

# ARCH CAPE SANITARY DISTRICT MINUTES

15 June 2018

A quorum was present.

Sanitary Board: Ron Schiffman, President  
Debra Birkby, Treasurer  
Darr Tindall  
Casey Short

Excused Absent: Virginia Birkby, Vice-President

Water Board: Dan Seifer (non-voting)

Public: David and Jeannie Stockton

Staff: Phil Chick, District Manager  
Steve Hill, Secretary

Mr. Ron Schiffman called the meeting to order at 7:55 pm.

**Public Comment:** None.

**Agenda:** Change Auditor Search to action. Ms. Debra Birkby moved acceptance of the agenda as modified which was seconded by Ms. Tindall. All in favor. Motion carried.

**Consent Agenda:** Pull agenda items 'A' & 'B'. Mr. Short moved acceptance of the consent agenda as amended which was seconded by Ms. Tindall. All in favor. Motion carried.

## **Old Business:**

**Auditor Search:** (Action) Ms. Birkby restated her objection from the previous discussion in the water district meeting. Mr. Hill said he felt that the charges in the contract for the review were reasonable and that any consultation charges would be in line and acceptable to the board.

Mr. Short moved that the Accuity engagement letter (attached) and contract (attached) be executed which was seconded by Ms. Tindall. Mr. Schiffman, Mr. Short and Ms. Tindall voted yes. Ms. Debra Birkby voted no. Motion carried.

**Septic System 79876 Hwy 101:** (Information/Action) Mr. Chick indicated that there had been no contact from the home owner so he placed a call to them and was told a formal response was being

drafted. He was also informed that the prior district manager had said that he could wait to hook up to the district until such time his septic system failed.

The district's attorney advised that the existing ordinance should be amended. It was also discussed that the District could not reverse an annexation, but that an owner could petition to be removed from the district reversing the previous annexation if approved by the County.

There was general agreement to move forward by having Ms. Eakins modify the existing relevant ordinance.

**Fire Suppression Line Connection:** (Information) A general discussion ensued and issue dropped for the district.

**May 18<sup>th</sup> Regular Board Meeting Minutes:** Mr. Short moved acceptance of the May 18<sup>th</sup> regular minutes which was seconded by Ms. Tindall. Mr. Schiffman, Mr. Short, and Ms. Tindall voted yes. Ms. Debra Birkby abstained. Motion carried.

**May 4<sup>th</sup> & May 18<sup>th</sup> Budget and Finance Reports:** Any action on accepting the May 4<sup>th</sup> and May 18<sup>th</sup> Budget Committee Minutes (attached) was deferred until resumption of the committee's activities in the following year.

Ms. Tindall moved to adopt the approved budget's for 2018-19 (attached) and long range financial plan (attached) reports which was seconded by Mr. Short. Mr. Schiffman, Mr. Short, and Ms. Tindall voted yes. Ms. Debra Birkby abstained. Motion carried.

#### **New Business:**

**Sanitary District Master Plan:** (Information) It was agreed to have Curran-McLeod draft an insert reflecting relevant updates for the Master Plan.

#### **Resolution 18-03 SD 2018-19 Budget Appropriation & Imposition of Tax:** (Action)

**Public Hearing:** Mr. Schiffman opened a public hearing at 8:22pm to take questions and comments from the public and hearing none closed the proceeding at 8:24pm.

Mr. Short moved to adopt RES 18-03 SD 2018-19 Budget Appropriation & Imposition of Tax (attached) which was seconded by Ms. Tindall. All in favor. Motion carried.

**Resolution 18-04 SD 2017-18 Budget Amendment :** (Action) Mr. Short moved adoption of RES 18-04 SD 2017-18 Budget Amendment (attached) which was seconded by Ms. Tindall. All in favor. Motion carried.

**Reports:**

**Accounts Receivable:** Mr. Hill reported that the abandoned property in the district was in the same state as previously reported and that he would continue to monitor the filing of a deed and collection of past amounts due.

**District Manager's Report:** (attached)

**Treasurer's Report:** All accounts were reported to be balanced.

**Board Comments:** Mr. Short said he would not be at next month's meeting and does not wish to be nominated for any officer positions during the July meeting. Ms. Tindall thanked staff for their efforts and for the Stockton's attendance. Ms. Debra Birkby asked what penalties might be appropriate for tampering with a fire suppression hookup and that no one had voiced a complaint about the recent water district rate increase.

**July Agenda Items:** Sewer ordinance, septic system update, master plan and public contracting.

**Public Comment:** Mr. Stockton said he felt the water lines were cleaner than experienced in the past.

The meeting was adjourned by Mr. Ron Schiffman at 8:40 pm.

Respectfully submitted,

  
Steve Hill

Attest   
Mr. Ron Schiffman, President



**Accuity, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

June 14, 2018

Arch Cape Sanitary District  
32065 East Shingle Mill Lane  
Arch Cape, Oregon 97102

This letter is to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide to Arch Cape Sanitary District for the year ending June 30, 2018.

We will prepare the modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, including the related notes to the modified cash basis financial statements, and perform a review engagement with respect to those financial statements.

**Our Responsibilities**

The objective of our engagement is to –

- 1) Prepare financial statements in accordance with the modified cash basis of accounting based on information provided by you, and
- 2) Obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements in order for them to be in accordance with the modified cash basis of accounting.

We will conduct our review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA and comply with applicable professional standards, including the AICPA's *Code of Professional Conduct*, and its ethical principles of integrity, objectivity, professional competence, and due care, when preparing the financial statements and performing the review engagement.

A review engagement includes primarily applying analytical procedures to your financial data and making inquiries of management. A review engagement is substantially less in scope than an audit engagement, the objective of which is the expression of an opinion regarding the financial statements as a whole.

A review engagement does not contemplate obtaining an understanding of the District's internal control; assessing fraud risk; testing accounting records by obtaining sufficient appropriate audit evidence through inspection, observation, confirmation, or other examination of source documents; or other procedures ordinarily performed in an audit engagement. Accordingly, we will not express an opinion regarding the financial statements.

Our engagement cannot be relied upon to identify or disclose any financial statement misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the District or noncompliance with laws and regulations. However, we will inform the appropriate level of management of any material errors and any evidence or information that comes to our attention during the performance of our review procedures that fraud may have occurred. In addition, we will inform you of any evidence or information that comes to our attention during the performance of our review procedures regarding any wrongdoing within the District or noncompliance with laws and regulations that may have occurred, unless they are clearly inconsequential. We have no responsibility to identify and communicate deficiencies or material weaknesses in your internal control as part of this engagement.

We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

### **Your Responsibilities**

The engagement to be performed is conducted on the basis that you acknowledge and understand that our role is to prepare financial statements in accordance with the modified cash basis of accounting and to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements in order for the statements to be in accordance with the modified cash basis of accounting. You have the following overall responsibilities that are fundamental to our undertaking the engagement in accordance with SSARS:

- 1) The selection of the modified cash basis of accounting as the financial reporting framework to be applied in the preparation of the financial statements.
- 2) The preparation and fair presentation of financial statements in accordance with the modified cash basis of accounting and the inclusion of all informative disclosures that are appropriate for the modified cash basis of accounting.
- 3) The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements.
- 4) The prevention and detection of fraud.

- 5) To ensure that the District complies with the laws and regulations applicable to its activities.
- 6) The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement.
- 7) To provide us with—
  - Access to all information of which you are aware is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
  - Additional information that we may request from you for the purpose of the review engagement.
  - Unrestricted access to persons within the District of whom we determine it necessary to make inquiries.
- 8) To provide us, at the conclusion of the engagement, with a letter that confirms certain representations made during the review.
- 9) Including our review report in any document containing financial statements that indicates that we have performed a review engagement on such financial statements and, prior to inclusion of the report, to ask our permission to do so.

You are also responsible for all management decisions and responsibilities and for designating an individual with suitable skills, knowledge, and experience to oversee our preparation of your financial statements. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

### **Our Report**

We will issue a written report upon completion of our review of Arch Cape Sanitary District's financial statements. Our report will be addressed to the board of directors of Arch Cape Sanitary District. We cannot provide assurance that an unmodified accountant's review report will be issued. Circumstances may arise in which it is necessary for us to report known departures from accounting principles generally accepted in the United States of America, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement. If, for any reason, we are unable to complete the review of your financial statements, we will not issue a report on such statements as a result of this engagement.

## **Other Relevant Information**

You are responsible for assuming all management responsibilities, and for overseeing any bookkeeping services or other services we provide by designing an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience. In addition, you are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for the results of such services.

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 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.

You are required to disclose in the financial statements the date through which subsequent events have been evaluated and whether that date is the date the financial statements were issued or were available to be issued. You agree that you will not date the subsequent event note earlier than the date of the management representation letter.

With regard to the electronic dissemination of the financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

We expect to begin our review on August 27, 2018, and issue our report no later than December 31, 2018. Glen O. Kearns is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

To ensure that Accuity, LLC's independence is not impaired under the AICPA Code of Professional Conduct, you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

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 be \$3,500 for the

review. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. 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.

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 rising 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 engagement ends upon delivery of our review 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.

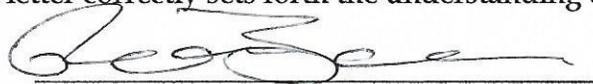
We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return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

Very truly yours,

  
Accuity, LLC

RESPONSE:

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

By: 

Title: PRSS ACSD

Date: 6/15/2018

## **REVIEW CONTRACT**

THIS CONTRACT, made this 14<sup>th</sup> day of June 2018, in accordance with the requirements of Oregon Revised Statutes 297.435 and Oregon Administrative Rules 162-040-020 through 162-40-160 of the Minimum Standards for Reviews of Oregon Municipal Corporations between ACCUITY, LLC, Certified Public Accountants of Albany, Oregon and ARCH CAPE SANITARY DISTRICT, Arch Cape, Oregon, provides as follows:

It hereby is agreed that ACCUITY, LLC shall conduct a review of the financial statement of ARCH CAPE SANITARY DISTRICT, Arch Cape, Oregon for the fiscal years ending June 30, 2018, 2019, and 2020, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants and in accordance with the Minimum Standards for Review of Oregon Municipal Corporations. The review shall be undertaken in order to express limited assurance upon the financial statements of ARCH CAPE SANITARY DISTRICT and to determine if the District has complied substantially with appropriate legal provisions.

ACCUITY, LLC agrees that the services they have contracted to perform under this contract shall be rendered by them or under their personal supervision and that the work will be faithfully performed with care and diligence.

It is understood and agreed that, should unusual conditions arise or be encountered during the course of the audit whereby the services of ACCUITY, LLC are necessary beyond the extent of the work contemplated, notification of such unusual conditions shall be delivered to ARCH CAPE SANITARY DISTRICT, Arch Cape, Oregon who shall instruct ACCUITY, LLC concerning such additional services.

The review shall be started as soon after this contract is executed as is agreeable to the parties hereto and shall be completed and a written report thereon delivered within a reasonable time, but not later than December 31 after the close of each annual period covered by this contract. Adequate copies of such report shall be delivered to ARCH CAPE SANITARY DISTRICT, Arch Cape, Oregon, and its form and content shall be in accordance with and not less than that required by the Minimum Standards for Reviews of Oregon Municipal Corporations.

It is understood and agreed that ARCH CAPE SANITARY DISTRICT, Arch Cape, Oregon is responsible for such financial statements as may be necessary to fully disclose and fairly present the results of operations for the period under audit and the financial condition at the end of that period. Should such financial statements not be prepared and presented within a reasonable period of time, it is understood that ACCUITY, LLC shall draft them for ARCH CAPE SANITARY DISTRICT, Arch Cape, Oregon. The cost of preparing such financial statements shall be included in the fee for conducting the audit as set forth below.

It is understood that this contract is renewable annually for years ending June 30, 2021 and thereafter at the option of the City Council with fees to be established by mutual agreement.

It is understood and agreed that either party may cancel this contract by giving notice in writing to the other party at least ninety (90) days prior to July 1 of any year or by mutual agreement at

any other time. ACCUITY, LLC will be entitled to receive compensation under this contract for all time expended and reimbursement for all out-of-pocket expenses incurred through the date of termination.

In consideration of the faithful performance of the conditions, covenants, and undertakings herein set forth, ARCH CAPE SANITARY DISTRICT, Arch Cape, Oregon, hereby agrees to pay ACCUITY, LLC the sum of \$3,500 per year for the years ending June 30, 2018, 2019, and 2020. ARCH CAPE SANITARY DISTRICT hereby affirms that proper provision for the payment of such fee has been or will be duly made and that funds for the payment thereof are or will be made legally available.

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 contract 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 rising 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.

ACCUITY, LLC



GLEN O. KEARNS, CPA

June 14, 2018

DATE

ARCH CAPE SANITARY DISTRICT



RON SCHIFFMAN, PRESIDENT

6/15/2018

DATE

# ARCH CAPE SANITARY DISTRICT

## RESOLUTION 18-03 SD

### A RESOLUTION ESTABLISHING THE BUDGET AND IMPOSING THE TAX FOR FISCAL YEAR 2018-2019 FOR THE ARCH CAPE SANITARY DISTRICT.

IT IS HEREBY RESOLVED AND ORDERED that the Arch Cape Sanitary District Budget approved and recommended by the Budget Committee on 18 May 2018, for the fiscal year beginning July 1, 2018 in the total amount of **\$592,821** and for the purposes shown below are hereby appropriated as follows:

#### General Fund

Materials & Services	\$245,762
Capital Outlay	\$ 0
Debt Service	\$199,121
Contingencies	<u>\$ 39,000</u>
Total General Fund	\$483,883

#### Capital Fund

Capital Outlay	\$ 25,000
Contingencies	<u>\$ 83,938</u>
Total Capital Fund	\$108,938

Total Appropriations **\$592,821**

### Imposing the Tax

BE IT RESOLVED that the Board of Directors of the Arch Cape Sanitary District hereby impose the taxes provided for in the adopted budget in the amount of **\$142,000** for bonds; and that these taxes are hereby imposed and categorized for tax year 2018-19 upon the assessed value of all taxable properties within the District.

### Categorizing the Tax

#### General Government Limitation

#### Excluded from Limitation

General Government

Debt Service Fund

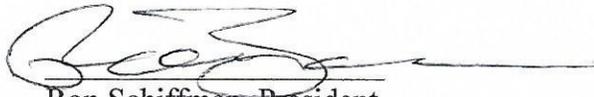
**\$142,000**

The above resolution statements were approved and declared adopted on this 15<sup>th</sup> day of June 2018.

Attest



Steve Hill, Secretary

  
Ron Schiffman, President

# ARCH CAPE SANITARY DISTRICT

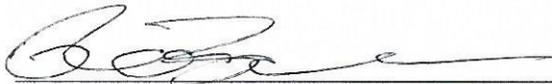
## RESOLUTION 18-04 SD

### **A RESOLUTION TO AMEND the 2017-2018 Fiscal Year Budget**

BE IT RESOLVED that the Arch Cape Sanitary District hereby amends the 2017-18 Budget as follows:

Transfer appropriations from Contingency \$25,000.00 to Capital Outlay.

Dated this 15<sup>th</sup> day of June 2018.



Ron Schiffman, President



Attest

Steve Hill, Secretary

## **Manager Report June 15, 2018**

### **SANITARY:**

1.38" of rainfall was recorded for the month. The plant treated 2.4 Million Gallons of Wastewater.

Special Districts Insurance Services (SDIS) conducted a risk management consultation of the District on May 8<sup>th</sup> (see attached document). Our facility was found to be in good condition, with the recommendation to plan to treat roof moss before it establishes itself abundantly.

Staff worked with a programming contractor from OVIVO to synchronize the timing of the UV lamp and the Permeate Pump operation cycles. The change was necessary to insure that the plant achieves the necessary level of disinfection of the treated effluent leaving the plant.