

**Stevensville Town Council Meeting Minutes
for TUESDAY, NOVEMBER 23, 2021, 7:00 PM**

CONDENSED MINUTES

1. Call to Order and Roll Call

Mayor Dewey called the meeting to order. Councilmember Allen, Ludington and Wandler were all present. Councilmember Devlin has an excused absence.

2. Pledge of Allegiance

3. Public Comments (Public comment from citizens on items that are not on the agenda)

Jim Crews: 316 9th Street, a couple of things. During the swearing in there was a council quorum without notice. Executive session meeting and going back and reading tonight's agenda it appears that the closed-door executive meeting was about a former employee and after that part of the discussion council discussed a form of action and directed the mayor to do certain things. I would have thought that part of the meeting would have been open to the public because it was no longer about a private individual or an employee it was about finances of the town. The town all the public was left out of that discussion and the decision-making process and the comment so our right to participation and our right to know has been violated. And it appears that possibly and I am not an expert on this. Not being an expert, I read the law and it seems like you can't do that, you can't do what you did. So, question is are there any minutes to the meeting because all the rumors around town is that there was no clerk who is required by law, clerk has to be at every council meeting and a journal has to be kept and even if it was a discussion about a private individual, you can redact that information and still publish the minutes. And I see no minutes published here how did we bypass all of that, is there a letter from the towns city attorney that says you can do this and if there was it should have been published. Thank you.

Leanna Rodabaugh: 204 Ravalli Street, I just have a similar question, are we paying for this building? We should be able to say yes or no.

Mayor Dewey: no. any other public comment?

4. Approval of Minutes

a. November 8, 2021, Meeting Minutes

Mayor Dewey: introduced the approval of meeting minutes for November 8th, 2021.

Councilmember Ludington: I will make a motion.

Councilmember Wandler: 2nd.

Mayor Dewey: it has been moved by Mr. Ludington and 2nd by Ms. Wandler. Council discussion? Public comment? Hearing none we will call for the vote, Ms. Berthoud.

Councilmember Allen: aye.

Councilmember Ludington: aye.

Councilmember Wandler: aye.

Mayor Dewey: motion passes unanimously.

5. Approval of Bi-Weekly Claims

Mayor Dewey: today would normally be our cut off so that is why you received your claims in front of you. introduced claims #17118-#17165.

Councilmember Ludington: I will make a motion to approve the claims as presented.

Councilmember Allen: 2nd

Mayor Dewey: it has been moved by Mr. Ludington and 2nd by Ms. Allen. Council discussion?

Councilmember Ludington: 17155, is that a new snowplow on a different vehicle?

Mayor Dewey: yes, that is an additional snowplow on a different vehicle, public works has found it more efficient to use the smaller plows especially on narrower streets. The larger plow will be on heavier snow events. We did budget for that plow in the budget. Any public comment?

PUBLIC COMMENT

Bob Michalson: 222 Turner Street, #17149, HDR. Water systems engineering report, I have been following this for over a year now and I went back to 2018 and 19 and this bill was not even close to this and I know that there are things going on and we are trying to do upgrades to leaks, but come on we are over \$80,000 on this stuff I think that it has to end in the future or cut back but if you go back into the claims three years ago and it wasn't even close to this, I talked to Nancy Lowell and she said it shouldn't be that much.

Mayor Dewey: you are incorrect we are engaged in a contract where they are compiling a preliminary engineering report for us which is not a project that you engage in every single year so that is an extensive contract that takes quite a bit of work so that is why we have the bill that we have.

Bob Michalson: I was just wondering why it was on going for so long, thank you.

Mayor Dewey: any further public comment? Hearing none we will call for the vote, Ms. Berthoud.

Councilmember Allen: aye.

Councilmember Ludington: aye.

Councilmember Wandler: aye.

Mayor Dewey: okay.

6. Administrative Reports

NONE

7. Guests

a. Strom & Associates, P.C., FY 20 Audit

Mayor Dewey: one guest noted on your agenda and one guest that we want to introduce to you, Mr. Overstreet.

Mr. Overstreet: I am your new city attorney, I was sworn in and then got COVID and was admitted into the hospital and put on a ventilator and released a week later, so that shows the fight that I have to be your city attorney and that I wanted to live. I was sworn in and then dropped off the face of the earth and wanted to introduce myself and put a name with a face and let the public see me and that I am indeed your city attorney, and I am excited to be so and am looking forward to several years of legal services. I am glad to be here and glad to be alive.

Mayor Dewey: introduced guest, Strom & Associates. John Paul Poleman presented the town of Stevensville's audit for FY 2020. John Paul introduced the audit to the council and the public. I am going to jump to the findings at the end.

John Paul: I am with Strom & Associates, and we did the FY 2020 for the town of Stevensville. This was not a federal audit; we look at high risk areas. The general run down of the audit was a clean opinion we either issue a clean opinion or an unmodified opinion or what would be a modified opinion, and, in this case, we issued a modified opinion. There were some audit adjustments that resulted in that modified opinion that we found that needed to be adjusted and the town agreed to those adjustments and posted them so we will get through those in the findings. To start with the financial statements themselves page 13 if there are any questions on those, please feel free to interrupt me and if there are not, I am going to jump to the findings at the end, that is what people seem to like.

Finding #1 was building code enforcement, that was excess reserves, Montana law requires reserves in building code fund to be taped at a certain amount. Budget in this fund was \$156,253, \$136,818 was spent so there was \$19,435 in excess reserves I don't know if that was related to activity in 2020 or just not planning ahead on that fund, but either way the town needs to plan ahead for that fund, recommendation restructure the fees, move forward with the 12-month reserve.

Finding #2 was Fire Department Relief Association liability, they require actual to report this liability so normally we would recommend that the town come up with a liability to report and just estimate a liability in this case it does not leave any wiggle room and requires an actuality so most towns are not spending the money to hire an actuary that is just a liability number that shows up on the acquisition they are eating the finding and moving on and you can see that is a repeat finding of 2019. We recommend that you follow Gaspe.

Finding #3 was the airport fund capital assets. So, this is just a case of over appreciating the assets on the asset ledger they were over appreciated in 2020 it is a matter of financial reporting

on the expense over a period of time we are saying that the assets were over appreciated and if you read that \$128,582. That would be one of those adjustments that we talked about.

Finding #4 was late filling of reports, obviously I am here doing the 2020 audit presentation, the 2020 was due way back in June 2021. The fiscal year 2020 budget was late the fiscal year 2020 AFR was late basically that is what we are, that is due 6 months after the budget that was due in December and during 2020 the quarterly reports for payroll were late and not filed on time. The big one is the IRS and those resulted in fees and as of the audit they were not paid so those should be paid and caught up on. Local government services will have fines and sometimes they will waive those fines if they understand the situation, but I do not know if those fines were waived or not.

Finding #5 was reporting based on accounting records. This is referring to that annual financial report that I referred to the last time since we are auditing the financial report we are looking for specifically what is there and auditing those numbers and we are saying that the town received this self-contained breathing apparatus grant and equipment and because it was donated equipment it was missed on the reporting and it should have been reported as a revenue and actually spent so again an accounting issue, \$70, 200 in revenue should have been reported.

Finding #6 was bank reconciliations, it is probably the number one finding as I am concerned with out the bank reconciliation there could be a lot of other problems and the monthly bank reconciliations were not being done consistently throughout 2021 in my experience the bank reconciliation needs to be done at a minimum monthly just to make sure that activity doesn't get washed under the rug. It gets very complicated once we get two months out, three months out it gets really easy to miss reconciling an item errors can go through, bank reconciliations are really important that is one of the findings.

Finding #7 is consistent transaction coding and proper usage of budget accounting and reporting systems we found accounting errors within the towns accounts so when a transaction happens and whoever is in charge of coding that transaction in proper account codes and normally the accounting system handles that. In this case the state revenue we found, on page 58, state entitlement revue was coded as tax revenue, transfers were reported as special assessments revenue, and more transfers were reported as special assessment revenues, those were all corrected, another adjustment there.

Finding #8 is building code enforcement, so this is an agreed upon procedure, when the town has its own building code fund state administrative rule actually requires a building code enforcement agreed upon procedure to be done basically just checks to see that the fees being assessed are proper and those fees are in that fund. The town did in 2019 but did not follow up in 2020 it is actually required every year that the building code fund is over a \$10,000 balance so probably every year for the town of Stevensville.

Finding #9 page 59, negative taxes receivable this is the one finding that the town is going to have the most trouble solving because it is coming directly from the county so the town balances their tax receivables to the county but the county is reporting a negative tax receivable in the TIFT district \$2364.00 which is from a logical stand point would indicate the tax payer has

over paid and so it shouldn't be reported as an income tax receivable it is a matter of the town trying to figure out what that is, could be a mistake on the county, could be that the person overpaid.

Finding #10 change in accounting principal next finding there. The town has so this finding kind of resulted from 2018-2019 the town tried to go from 30-day recognition, which is allowed, to upon receipt revenue recognition also allowed then going into 2020 went back to the 30-day recognition but things kind of got messed up in reporting and so the change in reporting should have resulted in prior period adjustment if both years were consistent 30-day, 30-day restate the equity that wasn't done and taxes receivable were also moved out to that 30-day mark, the receivables themselves should be reported as of the day that they were receivable so the 30-day doesn't change the amount of taxes receivable at June 30, so with all that the effect there you can see the \$16,436.00 was an understatement taxes receivable and an over statement and the \$11,046.00 was an overstatement of the revenue and an understatement of the prior period. So hopefully going forward the town sticks with, I know that the finance department has had some turnover so consistency is a little bit more difficult there, but hopefully consistency on receivables to the 30-day will resolve that issue.

Finding #11 short term borrowing, this is under governmental accounting practice so this isn't really a standard, it is a best practice for towns, money is borrowed between funds rather than showing a negative tax liability. If a fund over spends its cash so in this case, the airport project in its own fund in previous years had gone to negative cash and this was being covered by the general fund for \$3,050.00 and the plan in front had singly the whole \$14,019.00 being covered by the general fund, both of those funds recovered their cash during fiscal year 2020 so that the airport project should have paid the general fund back and the financial records were still showing airport and the planning fund were borrowing money in the general fund which they did not need at all, it should have been short term, it should have been paid back into the general fund so that is what that finding is about.

Finding #12 improper restrictive cash, so this is interesting reporting issue on the AFR, and I am not really sure why, but the town moved a lot of unrestrictive cash down in non-current asset, restricted cash, restricted cash should only be shown restrictive if there is a third-party grant restriction more restrictive than the fund that it is in. If you go through the context there, there was 11 different funds that had restricted cash reported that should have been reported as unrestricted cash so any specific questions on any of those I made myself notes as to why those should not be shown as restrictive.

Finding #13 back deposits and transit, this was I don't know if this was related to the 30-day receipt change but essentially what happened is as part of the bank reconciliation the town received money in July that was related to June activity and instead of reporting it as a July receipt and then showing the receivable in June it was just back dated to June and shown basically as an outstanding deposit on the June reconciliation so that resulted in understating revenues in June reporting \$22,000.00 in receivables in revenues so someone caught part of it before it was a receivable and reported as a deposit, so you kind of have a couple of different issues there, essentially the timing of that deposit, the recommendation is to keep deposits and expenses in the right period don't try to get fancy with where they are getting deposited

especially when they are crossing years. Due to other governments was understated by \$66,000 it was shown as a cash receipt instead and tax revenues were overstated by \$22,585.00 and over all cash was overstated June 30th by \$89,000 shown as a deposit in transit, should have been a July receipt.

Finding #14 due from other governments, so due from other governments is just a receivable from another government entity, rather than a reserve by the town other government entity owes the town that money in this case there was grant revenues and this was actually due to not putting in the reimbursement request this isn't the case of not refencing the receivable in the correct it was that the receivables were not requested so we recommend that the town, the CARES Act and Aviation that reimbursement requests get put int timely for any revenues that the town has.

Finding #15 other post-employment benefits, this was a change in the liability for OPED, OPED is health insurance liability resulting both Gaspe and state audit and changes really (unclear audio) in this case they were restated, and we are saying that those restatements were improperly

Overall, none of those findings result in a qualification in the audit we issue like we said before and unmodified opinion that is the good opinion that auditors issue and those findings, I think that a lot of them can be resolved through consistency in the finance department, consistency in financial accounting estimates that 30-day receivable recognition, but overall unmodified opinion and that is what counts in the year 2020 we are now in the middle of fiscal year 22 and the fiscal year 21 audit will be due June 30, 2022. That is where we are at right now.

Mayor Dewey: any questions from the town council? John Paul, we appreciate you taking the time to explain it to the council and the public.

John Paul: if there are any other questions, please feel free to email or call anytime.

8. Correspondence

NONE

9. Public Hearings

NONE

10. Unfinished Business

a. Discussion/Decision: Stop Signs Installed on Buck Street at North and South Sides of West 3rd Street and West 4th Street, Replacing Yield Signs

Mayor Dewey: introduced unfinished business a.

Wayne Dreese: we live on Mission so when we come up to Main Street they just don't yield. Addressed the council about his concerns about the yield signs being replaced with stop signs.

Mayor Dewey: the council is the sole body that has the authority to place signage. If it is councils decision to replace the signage we will order it and make it so. If not we will maintain status quo.

Councilmember Ludington: I will make a motion to approve stop signs.

Councilmember Wandler: 2nd the motion.

Mayor Dewey: it has been moved by Mr. Ludington and 2nd by Ms. Wandler. Council discussion?
Public comment?

PUBLIC COMMENT

Jim Crews: I think that you need to put up a warning that a change has been made. There are still people that run the stop sign on 6th Street, so if you are going to put a change-up you need to put up some sort of warning. I think that you need to get more public comment on this issue.

Leanna Rodabaugh: I heard a great big boom one time, two car accident, one had failed to stop. It is just not putting up stop signs, stop signs are good and I am all for them, we need some kind of enforcement. They go down Ravalli Street and 4th Street, zoom and it is way more than the speed limit.

Mayor Dewey: any further public comment? Hearing none we will call for the vote, Ms. Berthoud.

Councilmember Allen: aye.

Councilmember Ludington: aye.

Councilmember Wandler: aye.

Mayor Dewey: the motion passes.

11. New Business

a. Discussion/Decision: FY2020 Audit Corrective Action Plan

Mayor Dewey: introduced new business a. Corrective Action Plan was introduced to the council by Mayor Dewey. When there are findings in an audit you need to have a corrective action plan. We have seen a lot of turnover in the finance department. We consulted with the state to make sure we met all areas, they were pleased. The plan is in front of you this evening for your review. I will make a quick note for council I think that I explained this to you separately that the appendix on the back of the document you will just see blank pages with a title, those are place holders for the adjustments and proof that we will eventually have to provide to the state. Given the time frame that we are working with we could not quickly pull together some policies and procedures to have implemented and incorporated into the document.

Councilmember Allen: I will make a motion to adopt the FY2020 audit corrective action plan.

Councilmember Ludington: 2nd.

Mayor Dewey: it has been moved by Ms. Allen and 2nd by Mr. Ludington. Council discussion?
Public comment?

PUBLIC COMMENT

Jim Crews: I looked at this you got a reconciliation issue so how big is the reconciliation issue and what measures are you going to take to resolve this problem? who is going to come in to take care of this because I don't see a treasure anymore. What is the plan to get the books reconciled? How big is it? What are we going to do to prevent this in the future? How much is it going to cost the town? One more thing, I was blindsided by this same thing myself. I had the finance officer come in and say that they were still working on a reconciliation issue, I said what reconciliation issue. It started out at \$330,000 got down to about \$130,000 and that is where we got stuck. After the finance officer left I had to call the town attorney and explain what was going on, we had to decide if there was any criminal activity going on or if this was an accounting error and then later on I disclosed this to the council in public that we had a problem and that we were working on it, we came up with a plan hired an accountant Jessica Conley to sit down and take care of the books and we got it down around \$10,000 dollars and we had to do a journal entry to balance the books and we had to do it by resolution. I am expecting to see something like that, maybe I missed the plan, but I didn't see it.

Stacie Barker: 104 Winslet, after looking over a lot of this it saddens me that so many of the things are being blamed on this person or this person or incoming or outgoing this is serious for the town of Stevensville I think that it really needs to be taken seriously and addressed soon we cant keep doing this throughout the town I know that we keep saying that it is the little things but it could be bigger. Hope that you can correct it very soon.

Mayor Dewey: any further public comment? Any further council discussion? Hearing none we will call for the vote, Ms. Berthoud.

Councilmember Allen: aye.

Councilmember Ludington: aye.

Councilmember Wandler: aye.

Mayor Dewey: motion passes unanimously.

b. Discussion/Decision: Stevensville Airport Lease

Mayor Dewey: introduced new business b. Lot 14 Block 1

Councilmember Ludington: I will make a motion to approve.

Councilmember Wandler: 2nd.

Mayor Dewey: it has been moved by Mr. Ludington and 2nd by Ms. Wandler. Council discussion? Public comment? Hearing none we will call for the vote, Ms. Berthoud.

Councilmember Allen: aye.

Councilmember Ludington: aye.

Councilmember Wandler: aye.

Mayor Dewey: motion passes.

c. Discussion/Decision: Transportation Master Plan Agreement with Robert Peccia & Associates, Inc.

Mayor Dewey: introduced new business c. Scope and fees go in front of the council. I would expect that there would be a scope and fee at the next council meeting.

Councilmember Ludington: I make a motion.

Councilmember Allen: 2nd.

Mayor Dewey: it has been moved by Mr. Ludington and 2nd by Ms. Allen. Council discussion?

Councilmember Ludington: I don't know why we need this before we see a scope of work. I am a little concerned that this obligates us yet to negotiate so I am a little confused.

Mayor Dewey: it is tandem with the process that we typically utilize with HDR where we have a service agreement for engineering services under certain parameters that are generally water and sewer services in that example and then you would recall that we bring task orders back to the council and in the task order it will tell you what is going to happen and what is the fee for that service. If I had an HDR one in front of me I could show you. This is a bit unorthodox and simple it is the process that we have with engineers and at some point, you will have to approve this document with the scope and fee or now. Because of the length of the project, you will have several of these. Further council discussion? Public comment?

PUBLIC COMMENT

Jim Crews: 316 9th Street, if you look at page 149 of your council packet, item number three the cost "TO BE NEGOTIATED". How much is this contract good for? How much is it going to cost? and why are they not here to answer questions. I wouldn't approve this contract you are lacking to much information.

Bob Michalson: 222 Turner Street, a couple agenda items before we had a pretty big deal go on with this audit. And here we are I think that it is reckless spending for one and number two, you want to do a contract with out a cost. Is it that big of a deal and he is trying to tie it into Burnt Fork and more money for HDR? They are the cash cow of the town, you can say no. This is our taxpayer money spend it wisely please.

Leanna Rodabaugh: the same people that come here, we talk to you, and you don't listen, I doubt that any of you councilmembers have even read this contract, there isn't one available to read. The smart thing and the good thing to do is to table this motion. Put it off on somebody else. Are you listening, please?

Mayor Dewey: further public comment? Further discussion from council? To clarify for the council this was RFP remember you selected the firm and now they are bringing a contract in front of you. Hearing none we will call for the vote, Ms. Berthoud.

Councilmember Allen: aye.

Councilmember Ludington: no.

Councilmember Wandler: no.

Mayor Dewey: motion fails.

12. Executive Report

Mayor Dewey: I don't have an executive report for you other than wish you all a Happy Thanksgiving you have a special town council meeting tomorrow at 1:00 pm to discuss the Willoughby Property. Outside of that your next council meetings are the second and fourth Thursdays.

13. Town Council Comments

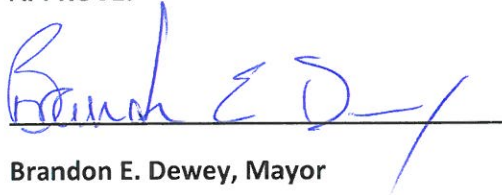
NONE

14. Board Reports

NONE

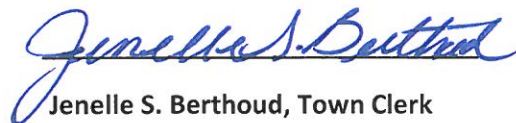
15. Adjournment

APPROVE:



Brandon E. Dewey, Mayor

ATTEST:



Jenelle S. Berthoud, Town Clerk