

DENNIS WATER DISTRICT

Board of Water Commissioners

Minutes of Meeting held

July 28, 2011

A meeting, having been duly posted, was held this date at the Dennis Police Station, 96 Bob Crowell Rd, S Dennis. The meeting was called to order by Paul F. Prue, Chairman at 6:00 PM. Also in attendance were Water Commissioners Charles F. Crowell and Peter L. McDowell. The following District officials were present:

David Larkowski, Superintendent

Sheryl A McMahon, Clerk & Treasurer

PUBLIC INFORMATION

Mr. McDowell shared his information with the Board regarding his attendance at a meeting in Orleans regarding an alternative wastewater collection and treatment system. The Orenco System, is a 'small pipe' system which collects the grey water for treatment but the solids stay in the on-site septic system. The piping system is 2" which he said does not require additional pumping. He said that the cost of the system is estimated to be about one-fifth of a traditional large pipe system.

CUSTOMER ISSUES None

REVIEW FY 2010 AUDIT AND CONSIDER COMPLIANCE AUDITS

Joseph McGee, CPA with Saunders Walsh & Eaton met with the Water Commissioners to review the Fiscal Year 2010 audit. Mr. McGee stated that he has issued a "clean opinion" regarding the Financial Statements as prepared by the auditor in accordance with Generally Accepted Accounting Principals. He explained that the Financial Statements provide an outside person a picture of the financial condition of the District. It means that the basic financial statements and the supporting documents materially represent what is going on with management and the Dennis Water District. The audit also includes a management discussion and analysis. From the income statement it appears that the District had a loss. It is an accounting loss not necessarily a cash flow loss. One of the major items identified in the report is the OPEB (Other Post Employment Benefits) costs. These are the non-pension costs to be paid for retirees. The major cost is District's share of the health insurance premiums for retirees. It is required to be reported but not to be funded. The statement loss is being driven by the OPEB cost being booked. Mr. McGee wished to make it clear that this was a financial statement audit and not a compliance audit.

Mr. McGee stated that a compliance audit is geared to terms and conditions, generally related to contracts and state and federal funding. It identifies what the conditions are tests for compliance. Mr. McDowell asked is there an additional cost to expand the audit to ensure that what is being done is consistent with Massachusetts law. It would include identifying compliance issues would be evaluated. Mr. McDowell wanted to be sure that the District was compliant with the Bureau of Accounts standards and asked if Mr. McGee could develop a scope that would identify the areas to be reviewed. Mr. McDowell asked if the rest of the Board had interest in conducting a compliance audit. The cost of the audit for FY 2010 was \$10,700. Chairman Prue stated that there has been only three Treasurers for the District and frankly felt that there was no problem. Mr. McDowell said that we don't know if there is a problem because we don't look for it. He felt that staff would also be interested in having an audit to confirm that the books were compliant. Chairman Prue asked what the Town did in terms of auditing. Mr. McDowell shared

his experience with a bank. Mr. Crowell said he had no objection to finding out what the cost of such an audit might be. Mr. Larkowski inquired as to the difference between what the Department of Revenue does when certifying the “free cash” and what is examined by the auditor. Ms. McMahon provided a synopsis of the types of reporting required for certification of surplus funds, contra-accounts, balance sheets, income and expenditure statements, tax rate reconciliation with other agencies, tax recapitulation, and miscellaneous receipts. Mr. Larkowski asked what items would be examined by the auditor that might already be examined and reviewed by the Department of Revenue. Mr. McGee suggested that during the audit process that the areas of concern be identified in advance and when the auditing firm goes through the financial statement audit they can expand the scope by the items previously identified. Mr. McDowell would like to know if there are other municipal entities that are doing compliance audits and what the costs might be. He wanted to know what the options are regarding a compliance audit and what the cost might be. Mr. McGee stated that it would be fair to know in advance what the compliance issues are and what the agreed upon procedures are that the firm is going to specifically test and evaluate. It was agreed that the Ms. McMahon and Mr. McGee would attempt to solicit information as to the number and frequency of municipalities that conduct compliance audits and if possible, the cost.

Ms. McMahon identified a letter to be signed by the Chairman which states that the information and documentation presented to the auditor was a fair representation and that there are no known allegation so fraud. Mr. McDowell stated that he would not sign because he had no way of knowing what representations were made to the auditor. Ms. McMahon stated that the Board is stating that they, through the Treasurer, made a fair representation of the District’s financial records.

On a motion made by Charles F. Crowell, and duly seconded, the Board ***UNANIMOUSLY VOTED: to authorize the Chairman to sign the letter accompanying the audit reports that state that the documents and information provided to the auditor were a fair representation of the information represented in the financial statements.***

AMEND RULES & REGULATIONS BY ADOPTING AMENDMENT TO M.G.L. CHAPTER 165, SECTION 11 REGARDING FINE FOR METER TAMPERING.

Mr. Larkowski advised the Board that Chapter 165, Section 11 has been amended increasing the fine from \$100 to three times the damages incurred as a result of meter tampering or \$1,000, whichever is greater. He read the language voted in the act that amended the statute. On a motion made by Peter L. McDowell, and duly seconded, the Board ***UNANIMOUSLY VOTED: to amend the District’s Rules and Regulations, Paragraph Five in Section 2: Water Meters; by striking the last sentence and replacing it in its entirety with the following: meter tampering is subject to fines, costs and penalties in accordance with Massachusetts General Law Chapter 165, Section 11, as amended***

CONSIDER ADOPTING CAPITAL IMPROVEMENT PLAN.

Mr. Larkowski explained that the District received a grant paid by the State through the Department of Environmental Protection to conduct a capital improvement plan according to their guidelines. The plan identifies the capital needs for the distribution, treatment, etc. currently and into the future. The Dennis Water District is well ahead of other communities in the maintenance of its capital infrastructure. Mr. Larkowski asked that the Board adopt the Capital Improvement Plan and that it be included as part of our future capital planning. Mr. McDowell stated that it would make sense to set aside funds to pay for large capital investments. On a motion made by Peter L. McDowell, and duly seconded the Board ***UNANIMOUSLY VOTED: to adopt the Capital Improvement Plan as presented by the Superintendent.***

CORRESPONDENCE: REQUEST BY BOARD OF SELECTMEN TO MEET JOINTLY TO DISCUSS THE POSSIBLE TRANSFER OF LAND

The Board had received a request from the Selectmen to meet jointly to discuss the possibility of transferring land from the District to the Town of Dennis for traffic mitigation (roundabout) at the intersection of Airline Road and Route 134. Chairman Prue recommended that the Board invite the Selectmen to meet with them on August 25, 2011. Mr. Juros was recognized and provided comment to the Board regarding the safety of the proposed roundabout.

CONTRACT EXTENSION FOR MASSACHUSETTS ESTUARIES PROJECT

Mr. McDowell asked that this topic be placed on the agenda. The meeting was scheduled on June 30 at 8:30 in the morning and he was unable to attend. He stated that this is an issue that the District has wrestled with for two or three years. He noted the history of why the District became involved in the wastewater issue. Many years ago the Town of Dennis decided it would not participate in a regional. He stated that the District had entered into a three-year contract for the estuaries studies. Six years have past and none of the reports have been delivered except for the one on Bass River. He stated that the estuaries studies are for determining the impact of septic systems on estuaries and not relevant to potable water. He stated that the District's authority is limited to that authority and it has nothing to do with sewage. He has repeatedly objected to funding these studies since the rest of the Board voted to withdraw from the legislation that would have authorized the District to address septage needs. He objected to the extension of the contract because he believes it is outside the authority of the District. He objects to using water revenues generated by consumers of water should not be used for this purpose. Mr. Larkowski stated that the District has continued to undertake the responsibility for taking the water quality samples. Mr. McDowell objected to using any District funds to have staff take samples for the estuaries study. Mr. Larkowski stated that he considers what the District is doing right now is in a transition with having the Town conduct the sampling. It was agreed that Mr. Larkowski would come back to the Board to discuss any future sampling done for the estuaries in the next year. Chairman Prue reminded the Board members that they have had two letters of opinion from Attorney Perrino advising that the Board has the authority to undertake the estuaries studies.

On a motion made by Charles F. Crowell, and duly seconded, the Board ***UNANIMOUSLY VOTED: to adjourn the meeting at 7:09 PM.***

Respectfully submitted,

Sheryl A McMahon, Clerk