

AUDIT

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While Glover says she is leaving her job with the Baker School District because it was not a good fit for her personally, she looks forward to accomplishing as much as possible with what she calls her “incredible team” in her remaining five months in the position.



Glover

Some of the tasks were laid out in a management letter that accompanied an audit of the district's financial records presented by the Eide Bailly auditing firm, which has its headquarters in Rancho Cucamonga, California, and an office in Boise. Royce Townsend and Kiran Shah presented the report during a Board work session prior to the start of the Jan. 21 meeting.

Townsend said the auditing firm issued the District an “unmodified” opinion — the highest assurance provided — in its audit report, in which no material weaknesses were identified.

In its first year of conducting the District's audit, the work was performed with the limitations of the coronavirus pandemic and the report was presented in a Zoom computer session.

Townsend and Shah next presented the management letter, which Glover said will be her guide for the work she hopes to accomplish as she ends her tenure with the Baker School District.

A management letter lists the auditors' recommendations for how an agency can improve its internal financial controls.

Although Glover was disappointed that the auditors were not able to work in person with her team to better test the District's financial security controls, she still was satisfied with the results.

“I think we do have an auditing firm that will hold us accountable,” Glover said.

She was pleased that the auditors had issued a management letter, something that had not been done by the District's former auditor, Solutions, a John Day accounting firm.

“I called them on the carpet for their practices,” she said of the John Day auditors. “They had never done a letter, but they admitted the weaknesses were there and we never had a letter. It was super disappointing. You should always have a management letter if your audit firm is doing a good job.”

Glover agreed with the Eide Bailly auditors, who stated in their letter that although the issues they noted did not meet the threshold to be included in the audit report itself, they provide “opportunities for strengthening internal controls and

operating efficiencies.”

Superintendent Mark Witty, pointing to the favorable unmodified opinion provided by the auditors in their review, agreed that the management letter offers recommendations on how the District can improve its financial systems and lower its risks.

First, the auditors pointed to employees' inconsistent use of purchase orders for daily transactions, and recommended that employees follow Board policy.

That policy requires employees to use purchase orders for all purchases to ensure transactions are reviewed and approved in advance and that there is enough money budgeted to pay for the purchase.

“Change in this district is difficult,” Glover said. “Trying to enforce Board policy and getting people to follow proper procedures has been a challenge.”

She's hoping the Eide Bailly firm will help the District overcome that.

The company was one of four interviewed to provide the District with auditing services in March 2020. The District has a three-year contract with the firm, with the possibility of an extension after that.

“I think it's going to be a good fit,” Glover said. “Their hearts are in the right place and I think they're going to hold people accountable.”

In past jobs, Glover said she has seen the purchase order issue resolved with one or two incidents in which the employee who failed to follow the policy had to pay for their item.

“It only takes one or two times of saying ‘thank you for your contribution to the district,’” she said.

In the past year, the District has undergone a complete rewrite of Board policy regarding purchasing, Glover said.

The District's Safe Schools training system, which is used for statewide training on issues such as blood-borne pathogens or sexual harassment, also includes internal training on topics such as policy review. The system was used to send the new purchasing order policy out to every employee asking them to acknowledge that they received and read the information.

Glover said most staff members appreciated knowing what procedures they're expected to follow.

The auditor's management letter also noted a number of “stale dated checks” from the District's general operating checking account, some dating back as far as 2010. These are outstanding checks that might not have been cleared on the bank reconciliation or were not cashed.

Checks that are outstanding should be canceled so unauthorized people can't cash

them, or reviewed to determine if they were cashed by the vendor and not cleared on the bank reconciliation, the auditors recommended.

Glover said she plans to track down the checks, which total about \$350,000.

“We do have records,” she said. “We'll have to go back and do the research. All along our audit firm should have been calling that out.”

Baker Technical Institute

The auditors also pointed to deficit spending by the Baker Technical Institute — money beyond its allocated budget — as an area that needs improvement.

This year that total was about \$142,000, Glover said.

“While communication issues have improved regarding the Baker Technical Institute (BTI), there continue to be opportunities for improvement to meet timeliness for monthly and year end closing procedures,” the auditor's management letter states.

“When we're closing the books we need to get information,” Glover said. “When you can't, it's hard to manage the resources of the District.”

Glover said the District recently signed a memorandum of understanding with BTI, whose president is Doug Dalton, who also served as the District's chief financial officer from 2009 to 2017.

“We need them to communicate what they're doing before they do it,” Glover said. “Now they have it in writing: This is how you agreed to operate.”

Superintendent Witty said he believes some of the issues related to BTI are tied to rapid growth of the program, which offers classes such as welding, heavy equipment operation and truck driving.

“Whenever you grow something as fast as we've grown BTI, you're always trying to catch up,” Witty said. “Some of that is growing pains.”

He said the Board's approval of the memorandum of understanding and a service agreement between the District and BTI is part of addressing the issues noted.

“We're getting pieces in place to shore up those systems,” Witty said.

Other issues

The Associated Student Body (ASB) bank account at Baker High School also was shown to be out of compliance with requirements.

Glover said the issues that arose in the ASB account were not the fault of the staff directed to handle the funds. She blamed the District and lack of professional development provided to those employees for the errors. She said they have been able to gain training provided in Zoom meetings offered by the Oregon Association of

School Business Officials.

The District will work with the audit firm in March to continue to straighten the matter out, Glover said.

The issue involved money from unrelated accounts, including a faculty account, coaches fund and BHS teachers supply fund, being placed in the ASB account.

Only money that the student body controls should be included in that account, Glover said.

“Once you deposit money in the account, the student body owns the funds,” she said.

The District has made changes regarding most issues from prior year audit findings, including the way it handles payroll processing documentation, review and approvals; journal entry documentation review and approvals; and ongoing maintenance of the depreciation schedule.

In an overview of the financial statements included in the Management's Discussion and Analysis for June 30, 2020, the report states that the cost of the District's governmental activities for the year was \$45,748,501.

The amount taxpayers funded through local property taxes totaled \$5,275,798, the report stated, because the remaining cost of \$417,905 was paid by those who benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions totaling \$3,348,591.

The District paid the remaining “public benefit” portion of the governmental activities with \$39,186,232 in state school funds, and with other revenues, such as interest and general entitlements.

Regarding the District's general fund, the report noted that the fund balance increased from \$4.94 million to \$7.75 million.

“This increase is mainly due to savings experienced from the COVID-19 school closures, participation in the Work Share Oregon unemployment program (in which employees were furloughed one workday a week during May 2020 as a cost savings) and growth in sponsored charter schools,” the report states.

The special revenue funds remained “fairly stable” with a net increase of about \$419,000, which is attributed to increased contracted special education services.

Capital project funds also remained stable from the prior year, showing a net decrease of about \$206,000 due to the Baker Early Learning Center capital project.

The debt service funds showed a decrease of about \$97,000 that went to the PERS (Public Employee Retirement System) bond debt service payments.

LOCAL BRIEFING

Scholarships available for women

Chapter AX of the PEO Sisterhood will award academic scholarships to two graduating senior girls from high schools in Baker County or North Powder this spring.

The philanthropic organization will also award a scholarship to a woman who graduated from high school in Baker County and has completed at least two years at an accredited college or university.

- The Gertrude Fortner-Rose Haskell Scholarship was named for two charter members of Chapter AX who strongly believed in higher education for women.

- The Mildred F. Rogers Chapter AX PEO Scholarship was established in 2000 by Rogers' daughter, Edna Harrell, and her grandchildren. Rogers was a longtime member of Chapter AX, which started in 1951, including serving as president in 1952.

Applications for these two scholarships are available at <https://bhs.baker5j.org> or in the guidance office of Baker, Burnt River, Pine Eagle, Huntington and Powder Valley high schools. Baker High School students must return applications to the BHS office by 8 a.m. on March 1. Other applicants must mail applications, and they must arrive by 8 a.m. on March 1. Applications must be mailed to Dorothy Mason, P.O. Box 446, Baker City, OR 97814.

All women who plan to enroll in an accredited college or university are eligible. The scholarships are awarded on the basis of academic achievement, goals, activities, financial need and personal character.

- The Pat Fessell Chapter AX PEO Scholarship, for a Baker County high school graduate who is attending college, honors Fessel, a 68-year member of the PEO who graduated from Cottey College, which the organization operates.

Applications for this scholarship are available at <https://bhs.baker5j.org>. Click on the students section, then on scholarships, then scroll to the bottom of the list. Applications must be mailed to Dorothy Mason, P.O. Box 446, Baker City, OR 97814, by April 1.

Boat ramp, dock to be closed for work

HUNTINGTON — The boat ramp and dock at Spring Recreation Site, on the Oregon shore of Brownlee Reservoir near Huntington, will be closed from Feb. 1 through March 31 while employees from the Bureau of Land Management build a new ramp and lay the foundation for a new floating dock that will be installed this spring when the reservoir level rises.

Workers removed the floating dock in 2019 after it broke loose from its tether. A later inspection deemed the dock unsafe for continued use. BLM received a grant from the Oregon State Marine Board for the new dock. Installation of the new dock is tentatively scheduled for May, depending on the water level.

POLICE

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Chuck Briney, 27, was cited to appear on a probation violation charge; Kyle Waldron, 35, was cited to appear on a charge of failing to appear on original Union County allegations of criminal trespass and theft; and Brandon Radle, 33, was cited and released for failure to appear on an original charge of possession of methamphetamine.

Duman said police worked with the owners of the property, Haines residents Gary and Elizabeth Kramer, ages 83 and 81 respectively, to remove and trespass those who were staying at the residence. Their son, Greg Allen Kramer, 61, who was the only authorized resident of the home, is in a Boise hospital, Duman said.

“In working with them, they recognized what was occurring there and made the decision to evict everyone and board up the house,” Duman said.

Activity on the property over the past year has ranged from low-level criminal activity to drug use and general city ordinance nuisance violations, Duby said. Since 2020 Baker City Police officers have been called to the residence more than 40 times on reports of crimes including harassment, disorderly conduct, trespassing, drug use and outstanding warrants, Duby said.

Many of those reports came from neighborhood residents who had had their fill of the situation, Duman said. The neighbors appreciated Wednesday's police action to clean up the eyesore the property had become and to put a stop to the transient traffic in the area.

“You know you've made a difference when all of the neighbors come out of their houses and give you a thumbs up,” Duman said.

In the future, anyone found on the property or inside the house will be subject to the charge of criminal trespassing, Duby said.

STREETS

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Kerns, the planning director, said one of project's goals is to balance the needs of different types of travelers.

“Part of the early discussions we've had about this project are identifying some of the really critical services especially along 10th Street that people need access to and there's a lot of different ways that people would gain access, whether that be walking or biking or driving,” Kerns said, “and making sure that services like DHS, New Directions, the high school, the hospital and that kind of thing are easily accessible to everyone in our community regardless of how they're getting there.”

In addition to the Northern Baker transportation plan, ODOT has proposed to redesign the intersection of Hughes Lane, 10th Street and Pochontas Road in 2024.

That intersection, which is offset, has a higher-than-average crash rate, according to ODOT.

“That's another thing that we really feel we need to address with



S. John Collins/Baker City Herald File Photo

Changes, possibly including new sidewalks, are coming to the 10th Street business district later this year.

the 2024 construction project and we want to know how we should make that look and work going forward,” Owen said during Wednesday's virtual meeting.

“We're really at the point where we get to start developing concepts,” said Wemple, from HDR Inc. “Right now we're just understanding existing conditions and understanding what it is you guys would like to see on those streets.”

Bill Harvey, who owns the busi-

ness complex on the east side of 10th Street at H Street, advocated for sidewalks rather than bike paths on the northern part of 10th Street.

One idea city officials have discussed in the past is building sidewalks on both sides of the street to improve pedestrian access to the hospital and to the YMCA fitness center, among other destinations.

“We'd actually prefer to route the bikers off of 10th Street from at least D Street (north) because we have

bus traffic, truck traffic, activities that need high visibility and not having to worry about bikers in there and if we could put the pedestrians on sidewalks, it'd make it far safer,” said Harvey, who is also chairman of the Baker County Board of Commissioners.

Richard Hindman, who owns Cashway Lumber, on the west side of 10th Street just south of H Street, asked whether the curb cut that gives customers access to his business will continue to be allowed.

Ken Patterson of ODOT said that when sidewalks are built, which is one of the proposals for the northern part of 10th Street, ODOT officials review access management.

“We try to strike a balance between safety, making sure that driveways are in safe locations, and balance that with the economic use of the property,” Patterson said.

In response to a question submitted online about cost, Wemple said estimates will be included in the proposals for specific projects that will be released later this year.

Another question involved the

possibility of burying the current overhead utility lines on 10th Street, similar to what was done several years ago on Resort Street between Campbell Street and Auburn Avenue.

Owen said that hasn't been determined.

“To me, it would certainly enhance the overall look of 10th Street, but there's a cost to that that's pretty substantial,” she said. “It's not something necessarily that would be funded.”

Owen pointed out that property owners along Resort Street paid a portion of the cost to bury the utilities there.

Harvey endorsed burying utilities before new sidewalks are built.

“Because we have to put sidewalks down on both sides of the street, that's the time to put things underground and the cost of conduit is nothing compared to the cost of coming back and doing something later,” Harvey said.

More information on the project is available at www.bakercity.com/2289/NBTIP