

EUGENE WATER & ELECTRIC BOARD  
WORK SESSION  
EWEB BOARD ROOM  
DECEMBER 5, 2006  
7 P.M.

Commissioners present: Sandra Bishop, Mel Menegat, John Simpson, and Ron Farmer. Commissioner Patrick Lanning was excused.

Others present: Randy Berggren, Dick Varner, Jim Origliosso, Dick Helgeson, Marty Douglass, Cathy Bloom, Jim Wiley, Patty Boyle, Debra Smith, and Krista Hince of the EWEB staff; Kimberly Young, City of Eugene minutes recorder.

President Bishop convened the Work Session of the Eugene Water & Electric Board (EWEB) at 7 p.m.

### **2006 AUDIT PLANNING**

Assistant Treasurer Cathy Bloom introduced Julia Desemony and Kate Anderson of the audit firm Moss Adams. Ms. Desemony provided a PowerPoint presentation outlining the audit process. She indicated the firm would interview Vice President Menegat later in the week in its effort to get the tone of the organization. She reviewed a timeline for the process and noted the areas of emphasis for the audit and the nature of the reporting anticipated.

Ms. Desemony invited questions and encouraged Board contact with the audit firm throughout the process.

Mr. Farmer asked Ms. Desemony if she anticipated new GASB (Government Accounting Standard Board) standards related to unfunded liabilities. Ms. Desemony said yes, but she was unsure what form they would take. GASB was working with the oversight boards of various communities and experiencing “push-back” on what was proposed. Mr. Farmer said that whether such liabilities were recognized on the balance sheet, it was an issue that was “out there” and should be recognized. He invited input from the audit firm on that issue. Ms. D said that as standards became more robust, the auditors attempted to preview the future for its clients and let them know what was coming. She assured the board that EWEB staff was very well versed in GASB.

Responding to a question from Commissioner Farmer, Ms. Desemony indicated that she had not reviewed the 2005 audit comments and could not speak to them. Commissioner Farmer said he would like the audit firm to indicate which of the comments were most important for EWEB to address, and how well EWEB did. Ms. Desemony said that general comments occurred in the firm’s management letter. Commissioner Farmer suggested the audit firm rank its order of concern for each comment. He wanted to know which two were the highest priorities.

Commissioner Farmer wanted to know if the audit firm had concerns about EWEB’s ability to take on debt for large capital assets. Ms. Desemony indicated her belief that EWEB’s use of cash reserves and deferrals would greatly help in that effort.

Commissioner Simpson asked that the audit firm identify anything in the management report that was outstanding for two more years and call that out or incorporate it into the ranking requested by Commissioner Farmer.

Responding to a question from Commissioner Simpson, Ms. Desemony said that GASB 34 was an attempt to standardize audits for easier apples-to-apples comparisons, but utilities do not easily fit the framework, which was largely designed for local units of government. Responding to a follow-up question from Mr. Simpson, Ms. Desdemony said that EWEB's records were available in electronic format and the audit firm was able to use data extraction software to look at lots of data at the micro level.

Responding to a question from Ms. Bishop, Ms. Bloom said the audit process was going very smoothly and was already more efficient than the previous year's. Mr. Origliosso said he was pleased to be working with the auditors and found them easy to work with. Ms. Bloom concurred.

President Bishop adjourned the meeting at 7:23

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Assistant Secretary

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President