

**MACKAYE HARBOR WATER DISTRICT  
BOARD OF COMMISSIONERS  
MINUTES  
May 7, 2019**

**CALL TO ORDER**

The Board of Commissioners for MacKaye Harbor Water District met in special session on May 5 at the MHWD village office. Chairman Olson called the meeting to order at 3:00 p.m. Present were commissioners KC Jennings, clerk Helen Cosgrove and guest Linda Noreen.

**EXITE CONFERENCE WITH STATE AUDITOR'S OFFICE ad**

A conference call was held with the auditor's office. Andrew Tan and Arden Flores from the auditor's office introduced themselves. Flores explained the aspects of the accountability audit which included looking at compliance with entity formation requirements, open public meetings and accounts receivable. The auditors thanked the district for their cooperation with the auditors, providing the information requested and answering any questions promptly; the audit went well, was clean and there were no findings to report.

San read a statement as follows:

As a publicly elected official for a special governmental entity, I am aware of and approve of regulations that prescribe state auditing for the purposes of public accountability and openness in the use of public funds.

As a commissioner, I am pleased that the just completed audit found that the District operations were compliant with state laws, regulations and internal policies and provided adequate controls in safeguarding public resources.

However, as a customer of the District I have to question the value of an audit costing \$5,500 which only found two immaterial and insignificant internal control problems regarding segregation of billing, collection and deposit processes. Not that I expected or wanted more problems to be found during the audit.

I truly am pleased no material problems were discovered, but only finding a \$26 under billing in three years of records tells me that the District's financial records and procedures are and have been very transparent and accurate. Given that the District had no significant noncompliance issues or errors, I expect future audits will be more reasonable so that my payments for service could be used for material needs such as infrastructure improvements rather than auditing oversight.

Olson then referred the auditors to two grammatical errors in the report. Tan thanked Olson for his comments and went on to discuss the other pages included in the report: information about the District, information about the state auditor's office and lastly, recommendations.

Exit recommendations are not referenced in the audit report and are intended for management's consideration. The recommendations included an independent review of billing calculations, documentation showing dates the payments of invoices were received; the recommendations were made due to a lack of segregation of duties. They recommended the District strengthen internal controls over the segregation of duties and/or increase oversight reviews related to billing, receipting and deposits of revenue. They also recommended that rate increases be established through a resolution.

The next scheduled audit will be in 2021, will cover the years 2019 and 2020 and will be an assessment audit which is smaller in scope than this audit. They estimate the cost of that audit to be approximately \$1,000.

An audit survey will be sent to Cosgrove who can forward to the commissioners for response; they take the survey answers seriously and review them and at times implement them. Several other departments of the auditor's office were referenced to the District if there are any questions or needs for assistance in any matters; the auditor's office is there to help any small district.

**ADJOURNMENT**

There being no further business the meeting adjourned at 3:30 p.m.

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Commissioner – San Olson

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District Clerk – Helen Cosgrove