I. CALL TO ORDER

Roger Cassell, Chairman/Council Member, called the meeting to order at 6:10 P.M.

II. ROLL CALL – Deputy Town Clerk, Lisa Loggans

PRESENT:  
- Chairman, Roger Cassell
- Vice-Chair, Jo Ann Castle
- Board Member, Sandra Craft
- Board Member, Bob Richards
- Board Member, Daris Hartsock
- Town Attorney, Michele Brooks
- Town Manager, Greg Jones

ABSENT:  

Others present: Dave Wilson, Mattern & Craig; Larry D. Sturgill, CPA

III. CONSENT AGENDA

- Approval of agenda

  Motion made to amend the agenda to add Audit Report for Fiscal Year Ending 2018 under NEW BUSINESS.

  Motion by: Daris Hartsock  
  2nd by: Bob Richards  
  VOTE: Aye, 5  
  Nay,  
  Absent,  
  Abstain,  
  Motion Carried.

IV. NEW BUSINESS

- Audit Report for Fiscal Year Ending 2018

  Larry Sturgill stated he would be discussing the audit report for the fiscal year ending June 30, 2018 and will hopefully soon be able to get the 2019 audit report finalized. Sturgill stated that the independent auditor’s report is a standard report that states the “clean opinion” of the auditor. He stated that under the section titled opinions, the report states that “In our opinion the financial statements referred to above present fairly in all material respects the respective financial position of the governmental activities, business type activities and each major fund and the aggregate remaining fund information of the Town as of June 30, 2018”.

  Sturgill stated that on page twelve, under the balance sheet, there is a column titled business type activity that summarizes the water fund and sanitation fund. Sturgill stated that pages 19 and 20 show the breakdown of those two funds: listing the assets, liabilities and net position. Sturgill stated that the sanitation authority had a net position of $1,079,600. Sturgill stated that the operating expenses, shown on page 21, reveal that the sanitation authority had a profit for the year of $53,945 including funding $64,787 of depreciation expense. Sturgill stated that on page 22, the statement of cash flows shows a $361 increase, even though there was an acquisition and construction of capital assets of $140,000. Sturgill stated that principle was also paid on capital debt of approximately $59,993. Sturgill stated that $11,157 was paid in interest and the net increase...
Town Attorney Michele Brooks asked if Mr. Sturgill would suggest changing water-sewer rates at this point? Sturgill stated that the water fund only showed a $31,000 loss with a depreciation of $253,622. Sturgill also stated that with the meters an increase should be visible in accountability for the meter readings. Town Manager Greg Jones stated that moving to more accurate meters will pay for the majority of the project and cover depreciation. Town Manager Greg Jones stated that most towns cannot cover depreciation and that if depreciation was factored into the water rates, no one would be able to afford it. Town Manager Greg Jones also stated that the operating expense and the day to day bills are being taken care of at this point, however, developing rates that would cover 100% of depreciation, operating expense and the capital improvement plan would most likely cause no one to want to live here due to the lack of affordability. Mr. Sturgill stated that many of the assets were purchased with grant funds while others were being expensed. Town Manager Jones stated that water rates were raised to cover the expenses of the DEQ project in 2018, which is why there is an operating profit.

Town Attorney Michele Brooks reiterated her question to Mr. Sturgill. Mr. Sturgill stated that as an individual, he would rather see small incremental increases rather than a lump increase. Sturgill asked if cash flow was being generated? Town Manager Greg Jones stated that this had not yet been addressed due to the inaccuracy of the former meters. Town Manager Jones stated that he did not want to adjust water rates until the effects of the new meters are visible so that it will only have to be adjusted once. Chairman Roger Cassell asked what the assets of the water and sewer accounts consist of? Town Manager Greg Jones explained that anything purchased costing more than $5,000 is considered an asset. Larry Sturgill explained that page 36 shows the combined breakdown of business type activities between water and sewer. Sturgill stated that on page 19 under non-current capital assets, the Sanitation Authority has total net assets of $1,383,619 adding back the $2,745,076 in cumulative depreciation to get the gross value of those assets approximately $3.8 million in the sanitation authority.

Motion made to accept the audit report for fiscal year ending June 30, 2018 as presented.

Motion by: Jo Ann Castle 2nd by: Sandra Craft
ROLL CALL VOTE: Chairman, Roger Cassell AYE
Vice-Chair, Jo Ann Castle AYE
Board Member, Sandra Craft AYE
Board Member, Bob Richards AYE
Board Member, Daris Hartsock AYE

Motion Carried.

- **DEQ Line Replacement**

Dave Wilson stated an update has been received from Jason Snapp stating that the Corps of Engineers are in the middle of obtaining a surveyor to complete and approve the fish and mussel study. Wilson stated that a supervisor from the Corps of Engineers requires that a bat survey be conducted as well. However, Wilson and his crew are debating that this is not necessary due to the categorical exclusion already received from DEQ. Mr. Wilson stated that due to these circumstances the project is still at the estimated six-month process time. Town Manager Greg Jones stated that no trees were going to be cut down, thus not affecting the bat habitat. Town Attorney Michele Brooks asked if the Corps of Engineers has offered any rationale pertaining to why they would want a bat study conducted? Mr. Wilson stated that upon asking Jason Snapp, Jason stated that the supervisor from the Corps of Engineers seemed to think that Wilson’s company did not know what they were doing and that there are always pieces outstanding that need to be looked at.

Chairman Roger Cassell asked if the supervisor may think that the bat survey is necessary due to the bat findings of the VDOT project in Wadlow Gap? Mr. Wilson stated that he was unsure if that situation was tied to the
reasoning, but that he would keep Town Manager Greg Jones informed about the situation. Mr. Wilson stated that he has not been through a bat survey before and is unsure of what it will entail.

• PSA Contract

Town Manager Greg Jones stated an inquiry has been sent to Mr. Dishman, the director of PSA. Town Manager Jones stated that PSA is getting ready to start the initial phases of the Daniel Boone sewage project and we will need to know how they plan to get the wastewater from Daniel Boone to Weber City. Town Manager Jones stated that the contract is currently in dispute in part because PSA will need to purchase half of the capacity of the pump. Town Attorney Michele Brooks asked if the inquiry had been sent to Sally? Town Manager Greg Jones stated that he would send her a .pdf file. Chairman Roger Cassell asked if Town Manager Greg Jones had a chance to look over the PSA plant expansion? Town Manager Greg Jones stated that he hadn’t had a chance to do any further research. Chairman Roger Cassell stated that Town Manager Greg Jones had found an article stating that PSA had sent information to DEQ regarding plant expansion.

Vice-Chair Jo Ann Castle asked if the Sanitation Authority would be liable for any plant expansion actions taken by PSA? Town Manager Greg Jones stated that the Sanitation Authority is not liable, but the expansion of capacity would affect billing because we are no longer fifty percent. Town Manager Greg Jones stated that they will have to adjust billing to reflect our percentage of total capacity. Vice-Chair Jo Ann Castle stated that this would affect our connection with pumps, meters, etc. Town Attorney Michele Brooks stated that she did not see how anyone could logically say that the contract that we have now adequately covers that. Vice-Chair Jo Ann Castle asked if it is known what our maximum capacity is on the sewage if PSA expands? Chairman Roger Cassell stated that the engineers working on the line replacement project stated that the capacity is more than adequate. Vice-Chair Jo Ann Castle asked if PSA would have any options to lay a line around us? Town Manager Greg Jones stated that it would not be cost effective for them to do so.

• Approve the Amended FY 2019 Budget

Motion made to approve the amended FY 2019 budget as presented.  
Motion by: Daris Hartsock 2nd by: Bob Richards  
ROLL CALL VOTE:  Chairman, Roger Cassell AYE  
Vice-Chair, Jo Ann Castle AYE  
Board Member, Sandra Craft AYE  
Board Member, Bob Richards AYE  
Board Member, Daris Hartsock AYE  
Motion Carried.

• Approve the Payment of Bills

Motion made to approve the payment of bills as presented.  
Motion by: Sandra Craft 2nd by: Jo Ann Castle  
VOTE: Aye, 5  
Nay,  
Absent,  
Abstain,  
Motion Carried.

V. ADJOURN

Motion made for Board to adjourn to Special Called Sanitation Authority Meeting on June 10, 2019, at 6:00 p.m.  
Motion by: Bob Richards 2nd by: Daris Hartsock  
VOTE: Aye, 5  
Nay,  
Absent  
Abstain,  
Motion Carried.

Chair Roger Cassell, adjourned the meeting at 6:50 P.M.
| Roger Cassell – Chair | Deputy Town Clerk – Lisa Loggans |