

OFFICIAL IBSD MINUTES

JULY 15, 2009

IONA-BONNEVILLE SEWER DISTRICT (IBSD) SPECIAL BOARD MEETING

Meeting called to order by Chairman John Price at: 7:00 p.m.

Board Members Present: John Price (Chairman); Mike Klingler; Susan Ring; Jason Blundell; Glen Clark

IBSD Staff: Cindy Wellman, Manager; Edie Richmond, Administrator

Attorney: Eileen McGovern; Tony Sasser, Echohawk Law

Public: Susan Farnsworth, Kendra Price, Chris Price, Terry McNamaire, Sally Price, Kevin Harris, Hollis Murri, Brenda Klingler; Sven Beri, Farrell Steiner, Louise Street, Dave Benton, Justin Klingler, Michelle Klingler, Nathan Klingler, Trudy Klingler, Eric Wellman, Carla Benson

Agenda Items:

1. Shawn Branson – IBSD 3728 and IBSD 7252 – Request and decision from Board for waiver of monthly sewer charges due to water being turned off for these properties.
2. Hollis Murri – IBSD 3319 – Request and decision from Board for credit of \$338.10 and disconnection from IBSD sewer lines for house being used by Police and Fire Department for training. The property has been gutted over the past year and the Fire Department will burn the property this year for training.
3. Carla Benson – 2007 and 2008 Audit Report – Presentation for acceptance by Board.
4. Farrell Steiner – Forensic Audit Report Presentation and any decisions by Board related to the Report
5. Henderson Trailer Park – Decision by Board regarding extra lot on the Henderson property which has not been billed.
6. IBSD 843 and IBSD 844 – Decision by Board regarding billing for these two properties.
7. LDS Church – Iona 10th Ward: Decision by Board regarding connection fee of \$13,100 charged on 08/13/2008. The amount is different (more) than what we charge for connections. Request for refund.
8. Notification of Election and Clarification of Sample Ballot and any decision by the Board regarding these two issues.
9. Report to Patrons – Decision by Board to send out Report with August Invoices
10. Scheduling of meeting for Employee Benefits
11. Payment of Bills including any transferring of funds to pay the bills.
12. Approval of Minutes
13. Adjournment

00:01:30 **SHAWN BRANSON: WAIVER OF MONTHLY FEES**

Mr. Branson has two houses, which have had the water turned off and he would like the Board to consider waiving his monthly fees.

Mr. Klingler stated this is a good time to investigate building better relationships with water companies that work within the district and see if IBSD can work out some kind of arrangement

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with them. The Board should initiate relationships with Falls Water and the City of Iona to work out a disconnect procedure wherein the water companies notify IBSD and work with the district to provide notices, when a patron has service turned off and turned back on.

Mrs. Wellman indicated IBSD has already started the process of coming to such an agreement with Falls Water which sent an initial customer base which IBSD may compare to patron lists. Falls Water will send updates at the beginning of the month so the Board will have current information.

MOTION: Mr. Klingler: The Board will act in accordance with its existing policy not to charge fees on vacant lots until it can finish its investigation and consider a Board policy that would allow for disconnects. **MOTION SECONDED:** Mr. Clark. **MOTION PASSED:** (Yay: Mr. Klingler, Ms. Ring, Mr. Clark, Mr. Blundell; Chairman abstains)
00:13:45

00:13:45 **HOLLIS MURRI: DISCONNECTION FOR HOUSE BEING USED BY POLICE AND FIRE DEPARTMENTS**

Mr. Murri has a house that has been partially burned for years. It is going to be completely burned down this year by the Police and Fire Department. The house is too expensive to move and cannot sell. The Fire Department has been using the house for training for a year and the house has not been used as a residence since he purchased it in 2006. The property is likely to be developed in the future and more sewer hookups will be added.

MOTION: Mr. Blundell made a motion to refund the full amount of Mr. Murri's bill in exchange for Mr. Murri capping the line as determined by an inspection.

Mr. Murri asked if IBSD would charge for the inspection. The Board indicated it would not. Mr. Blundell suggested Mr. Murri dig up the line, cap it off, and have IBSD inspect it.

MOTION: Mr. Blundell made a motion to credit Mr. Murri the back-charges of \$366.10 in exchange for Mr. Murri capping of the line, which must be confirmed by IBSD inspection. **MOTION SECONDED:** Mr. Clark. **MOTION PASSED:** (Yay: Mr. Clark, Mr. Blundell, Chairman Price; Nay: Mr. Klingler, Ms. Ring)
00:24:40

00:24:45 **CARLA BENSON: AUDIT REPORT**

Mrs. Benson addressed the Board regarding her financial audit report relating to 2008. She indicated that because of the change in IBSD management it is not practical to get a management representation letter regarding transactions prior to October 8 of 2008 during which time McCarty was management.

Mrs. Benson reviewed her report describing current assets, profits, and losses for 2008 compared to 2007, and confirming the Board does not currently have debt.

Mr. Klingler asked, regarding the time period from November 2006 to May/June of 2007 to 2008, whether there was money in the vault approximating \$15,000 that had not been deposited or

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entered into QuickBooks. Mrs. Benson stated that money has been accounted for in her report, and treated as an outstanding deposit. The cash amount in the report has been increased for it.

MOTION: Mr. Klingler made a motion to approve the financial audit report by Carla Benson.

MOTION SECONDED: Mr. Blundell. **MOTION PASSED:** (Yay: Mr. Clark, Mr. Blundell, Mr. Klingler, Ms. Ring; Abstain: Chairman Price)

00:36:10

00:36:20

FARRELL STEINER: FORENSIC AUDIT REPORT

Mr. Steiner indicated he was hired by IBSD pursuant to the request of the Idaho Attorney General's office to trace sewer billings posted in Caselle billing software by IBSD personnel or contractors to bank deposits and to the IBSD general ledger for a period beginning with the use of Caselle software in the 2004-2005 fiscal year to November 30, 2006. Mr. Steiner stated he reviewed financial transactions beginning September 2005 to November 2006.

Mr. Steiner stated he also reviewed IBSD records for cash transfers which were accounted for in authorized IBSD accounts. He directed the Board to review page thirty-six (36) of his report representing each of the accounts from December of 2004 to November of 2006 which lists each bank account in existence during that time period. This portion of the report relates to transfers out of accounts and into accounts to determine if they are consistent. Every transfer to and from IBSD accounts is accounted for.

Mr. Steiner indicated his ability to compare IBSD connection fees to bank deposits was limited due to a lack of documentation, including deposit slips. Amounts stated in deposits and amounts in QuickBooks often tie, but to reconcile those numbers with Caselle was difficult due to lack of supporting documentation. He concluded that better procedures and controls would help provide more consistent information. Ultimately, he indicated checks deposited do not correlate to deposits.

Mr. Klingler stated it seems there is quite a disparity in the amount of cash received by IBSD now since the district office has moved; there seems to be a lot more cash coming in. Mr. Steiner indicated that, though he just looked at first four months or so for comparison, that conclusion seems to be accurate. Mrs. Wellman noted that there were a lot fewer properties in the district previously but even taking that into account, IBSD has had a better cash flow since the district office moved.

Mr. Steiner summarized his results stating that; overall, IBSD documents from prior management reveal inconsistency and lack of detail making it difficult to provide definite conclusions about what was happening. Mr. Steiner stated he does not have detail regarding how much of the money coming in was cash and how much was checks.

Mrs. Wellman asked Mr. Steiner if he had county receipts for people who brought in payments, specifically copies from receipt books. Mr. Steiner stated he did not. Mr. Klingler stated prior management still has those documents.

01:16:35

01:16:35

HENDERSON TRAILER PARK: EXTRA LOT HAS NOT BEEN BILLED

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Mrs. Wellman explained there is an extra lot which had not been billed. The question before the Board is how far back to bill or whether the Board should back-bill at all where the Board had not acknowledged there was a building there..

Mrs. Wellman answered that the lot which has not been billed has been there since at least 1985 and the road vacated since 1986. Mr. Klingler noted that if the District had not discovered it for twenty-three (23) years then the District was negligent and should have discovered the problem, especially when IBSD staff has been driving the district for years to discover these kinds of issues.

MOTION: Mr. Klingler made a motion to add the lot to the map and charge for one year of back fees. **MOTION SECONDED:** Mr. Clark. **MOTION PASSED:** (Yay: Mr. Clark, Mr. Blundell, Mr. Klingler, Ms. Ring; Abstain: Chairman Price)

01:29:30

01:29:30 **IBSD 843 AND IBSD 844 – BILLING FOR PROPERTIES**

There is a trailer on one lot which, at one time, had two lines but now there is an abandoned line. There is a fifth wheel out there, which the owner initially denied using but then indicated he is and that it has been hooked up for a year and a half. Mrs. Wellman wondered how to bill this property.

Chairman Price asked if there are regulations regarding hooking two trailers to one line. Ms. Ring stated there may be some in the County because the County called another time regarding a similar matter. Mr. Klingler stated that the Board's issue is that there are two lines which were apparently used previously.

MOTION: Mr. Klingler made a motion that residents should pay for the time they have been using the two lines. They also must either fix the abandoned line or run in another line.

MOTION SECONDED: Ms. Ring. **MOTION PASSED:** (Yay: Mr. Klingler, Mr. Clark, Mr. Blundell; Chairman abstains)

Chairman Price requested that IBSD staff check with the County to determine if it is necessary to have a separate service for each trailer and confirm what the County regulations are. He stated IBSD must determine what needs to be done to get this situation into compliance. Mrs. Wellman agreed to check on that.

01:36:40

01:36:40 **LDS CHURCH: REQUEST FOR REFUND**

IBSD charged the church \$13,100.00 for a connection and the church is requesting a refund.

Chairman Price stated if you go back into the resolutions/motions from a couple years ago is that the Board went over this with churches and determined how IBSD was going to charge. This determination for churches was related to commercial charges but was charged differently because a church is basically only used one day a week. The Board must determine what was decided at that point and then the issue can be revisited so the Board can make a decision.

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Chairman Price asked IBSD staff to please find a motion or resolution describing a relevant formula so the Board can address this issue at that point.

01:40:30

01:40:30 **NOTIFICATION OF ELECTION AND CLARIFICATION OF SAMPLE BALLOT**

A sample ballot was sent out to patrons, some of whom did not realize it was a sample, filled it out, and sent it back to the IBSD office.

Mr. Klingler responded that the Board needs to send out notice in the newsletter notifying patrons that the ballot sent out was a sample. The Board should also put something in the local paper.

Mr. Klingler read aloud the proposed notice to place in the IBSD newsletter and the local newspaper advising patrons that ballots sent out were samples and describing the appropriate voting process.

Bobby Jockumson at the county elections office suggested the Board send out the notice to patrons regarding the sample ballot and voting process. Mrs. Wellman added that she and staff have called every single person on the list of people from whom the office has received sample ballots. However, some of the people have just folded it up and put it into the return envelope and the office cannot determine who those ballots came from.

MOTION: Mr. Klingler made a motion to mail out notice in the newsletter that the ballots sent out were samples describing the appropriate voting process and post in the newspaper.

MOTION SECONDED: Mr. Blundell **MOTION PASSED:** (Yay: Mr. Clark, Mr. Blundell, Ms. Ring; Abstain: Chairman Price)

01:47:00

01:47:00 **REPORT TO PATRON WITH AUGUST INVOICE**

MOTION: Mr. Blundell made a motion to wait until August to send out the newsletter that the Board had discussed at a previous meeting and agreed to send out. **MOTION AMMENDED:**

Mr. Klingler amended motion to wait until after August 4th election to mail out the August mailing. **MOTION SECONDED:** Mr. Klingler. **MOTION PASSED:** (Yay: Mr. Clark, Mr. Blundell, Mr. Klingler; Nay: Ms. Ring; Abstain: Chairman Price)

01:48:40

01:48:40 **SCHEDULING MEETING FOR EMPLOYEE BENEFITS**

Chairman Price introduced this agenda item stating the Board wanted to discuss how to arrange employee benefits for employees so they have benefits such as insurance, sick leave and vacation time included as part of their salary.

Mr. Blundell stated that at the last meeting he agreed to look at insurance, investigate different employers and see what they are offering for total compensation for positions such as administrative assistant and account specialist. He gave everyone a copy of his findings.

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Mrs. Wellman indicated that since the item is not on the agenda for discussion but just for rescheduling, the Board would have to make a motion to discuss it further.

The Board discussed when would be an appropriate time for a meeting and scheduled it for Thursday July 30 at 5:00p.m.

01:55:10

01:55:10 **PAYMENT OF BILLS**

MOTION: Mr. Clark made a motion to pay the bills. **MOTION SECONDED:** Mr. Klingler. **MOTION PASSED:** (Yay: Mr. Clark, Mr. Blundell, Mr. Klingler; Nay: Ms. Ring; Chairman Price abstains)

MOTION: Mr. Clark made a motion to transfer 200,000.00 from Wells Fargo Bank to U.S. bank to pay bills. **MOTION SECONDED:** Mr. Klingler. **MOTION PASSED:** (Yay: Mr. Clark, Mr. Blundell, Ms. Ring; Abstain: Chairman Price)

01:59:50

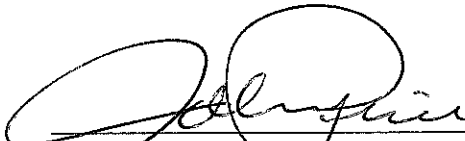
01:59:50 **APPROVAL OF MINUTES**

Mrs. Wellman asked Ms. McGovern to find minutes from the meeting on October 3, 2008 and December 2, 2008. Ms. McGovern indicated she would look for those.

MOTION: Mr. Blundell made a motion to accept the minutes as amended. **MOTION SECONDED:** Mr. Clark. **MOTION PASSED:** (Yay: Mr. Klingler, Ms. Ring; Abstain: Chairman Price)

02:27:30

The meeting Adjourned at 7:11 p.m.



John Price, Chairman of the Board of Directors

11-11-09

Date



Mike Klingler, Secretary/Treasurer

11-11-09

Date