

ARCH CAPE SANITARY DISTRICT MINUTES

19 June 2020

A video teleconference meeting was held in light of the COVID-19 pandemic. A quorum was present.

Sanitary Board: Darr Tindall, President
Debra Birkby, Vice-President & Treasurer
Chris Anderson
Carl Matson
Bill Campbell

Water Board: Dan Seifer (non-voting)

Staff: Phil Chick, District Manager
Steve Hill

Ms. Darr Tindall called the meeting to order at 8:33 pm.

Public Comment: None.

Agenda: Add DEQ loan process. Mr. Matson moved acceptance of the agenda as amended which was seconded by Mr. Anderson. All in favor. Motion carried.

Consent Agenda: Mr. Anderson moved acceptance of the consent agenda which was seconded by Mr. Matson. All in favor. Motion carried.

Old Business:

Biosolids Processing Plan / COVID 19: (Information / Action) Mr. Campbell moved to authorize Mr. Chick to take Biosolids to Seaside for the foreseeable future which was seconded by Mr. Anderson. All in favor. Motion carried.

Mr. Chick reported that the district had been awarded \$4K in COVID 19 relief funds and that the district has a decent chance of receiving additional relief monies. Additionally he indicated that we would not be using temporary seasonal help this summer.

Wastewater Treatment Plant Road Access: (Information) Mr. Chick said that Curt McLeod would be taking the first step in identifying a boardwalk path to the plant and additional information would follow.

New Business:

Resolution 20-05 SD Systems Development Charge Update: (Action) Mr. Campbell moved adoption of RES 20-05 SD SDC Update (attached) which was seconded by Ms. Birkby. All in favor. Motion carried.

FY 2019-20 Audit Engagement Letter: (Action) A recommendation was made that an executed engagement letter be made on Accuity letterhead.

Mr. Matson moved to authorize Mr. Hill to execute the proposed FY 2019-20 Audit Engagement Letter (attached) with Accuity on behalf of the district which was seconded by Mr. Campbell. All in favor. Motion carried.

Department of Environmental Quality (DEQ) Loan Process: (Action) Mr. Chick was authorized by common assent to move forward with the drafting of an intergovernmental agreement with the water district to facilitate a potential DEQ loan.

Reports:

Accounts Receivable: Mr. Hill reported that the districts receivables were in good condition.

Treasurer's Report: Ms. Birkby reported the Local Government Investment Pool (LGIP) balance for the district was \$123,005 and in the Columbia Bank checking account of \$75,350.

Board Comments and Reports: None.

June Agenda Items: DEQ loan, plant access, election of officers, lift station project

Public Comment: Mr. Dan Seifer offered his thanks on behalf of the water district for working with the water district board for a potential DEQ loan.

The meeting was adjourned by Ms. Darr Tindall at 8:53 pm.

Respectfully submitted,


Steve Hill

Attest 
Ms. Darr Tindall, President

for

Debra Birkby, V.P.

ARCH CAPE SANITARY DISTRICT

RESOLUTION 20-05 SD

A RESOLUTION REVISING SYSTEM DEVELOPMENT CHARGES (SDC) / EQUIVALENT DWELLING UNIT (EDU) FEES FOR THE ARCH CAPE SANITARY DISTRICT (the "District")

Whereas, the District adopted Ordinance 98-1 SD establishing a System Development Charge methodology and rates; and

Whereas, Section 4B of the ordinance provides for adoption of SDC rates by resolution; and

Whereas, it is felt prudent to update those charges to more properly reflect changes through investment in District infrastructure and current cost indices; and

Whereas, it is determined that one SDC is equal to one EDU; and

Whereas, the District allows for the annual adjustment of fees in accordance with the Engineering News-Record Construction Cost Index (ENR CCI); and

Whereas, the ENR CCI used in Resolution 19-01 SD was 11,228 and the June 2020 ENR CCI to be applied for the purposes of this Resolution is 11,436 (Index Ratio=11,436/11,228=1.019);

NOW, THEREFORE, be it resolved the ARCH CAPE SANITARY DISTRICT System Development and Connection Charge herein established become effective July 1st, 2020.

<u>3/4 inch meter</u>		<u>1 inch meter</u>	
Improvement Fee	\$ 94	Improvement Fee:	\$ 236
Reimbursement Fee	\$8,360	Reimbursement Fee:	\$20,901
Administrative Fee	\$ 87	Administration Fee:	\$ 211
Total SDC/EDU Charge	\$8,541	Total SDC/EDU Charge:	\$21,348

Adopted and signed this 19th day of June 2020.


Darr Tindall, President

Attest 



June 02, 2020

Steve Hill
Arch Cape Sanitary District
32065 East Shingle Mill Lane
Arch Cape, OR 97102

Dear Steve Hill,

We are pleased to confirm our understanding of the services we are to provide to Arch Cape Sanitary District for the year ended June 30, 2020. We will audit the modified cash basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of Arch Cape Sanitary District as of and for the year ended June 30, 2020. We have also been engaged to report on supplementary information that accompanies Arch Cape Sanitary District's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole:

1. Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund and Major Special Revenue Funds, if any
2. Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances for all Nonmajor Governmental Funds, if any
3. Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Nonmajor Special Revenue Funds, Debt Service Funds, and Capital Projects Funds, if any

Audit Objectives

The objective of our audit is the expression of opinions as to whether the basic financial statements are fairly presented, in all material respects, in conformity with the modified cash basis of accounting and to report on the fairness of the supplementary information referred to above when considered in relation to the basic financial statements taken as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the Minimum Standards for Audits of Oregon Municipal Corporations and will include tests of accounting records of Arch Cape Sanitary District and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of Arch Cape Sanitary District's financial statements. Our report will be addressed to the governing body of Arch Cape Sanitary District. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with management in advance. If, for any reason, we are unable to complete the audit or are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report or may withdraw from this engagement.

Audit Procedures – General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Government or to acts by management or employees acting on behalf of the Government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with auditing standards generally accepted in the United States of America. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any

material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from the Government's attorneys as part of the engagement, and they may bill you for responding to this inquiry.

At the conclusion of our audit, we will require certain written representations from you about the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures – Internal Control

Our audit will include obtaining an understanding of the Government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, during the audit, we will communicate to management and those charged with governance, internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures – Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Arch Cape Sanitary District's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance, and we will not express such an opinion.

Other Services

We will also assist in preparing the financial statements and related notes of Arch Cape Sanitary District in conformity with the modified cash basis of accounting based on information provided by you. The other services are limited to the financial statements and related notes as previously defined. We, in our sole professional judgement, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities. We will assist with preparation of the capital asset schedule and depreciation calculation in conformity with the applicable basis of accounting.

Management Responsibilities

Management is responsible for designing, implementing and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with the modified cash basis of accounting.

You are responsible for including all informative disclosures that are appropriate for the modified cash basis of accounting. Those disclosures will include (1) a description of the modified cash basis of accounting, including a summary of significant accounting policies, and how the modified cash basis differs from GAAP; (2) informative disclosures similar to those required by GAAP; and (3) additional disclosures beyond those specifically required that may be necessary for the financial statements to achieve fair presentation.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, including identification of all related parties and all related-party relationships and transactions, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the Government from whom we determine it necessary to obtain audit evidence.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with the modified cash basis of accounting. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon.

Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with the modified cash basis of accounting (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with the modified cash basis of accounting, (3) that the methods of measurement or presentation have not changed from those used in the prior period (or if they have changed, the reasons for such changes), and (4) you have disclosed to us any significant assumptions in interpretations underlying the measurement or presentation of the supplementary information.

You agree to assume all management responsibilities for financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but will remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others.

In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing and will prepare schedules requested by us by the dates communicated directly to management.

We will provide copies of our reports to Arch Cape Sanitary District, however management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Accuity, LLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the State of Oregon or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Accuity, LLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date or for any additional period requested by the State of Oregon. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party/parties contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit the week of August 24, 2020, and to issue our report no later than December 31, 2020. is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fees for these services will be based on the value of the services rendered, plus out-of-pocket expenses. We estimate that our fees for these services, including out-of-pocket costs (such as report reproduction, typing, postage, copies, or travel), will range from \$10,000 - \$15,000, with an additional \$5,000 if a single audit is required. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate.

Our invoices for these fees will be rendered each month as work progresses and are payable upon presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

At the conclusion of our audit engagement, we will communicate to the governing body, who we have determined to be those charged with governance, the following significant findings from the audit:

- Our view about the qualitative aspects of the Government's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;

- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to the governing body regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures, if any;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence with management.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

If this engagement letter is written in support of any existing bid or contract, in case of any conflict between such agreement and this letter, this letter will control.

If any of the above sections or clauses are held to be invalid for any reason, or are declared to be null and void, all other sections and clauses of this agreement shall remain valid, will not be nullified, and are hereby further affirmed.

Venue of all matters arising from this agreement, this engagement, and subsequent engagements shall reside in Albany, Linn County, Oregon.

Any dispute, controversy, or claim arising out of this agreement shall be settled by binding arbitration under the arbitration rules of the Linn County Circuit Court. There shall be one arbitrator selected from the Circuit Court Panel of Arbitrators and the proceeding shall follow the Oregon Rules of Civil Procedure. The arbitrator shall have the authority to award any remedy or relief that an Oregon court could order or grant, including, without limitation, specific performance of any obligation created under this agreement, the issuance of an injunction, or the imposition of sanctions for abuse or frustration of the arbitration process, except that the arbitrator shall not have authority to award punitive damages or any other amount for the purpose of imposing a penalty as opposed to compensating for actual damages suffered or loss incurred. With respect to any action relating to this agreement, the prevailing party shall be entitled to recover from the losing party its reasonable attorney's fees, paralegal fees, expert fees, and all other fees, costs, and expenses actually incurred and reasonably necessary in connection with such action as determined by the arbitrator.

Our audit engagement ends upon delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new specific engagement letter for that service.

We appreciate the opportunity to be of service to you and believe that this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



Accuity, LLC

RESPONSE:

This letter correctly sets forth the understanding of Arch Cape Sanitary District

Steve Hill,

Date

You are digitally signing above document

AGREED TO THE ABOVE DOCUMENT

Manager Report June 19th, 2020

SANITARY:

We received only 6.1” of rain in May. The wastewater plant received 3 Million Gallons of influent.

Biosolids drying beds were filled last week. We’ll be hauling solids to the biosolids site some time in July. As of now, we will be doing this through the summer until the winter weather comes, when we will go back to having the City of Seaside process the District’s biosolids.

Irrigation Site work and standard plant maintenance have been the main focus lately.

The Ford Dump Truck is in the repair shop with a fuel injector problem. Once it is fixed we will start brush cutting the biosolids site.