

# Vaughn Cascade County Water & Sewer



1161 6<sup>th</sup> Ave, Vaughn, MT 59487

## Board Meeting Minutes

June 21<sup>st</sup>, 2022

**Notice:** *These minutes are paraphrased and reflect the proceedings of the Board of Directors.*

MCA 7-4-2611 (2) (b). These minutes were officially approved at the \_\_\_\_\_ Board meeting.

**Call to order/Quorum:** Herb Phinney President at 6:10 pm

### Pledge of Allegiance

**Roll Call:** Sandra, Rex, Cory, Tina and Herb.

**Employees:** Annette Kniffen, James (Rusty) South

### Approve May 17<sup>th</sup>, 2022 minutes

**Herb:** has everyone had a chance to read the minutes? **Annette** and I have talked about it and there are corrections to make. **Annette:** under Secretary Report where it says Sarah, Sweet Grass, I think I should add discussion on MACO insurance, because someone else reading this won't understand what Sarah was talking about. On the first line it says ridicules and it should be ridiculous. And then under auditor requesting letter, I need to attach a copy of the letter. Any other corrections? **Herb:** no just those were what needed to be corrected. Anyone else have any corrections?

**Herb:** any board discussion regarding minutes? **Tina:** no **Cory:** no

**Herb:** any community comments? **None**

**Cory:** I make a motion to accept the minutes as amended

**Tina:** I second that motion.

**All those in favor say Aye:** Tina, Herb, Sandra, Rex and Cory.

**All those opposed same sign:** none

Motion Carries

### Secretary/bookkeeper report: 3:38

See attached

### Discussion on cost for our MACO insurance: 5:49

Because of the water project and wastewater project our assets went up. The new price is a little over \$30,000. MACO said we could make payments quarterly but they want a finance charge of 8% and that's another approximately \$2,400 more. **Sandra:** I thought Sarah from Sweet Grass was going to check and see

if we could get it cheaper. **Annette:** she did and I also called Jory our insurance agent in Great Falls and it doesn't matter who we go through Helena tells us what we are to be charged. **Cory:** that's a state deal. Because our assets went up our insurance went up. **Annette:** I called Jory at Erwin insurance to see if we raised our deductible if our insurance would go down. We are at \$1,000 deductible now. I have not heard anything yet. **Cory:** I am guessing what you are going to hear is it won't make that much of a difference. If you increase your deductible to say \$10,000 the premium probably won't go down much. **Tina:** it seems they are using the grant money that went to pay contractors. **Annette:** they are because they pay for loses, if someone was to walk away with the money. If we got a million dollars in and I walked away with it they would cover the loss. **Sandra:** since we didn't budget for that, we only budgeted for 20% increase. What are we going to plan for next year? **Rusty:** you will find out next month when we start work on the budget. **Cory:** you guys were tight last year to stay within budget. **Sandra:** why can we pay for the audit with grant money but we can't for the insurance? **Annette:** the grants we received triggered the audit. **Sandra:** to be safe we should be audited every year. **Annette:** we only need to be audited every 3 years if we aren't getting government money. It would cost us at least \$15,000 for each audit. **Cory:** the state requirements for audits is every 3 years.

**Operator/manager report: 18:50**

**See attached**

**Herb:** is any of the shoring boards inside the old tank affect the drinking water? **Rusty:** yes the shoring boards would. I don't know how many years they have been in there and how many times we have had it inspected. They have been in there since it's been built. Right now that tank is offline so we can get it cleaned up. The problem with the chlorine in the new tank is it mixes when the tank runs. The mixer is going to be a couple weeks to fix.

**Herb:** I think that the board feels the same way I do and you are doing an amazing job. **Rex:** I second that. Did I read somewhere that you got some kind of award? **Rusty:** DEQ called and said you need to come to Missoula because we are going to give you an award. It was for excellence in environmental.

**Old Business: 27:33**

**KLJ: Sean:** Water project update, as of last week Annette got the last funding draw for the contractor. There's a close out report that goes with the final draw. Stating what the project was and that it was done correctly.

I brought the final draw for 3 KLJ invoices from last year. It is from before we found the design error in tank elevation. At that time we stopped invoicing the district, and the money for those invoices were already in the budget for the grant money.

Discussion on the last draw for Jackson Contracting. Explaining the 1% Gross contractor tax. Annette would hold out 1% of Jackson pay and that money was sent to Helena. Jackson can apply for that money at the end of the year.

**KLJ: Sean ARPA update: 36:30**

Sean talked Dan about the county funding. He said there is no update yet. It was supposed to be decided any day now. Annette will be getting emails regarding that.

**New Business: 37:58**

**Audit Update:**

**Annette:** this auditor, I received an email asking for a board member to call him. Herb called him and the discussion was about municipality. **Herb:** I asked him are you auditing us as a municipality, we are a non-profit. **Annette:** I received an email from Tammy Dunlock at the state financial services office. She's the one that says when you need an audit. Her email stated that they do not recognize us as a municipality, you are a special purpose district. We are going back and forth with this auditor. Our last audit was a BARS audit and this auditor says we have to have a GASB audit. Auditor also stated we should not be using QB we should switch to Black Mountain. I called Marca our accountant in Fairfield she said we can use QB. I also emailed Wendy Weisman, she is the accountant for Montana Rural Water. She stated we should not switch to Black Mountain. **Cory:** last time we switched to Black Mountain we lost all our books.

**Annette:** Bob Denning the auditor said we were missing \$100's of thousands in assets. I tried to explain to him that is when the district was using Black Mountain, they switched Black Mountain to QB and they weren't sure what to do with the assets. Our accountant is working on that. We have a meeting with Bob the auditor in the morning at 9:00 at the office. **Rusty:** we are supposed to be audited for last FY. The \$100,000 was 7 years ago. This started with him requesting reports that he could pull up himself. He doesn't know how to do it. **Annette:** he asked for the bank reconciliation reports for July 2020 and June 2021. I can't pull those reports but Marca (our accountant) can. She emailed them to him twice now. And he is still asking for them. **Cory:** how much did we save by going with this auditor? **Annette:** we haven't now. We have to pay our accountant to come down here and go through reports. **Rusty:** what he did was give us a quote and then increased the price. **Herb:** he told me on the phone that he only audits municipalities. Annette and I have been trying to find out if we fall under the municipality for audit. We wanted it in writing so we could show him. **Cory:** we are a special purpose district and always have been. **Herb:** since he only does municipality audits should we try to get out of it or do like Annette says and let him finish it and not hire him again. **Annette:** he has already started. How much is he going to charge us for what he has already done? If he charges \$5,000 for what he has already done and then we have to find another auditor who is going to charge us \$15,000 to \$18,000. We should probably just let this guy finish. **Cory:** why are you working with the auditor and not the accountant? **Annette:** She has been sending him reports. He will email me and say I need this report and I will tell him he needs to talk to our accountant. **Cory:** take this headache off your shoulders (Annette) and let the accountant handle it.

**Discussion continued:** on what auditor was requesting and what should be done at the audit meeting tomorrow. Marca should handle the questions the auditor asks.

**Cory:** if we are still going to have problems with what happened way back when switching from QB to Black Mountain and back to QB we need to sit down with the accountant and get them straightened around. We weren't responsible for the asset mix up. We didn't have a problem with the last 2 audits. He should only be auditing one year 2021. **Sandra:** when is he supposed to be finished? **Annette:** the contract said last month. **Sandra:** can we get a new date from him?

**Herb:** for the meeting tomorrow, I am going to be there at 8:30 and so is Marca. I did suggest we record the meeting. **Cory:** most definitely. **Annette:** Herb and I asked him for a list of his questions and concerns so we could have everything ready for him when he comes. **Cory:** did you receive anything? **Herb:** no we have not. **Sandra:** so is the district missing assets? **Cory:** no, prior to 2016 this district was a mess. There was a point where the district had one board member. One board member does not constitute a quorum and that one board member was making decision. Financial decisions, liquidating assets. We are trying to get a disconnect where it was mishandled before and track things correctly now.

**Herb:** there is board training that is available once in a while. **Cory:** can you (Annette) let the board know when you hear about a new training? **Annette:** yes I usually get an email.

**Open community comment: 59:18**

**Rex:** next month I will be here but in August I will be gone. Next month will be my last month on the board. I believe I am a year past my 3 months that I was supposed to be on the board.

**Rusty:** thank you for helping us off. **Cory:** yes thanks.

**Rex:** I will keep my eyes and ears open for people to fill my slot.

**Question on customer that won't pay: 1:02:01**

**Rex:** I would like to know more about the customer that won't pay. **Annette:** we have one customer that writes what month she wants the payment to go to. Say she is past due March, she will write this is for April payment. **Rusty:** she was behind 3-4 months but now we got her where she is one month behind.

**Herb:** basically she is behind but not enough to be shut off. **Rusty:** her account has never been zeroed since 2016 something like that. We don't shut off until 60 days. She is staying just ahead of the 60 days.

**Cory:** if you look at how our rules and regulations are written, we don't have a leg to stand on.

She is falling within the guidelines. **Rusty:** I will have to look into that. I don't think they are clear. We have been working on updating the rules and regulations but we have been so busy with other stuff. **Cory:** working on them with all the "free" time you have? **Rex:** is this the bill I get every month? **Rusty:** yes.

**Herb:** the rules and regulations need to be updated so once it says you have to pay in full they have to pay in full. **Rusty:** we have a lot of people that can't pay in full but they call and make arrangements.

**Annette:** this person never calls. I called and left messages I have sent them letters with spreadsheets. I have asked for them to come in and we can go over their bill. I can't get any response. **Cory:** because our rules and regulations is vague, we need to shore that up so something can be done.

**Sandra:** are you charging a late fee every month: **Annette:** yes every month. We charge \$5, we need to update that also. **Rusty:** everyone is high. **Sandra:** maybe that is the solution to raise the late fee.

**Rex:** I am curious, how many people work with you to make payments? **Annette:** I have one right now.

**Rusty:** I usually have about 8 that I have to put notices on their door. **Herb:** is it on the notice to call the office. **Annette:** I believe it is. I will check. **Herb:** Sandra one of the things I have observed is we compare our fines and penalties with other districts. We are low than fines. **Annette:** On Gore Hill it is \$15 if you are late.

**Adjournment:**

With no further business before the board, the meeting stood adjourned. **Adjourned: 7:22 pm**

Respectfully submitted:

\_\_\_\_\_  
Annette Kniffen, Secretary/Treasurer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Herbert Phinney III, President

\_\_\_\_\_  
Date