

LINCOLNVILLE SEWER DISTRICT

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Meeting

Lincolnvile Sewer District Board of Trustees

Date: 10-18-22

5:30PM

Zoom Invite

MEETING MINUTES

- Call to order: Paul Lippman
- Note Taker: Chris Nickerson
- In Attendance: Paul & Catherine Lippman, Trustee, Chris Nickerson, Trustee, Chris Strazzulla, Mike Harris, Jennifer Temple, Bob West
- Chairman's opening Remarks
- Election: Chris seconded for moderator; Catherine nominated Jennifer as Moderator. Jennifer announces 3-year term, ending October 2025. Chris Nickerson was nominated by Catherine Lippman, Chris S. seconded. Unanimous decision. Term starts October, 2022
- Open invitation to residents/guests. Jennifer Template would like to thank the Trustees on the Plant landscaping. Very appreciative.
- Approve minutes of 8-2-22. Motion to approve: Chris Nickerson, Chris S. seconded. All in favor
- Superintendent's Report
 - City of Ellsworth and LSD – LSD has two Composite Samplers that they do not need, as there is nothing in their DEP license that requires Composite Sampling. The City of Ellsworth would like to purchase one of these. The value new is ~\$6,000. \$3,500 estimated purchase price. Trustees are open to arriving at a price. Mike Harris is offering to pay us \$3,500, and a second one for \$1,500. If Ellsworth does not need second sampler, he will sell it back to LV for \$1,500 if we need it in the future. Motion by Chris N. to accept this offer, Chris S. seconded it. All in favor.
 - Outflow Pipe- The LSD hired Callaghan Dive Services to video tape the Outfall pipe. The video shows a PVC pipe separated in the vicinity of the Town Dock/floats and the Ferry Terminal. The pipe is being held down with cinder blocks/chain. The diver noted "the diffuser is buried". The diver said the sections of pipe are held together with a rubber fitting that he has repaired countless number of times. This location in particular keeps separating he believes from the turbulence of the Ferry. He could reconnect the fitting, but he cannot guarantee it will stay together. Looking at the original Outfall Pipe design from Kimball & Chase, it shows a Polyethylene pipe with custom weights and strapping.
 - Mike spoke to Brent at W&C. Two options:

- Option 1: Repair line where it's broken, with ballast to keep it on the ocean floor.
- Option 2: Replace the whole line – we might attract state money for this effort.
- Brent from W&C might be able to help facilitate fund raising.
- Recommendation: hire Prock Marine, Richard Callaghan, etc. to replace entire new line out to designated discharge point, and to get an estimate to be able to attract funding agencies. At that time, we may need additional quotes.
 - Mike Harris will speak with Brent – go for full repair
 - Paul will contact Prock Marine for an estimate
 - Close up separation now as a quick fix
- o Grease Trap Inspections – Mike to start inspections next week, Catherine to send him a list of the restaurants and contact info. Mike will set up a file on Drop Box for each property which will include maintenance records from Moore's or Interstate and Mikes notes.
 - McLaughlin's. Richard McLaughlin
 - Lobster Pub. Chris Miliano
 - Whale's Tooth, Chris Nickerson 973-214-0939
 - Beach Store
 - Dots
 - Chez Michel
- o Tour Treatment Plant – need date to give Board of Selectman a tour. Proposed Date: November 1, 2022 to do tour and some grease trap inspections.
- Treasurer Report: financials, connections, audit, upgrade Quick-books.

Treasurer's report, Chris Nickerson

Financial Report. Our Fiscal Year is January 1 – December 31, and we manage two parallel books:

Book 1 The First National Bank: is being used to manage the funds from the USDA Grant (\$2,949,538), as well as the loan from Rural Development (\$2,050,000). Through (Draft) Pay Req 29, the District has approximately \$118,578.74 remaining in funds for the project. These are allocated to the following budgets:

JB: \$68,300.00
W&C: \$ 4,241.31

Contingency: \$46,037.43. Contingency needs to cover:

Audits

Change Order relocate the air valve as requested by the District

Other potential uses:

Generator

Change hinges on gate

Note: The District is now assuming all O&M expenses as the first-year coverage from USDA has expired.

Book 2 Camden National: is being used to manage income and expenses in the ongoing operation of the LSD. Financial Report: From July, 2021 through September, 2022, we report:

Income:

\$112,110 comprised of connections (\$635 x EDU's) & inspection fees (\$50), as well as sewer service charges (\$635 x EDUs), annually. Note: members of the former LBSF did not pay inspection fees.

We have a current total potential system user population of 53, and we are happy to report that 30 have hooked up, or 57% of the total (30/53)

Q3, 2021 - 16 hookups

Q4, 2021 - 7 hookups

Q1, 2022 - 1 hookup

Q2, 2022 - 5 hookups

Q3, 2022 – 1 hookup

23 potential users remain to hook-up.

Expense: \$35,683, comprised of Utilities, Operations, Repairs & Maintenance, Debt Service, and Administration

Net Income: \$76,341 to cover future expenses

The Lincolnville Sewer District will re-evaluate EDU's charges each fiscal year. EDU allocations that are fractional are rounded up. For example, let's say a conventional restaurant serving two meals per day has 85 seats. They are allocated 1 EDU per 10 seats of capacity, or 8.5 EDUs. Therefore, the restaurant is charged 9 EDUs.

Audit Update: We are a tax-exempt entity so we do not have to file taxes; however, we are obligated to complete an audit given we are using USDA Grant funds. We have engaged a CPA from HVM, LLC by the name of Nick Henry to help us complete an audit for Years 2020 and 2021, and then a second one for full-year 2022. A few updates on our Audit progress:

The Lincolnville Sewer District has initiated 2 sequential audits: first – one for 2020, and then second, one for 2021. In general, when you think of an audit you are thinking of a financial statement audit which involves taking your QuickBooks account balances, testing them to verify their accuracy and then issuing a set of financial statements. Starting in 2022, this will be the only type of audit that LSD needs going forward.

The 2020 audit is the first ever audit for LSD, and must include historical activity, including nearly a decade of prior transactions up through 12/31/2019, and then 2020. The components of the 2020 audit are the initial audit, financial statement audit and single audit. The components of the 2021 audit are financial statement audit and single audit.

Initial Audit: Anytime an accounting firm takes on a new audit client, initial audit procedures are required to provide the auditor assurance that the beginning balances for the audit year are correct.

Financial Statement Audit: Involves taking your QuickBooks account balances, testing them to verify their accuracy and then issuing a set of financial statements. Starting in 2022, this will be the only type of audit that LSD needs going forward.

A Single Audit is required if you spent over \$750,000 of federal funds in a year so this is required for 2020 and 2021 due to the project but will not be required after that unless the District takes on another project that includes federal funds.

This audit is a compliance-based audit and specifically requires testing the requirements of the federal funding to make sure LSD complied with all the requirements.

As of right now HVM is still working on the 2020 audit, planned to be completed by the end of October, followed by the correct journal entries into QuickBooks.

Following this work, HVM will initiate the 2021, with the completion date by the end of the year.

Here is an estimated cost:

2020 Audit

Initial Audit	\$3,000
Financial Statement Audit	\$5,000
Single Audit	<u>\$3,000</u>
Total	\$11,000 (HVM will bill this amount in 2022)

2021 Audit

Financial Statement Audit	\$5,000
Single Audit	<u>\$3,000</u>
Total	\$8,000 (HVM will most likely bill this amount in 2023)

2022 Audit

Financial Statement Audit	\$5,000 (HVM will bill this amount in 2023)
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QuickBooks Upgrade

The current version is QuickBooks Essentials - which allows for up to 3 users, basic bookkeeping costs approximately \$29/month (subject to change), estimated at \$348 annually.

QuickBooks Plus - allows for up to 5 users, includes budgeting functions (create a budget, run reports comparing budget v actuals), costs approximately \$65/month, estimated at annual \$780.

The incremental cost for the Plus version is \$432 per year, however, we are currently paying our bookkeeper to create and maintain budgets information manually using spreadsheets.

Note both plans are offered at a discounted rate as Jennifer is a "QuickBooks pro-advisor" and able to pass on reduced rates to clients. Off-Retail pricing would be Essentials at \$660 per year and Plus \$1020 per year. Paul motion to update as of December 1, 2022. Chris N. seconded. All in favor

BILLINGS – Late Fee Charges- The question is, should a late fee be charged 120 days or 60 days after non-payment? After discussion, Chris made a motion – “to change the ordinance to have interest charged on non-payment from 120 days to 60 days. Second Chris S. All in favor – yes. Jennifer will add this to the footer of each bill beginning January 1, 2023

Following up on Billings at the meeting last night, the highest interest rate that may be charged, as shown in the following website is 4% for 2022. <https://www.maine.gov/treasurer/revenue-sharing/delinquent-tax-rates> The trustees need to vote on the tax rate. This is something that should happen at the beginning of each fiscal year when the EDU rate is set.

- Demolition Update
 - Schedule – Zoom meeting set with W&C and JBI. Demo scheduled for mid- November
 - Use of land – could lease the land for parking, etc. Yearly lease. Large boulders will be used to bolster sea wall as well as keep others out for now.
 - Chris to speak with Mark at Spouter Inn to see who might be interested
 - Chris to visit Ferry Terminal to understand short-term and long-term rates as a baseline for setting lease amount of land
 - Can take out Ad at Islesboro News to solicit potential leasers.
- Generator Update
 - Got one quote for a generator, will get 3-4 other bids. Goal is to get it installed before winter time.
 - How long does pumpstation go without power
 - Need an emergency plan to include Mike Harris (Paul – backup)
 - Chris point person for power outages, Dwight Wass, Matt at Beach Store, Tenant that lives as Antique Store. Power is out Alarm.
 - Chris S. could consult with CMP on power outage, as well as getting outage alerts.

Trustees’ Closing Remarks

Adjournment

Respectfully Submitted,

Chris Nickerson