



Board of Trustees
Minutes of Special Meeting
Tuesday, April 9, 2012
12:00 P.M.
Board Room
Minden-Gardnerville Sanitation District
1790 Hwy. 395
Minden, Nevada

Board Members Present:

Raymond Wilson
Robert Allgeier
Barbara Smallwood
Mark Dudley

Staff Members Present:

Frank Johnson
Sarah King
April Burchett
Brian Buffo

Others Present:

Board Members Absent:

Michael Henningsen

Special meeting called to order at 12:03 p.m. by Raymond Wilson, Vice-Chairman.

Public Comment – There was no public comment.

MGSD Budget-Review and Approval of Tentative Budget for FY 2013-2014 – Frank presented the tentative budget for fiscal year 2013-2014. He stated that there were a couple of changes to the hand out that he had given to the Board members at the April 2013 meeting. Frank gave the Board new pages to the tentative budget showing the changes and covered it with a power point presentation. There is about a 15% increase in plant insurance. Salaries went up due to an increase in salary scale as was discussed at the January 25th meeting. Benefits also went up because of the salary increase. Frank explained that the bulk of the capital expense for fiscal year 2013-2014 was due to the line rehab/collection system. Frank also explained that MGSD has a camera for televising of the collection system, but it does not fit into all the lines especially the ones on County road that are smaller and he would like to get a push camera which is smaller and could be utilized in these lines. Frank also stated that there is an account for the collection system with \$110,000 for unanticipated expenses. Total O & M expenses came in at about 1.9 million dollars which is an increase of about \$157,000. Ray had a question about plant salaries and wondered why it was going up by 15%. Frank explained that there is a vacant position for the part time person who is going to retire and that position would need to be replaced and Frank calculated about midrange in the event a certified person did get hired. Frank also explained that the PERS contribution went up by 2%. Frank also spoke about Bob's suggestion to have additional funding in the salary budget as an incentive for the employees to get raises if additional certifications were acquired. However since the budget was a little tight this year he stated that he would like to postpone it until the next budget.



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Income has been going down and hopefully there would be more connection and capacity fees coming in, in the future. Frank explained that he had based the income at 40 new EDU's for the new fiscal year. Frank also proposed one more step to the salary range to increase it from 9 steps to 10 steps as one person has been topped out for several years. However, Ray felt that the employee had been getting the top step for a long time and since MGSD pays all the insurance and pension the employees were getting a very good deal. Ray suggested bringing this up at a later meeting. Frank also explained why there was a half-step which happened due to a slow economy but Bob stated that he was not in favor of the half step. Barbara felt that the salary steps and scale were an entirely different discussion from the budget and she felt that it should be agendaized.

Frank spoke about the graphs in the handout which were all self-explanatory. Capital acquisitions have gone down a bit and the ARRA ~~repayment~~ balance will be going down yearly. Ray had asked about the \$350,000 in the line rehab and wondered if it was enough as he would not like MGSD to get behind in the rehab. He also felt that money should be budgeted for each year so as not to get behind in rehab. Frank informed him that Bruce would keep him updated each year as to what rehab would be needed each year and it could then be budgeted accordingly. Discussion followed about the money saved with the previous purchase of the camera. Barbara had a question on pg. 7 of the revised handout which showed a loss of \$53,242 in the financial statement of June 2012. Currently in the tentative budget it shows more of a loss and she stated that she did not like it and wanted to know how to fix it. Frank stated that he did not like it either and it is mainly because of the lack of revenue. Frank explained that the actual loss was \$24,000. Barbara referred to the audit statement ending June 2012 and asked that since there is no revenue to offset the expense and instead of showing a loss could money be transferred to cover the loss. She explained that she thought a balanced budget was required and did Frank prefer to show a loss. Bob interjected that per Bill Peterson, MGSD's legal counsel a balanced budget is required. Barbara wondered how it was possible to have a \$50,000 loss and still be operating within the law. Frank stated the overall increase was \$384,279. Only the operating budget was \$53,000 in the negative, but with the money coming in the overall monies were increased. Ray felt if the budget was augmented then one would never know where the shortfall occurred. Barbara had a question about how the increase of \$384,279 occurred and Frank explained how it was calculated and what the final numbers are.

Bob wanted to remind everybody about the discussion with Bill at the last meeting which cleared the matter of funding and expenditures. He explained that MGSD has only a single fund which is an enterprise fund. Money can be moved to any place within the fund. At the end of the year the accounts have to be balanced and the State really frowns at a negative balance and he stated that last thing that MGSD needed was the State Auditors coming in. The money can be shifted around to cover the negative balance. Based on Frank's forecast there should be \$83,000 loss. Frank stated that it would only be a negative balance of \$24,000 but Bob responded that the overall negative balance would be \$83,000 unless the restricted funds were included. He concluded that at the end of the year MGSD has to make certain that it has not exceeded without taking some remedial action. Bob stated that he had some information on the income side that would change Frank's figures. The County is building a Senior Center and they were given an estimate of capacity in the range of \$250,000.00. They have selected a contractor and are ready



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to do it first part of the new fiscal year and would be purchasing capacity. Frank informed Bob that he had never spoken to anybody or given any figures and that it was just speculation. However Bob suggested that Frank count on at least 50 EDUs in addition to the present 40 EDUs and add them to his tentative budget. Bob proposed that Frank change his EDU count from 40 units to 90 units in the tentative budget. Bob then spoke about the problem of balancing the accounts, the O & M accounts. Repairs and maintenance for the reservoir was budgeted at \$25,000 and ended up being about \$93,000 which may get refunded from insurance. The Engineering costs were budgeted at \$25,000 but the cost was about \$40,486 and this was because HDR sent in a bill late and it went into the next fiscal year. The money can be moved by Board action. The Co-Gen unit was put in to save on utilities. There is a big saving but the budgeted amount showing in the O & M budget reflects the utility costs prior to the Co-Gen being up and running. For example, under GL account number 50500 there is a budgeted amount of \$150,000 and MGSD has spent year to date \$82,022. There is \$68,000 is remaining and no way this will be used before the end of the fiscal year and so Bob suggested taking \$30,000 from that account and transferring to the reservoir account which is negative. The second utility account is GL 55300 and it was budgeted at \$75,000 and only used a little over of \$12,000. The two utility accounts of the budget together add up to \$225,000. Currently 25% of the budget is tied up in utilities and MGSD is not using anywhere near that amount because of the Co-Gen unit and this should get better because of the new heat loop project. Bob suggested taking \$40,000 from that account but asked Frank if he anticipated the bill going up in the near future. Frank stated that the bill should be higher this next month because of pumping effluent to Bently which costs \$500 a day while pumping, averaging about \$35,000 total. Bob suggested taking \$40,000 from the \$75,000 budget and that would still leave \$23,000 for the next three months to cover the cost of utilities. This was suggested to decrease the budget of this fiscal year as it affects the budget for next fiscal year. Barbara agreed decreasing the utilities would balance the negative amounts. Bob suggested dropping acct 50500 from \$150,000 to \$120,000 and acct 55300 from \$75,000 to \$35,000. The legal amount is budgeted at \$50,000 and in the first three months there has been a bigger bill than in the past as the new Board had a lot of questions of legal counsel. So Bob suggested taking \$25,000 from the legal account and reducing the budgeted amount to \$25,000. Mark mentioned that in the past with big operations there were more legal fees especially with the issue with Southwest Gas and the County and the budgeted legal account was increased and since not changed. Bob suggested doing this internal re distribution of funds as it needs to be done before the end of the fiscal year and then can be brought before the Board for approval at the next month's meeting. The total amount being budgeted is not being changed but just an internal redistribution of funds. Frank asked if the GL numbers needed to be reorganized and April stated that she usually makes an educated guess on the which GL number a bill goes under but the final say is Richard Peters. However Bob stated that Richard sends a quarterly report to the State and the bottom line is not being changed but the internal numbers are being changed and Frank needed to tell Richard that the Board approves the shifting of certain amount of dollars from one budgeted amount to another to be transferred to another account. It was suggested that Bob meet with Richard but Bob finalized his statements saying that he needed Frank to present a balanced budget as he did not want the State auditors coming down on MGSD. Frank suggested that he and Bob meet with Richard prior to the final budget hearing.



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It was decided that the Board would sign the tentative budget with the changes.

Bob had questions about the payment to SDP and how long the contract was for. April informed him that SDP was very slow about sending out their bills. Frank also mentioned that El Dorado Engineering was just about done with the contract and he had informed them that he would like the bill in this fiscal year.

Motion by Barbara Smallwood to approve the MGSD tentative budget for Fiscal Year 2013-2014.
Seconded by Mark Dudley. Motion carried unanimously.

Public Comment – There was no public comment.

Meeting adjourned at 1:51 p.m.

Approved _____
Date

By _____
District Secretary

:/smk