Audit Manager for the Oregon Secretary of State.

With no further business Chairmen Sims adjourned the meeting 1:23 pm.



Mike Sims, Chairman



Bruce Halverson, Manager