



Board of Trustees
Minutes of Special Meeting
Thursday, December 26, 2019
10:00 A.M.
Board Room
Minden-Gardnerville Sanitation District
1790 Hwy. 395
Minden, Nevada

Board Members Present:

Barbara Smallwood
Robert Allgeier
Ted Thran
Michael King
Mary Schilling

Staff Members Present:

Peter Baratti
April Burchett
Bill Peterson

Others Present:

Nicola Neilon

Board Members Absent: None

Meeting called to order at 10:00 a.m. by Barbara Smallwood, Chairman.

Public Comment: There was no public comment.

Casey Neilon – Approval of Audits for FY 15-16, FY 16-17, FY 17-18 and FY 18-19 – Represented by Nicola (Nicki) Neilon. Ms. Neilon began by stating that a correction needed to be made to FY 15-16. It is just for 2016 only. The Chairman noted the correction. There was no comment or questions for the audits for 2016, FY 16-17, or FY 17-18.

Regarding FY 18-19, Mike King asked if the only change from the draft was the findings and Nicki noted that the names under the organization structure were changed and the responses to the findings were added, and she confirmed that these were the only changes made from the draft. Bob Allgeier noted the details from the retirement fund, and Nicki stated that information was obtained from PERS. Each year PERS puts out a report that shows all the detail of the pension liability and deferred inflows and outflows by each entity. Bob asked how the PERS pension fund makes their money, and Nicki stated they have an investment officer and multiple investment advisors. The reports are available on their website. Bob said the return on our investment has decreased. Nicki noted it was a function of interest rates, and it is common across districts like ours due to the types of investments we can participate in. Discussion followed regarding the types of investments PERS is allowed to pursue. Barbara felt it would be an interesting future agenda item to ask them to attend a Board meeting, since it's such a big deal for the State and for us. Barbara asked how binding the answers to the findings are. She thought we should change the wording to reflect that we will consider the findings to come up with solutions. Nicki said that she would be worried if there was a timeline attached to the responses, but there is not. The status will be reported at next year's audit. Barbara asked if we can say we're working on it, and Nicki said yes. Nicki said that the training is something we should be working on, and it is her understanding that the inventory is being worked on. Nicki's main concern was the bank reconciliation, but that should be rectified shortly as well. She felt that all of these items would be addressed and cleared quickly. Barbara noted that



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financial documents for other agencies show check numbers, and she asked if the check numbers will be shown on our report when the bank reconciliation is complete. Ted didn't feel that check numbers were that important for the reports, but staff needed them for tracking. Nicki agreed noting that with check numbers it's easier to see if a check is missing. The bank reconciliation is the first step in doing that. The software has a lot of capability, and as we change how the software is used check numbers will be available. **Motion by Bob Allgeier to accept the audit reports from Casey Neilon for: June 30, 2016; June 30, 2017 and 2016; June 30, 2018 and 2017; and June 30, 2019 and 2018, only for the portions containing the financial information.** He wanted to discuss and approve the findings separately.

Discussion followed whether the findings were part of the financial statements. Bill Peterson felt that the State would want to know what we're going to do to fix this and when we're going to do it. He stated the Board should accept the findings and begin implementation of the responses. Barbara asked if the Board was comfortable with the response language. Mike felt that the findings are what they are, and the Board's job was to respond to the findings as appropriate based upon what we determine in a plan, and we will take due diligence to respond in a timely manner. He felt the language was adequate as presented and thought that language should be added to the motion to reflect implementation of a plan. Ted stated that the responses don't hold our hands to the fire. It just gives us a path to mitigate the items. Nicki stated that since there is no timeline to any of the responses, she was not concerned about meeting the responses. Training will happen quickly, while the accrual training will occur in June. Bill suggested the Board adopt the financial statement in its entirety, and direct staff report to the Board on how they're going to implement the responses. Nicki agreed that it was good to come up with an action plan. She can take that to the State and it will be well received. April stated that staff would be able to submit a plan of action to the Board in January or February. **Amended motion by Bob Allgeier to accept the audit reports from Casey Neilon for June 30, 2016; June 30, 2017 and 2016; June 30, 2018 and 2017; and June 30, 2019 and 2018 and direct staff to report back to the Board at the February regular board meeting to address recommendations and implementation.** Seconded by Mike King. Motion carried [Vote: 5 ayes (Smallwood, Allgeier, King, Thran, Schilling); 0 nay; 0 abstain; 0 absent].

Administrative Comment: April asked if the Board wanted to designate Casey Neilon as the auditor for 2020, and the Board directed her to agendaize it for the January meeting.

Bill Peterson reported that he was contacted by the State Board of Accountancy regarding Richard Peters. Richard is trying to get his CPA license renewed, and the State Board wanted to know if MGSD wished to make a statement. Bill stated he did not know any other facts about the matter, and he wondered if MGSD should stay out of it. He will put it under his legal report at the January meeting. Barbara thought maybe our response was that we will be making a claim against Richard for reimbursement of Casey Neilon's fees plus the cost of staff time. With respect to the claim, Bill asked Nicki if she can quantify the additional costs. Nicki stated that she has already billed MGSD for the past audits at the original rate quoted. Mike questioned whether we wanted to do anything that would hinder Mr. Peters. He felt that due to several family crises, Mr. Peters has had a rough time and maybe we should give him an



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opportunity to move forward. Further discussion followed regarding whether the Board should proceed with a claim. The Board agreed that no response was needed for the State Board of Accountancy, and they would discuss a claim at the January meeting under the Attorney's report.

Board Comment: Barbara wished everyone a Happy New Year.

Public Comment: There was no public comment.

Meeting adjourned 11:05 a.m.

Approved by the Board of Trustees as presented on:

1/7/2020 By Ted Thran.
Date Ted Thran, District Secretary

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