



Board of Trustees
Minutes of Regular Meeting
Tuesday, December 6, 2022
6:00 P.M.
Board Room
Minden-Gardnerville Sanitation District
1790 Hwy. 395
Minden, Nevada

Board Members Present:

Barbara Smallwood
Ted Thran
Mike King

Staff Members Present:

Peter Baratti
April Burchett
Cliff Simpson
Bill Peterson
Bruce Scott
Haley Mosegard

Others Present:

Sondra Condron
Chris Shorten
Niki Neilon

Board Members Absent:

Ray Wilson
Mary Schilling

Staff Members Absent:

LaVonne Ghanavati

1. Meeting called to order at 6:00 p.m. by Barbara Smallwood, Chairman.

2. Public Comment: There was no public comment.

3. Chairman's Comment: The Chairman noted that Trustees Wilson and Schilling are absent, but a quorum is present. The Chairman also thanked Trustees Wilson and Schilling for their years of dedication and service to the Minden Gardnerville Sanitation District.

4. Claims Review and Approval: There was no discussion or questions regarding the claims received for October, 2022 and the payroll-related expenses paid during October, 2022.



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Motion: To approve the claims received for October, 2022 in the amount of \$140,700.19, and the payroll-related expenses paid during October, 2022 in the amount of \$90,676.34.

Made by: Ted Thran

Seconded by: Mike King

Vote: Motion carried.

Ayes: Smallwood, Thran, King

Nays: None

Abstain: None

Absent: Wilson, Schilling

5. Minutes of October 4, 2022 and November 1, 2022 Regular Board Meeting:

There was no discussion or questions regarding the minutes of the October 4, 2022 meeting and the November 1, 2022 meeting.

Motion: To approve the minutes of the October 4, 2022 Regular Board Meeting as presented knowing that a quorum from the October 4, 2022 meeting is not present to make corrections.

Made by: Ted Thran

Seconded by: Mike King

Vote: Motion carried.

Ayes: Smallwood, Thran, King

Nays: None

Abstain: None

Absent: Wilson, Schilling



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Motion: To approve the minutes of the November 1, 2022 Regular Board Meeting.

Made by: Mike King
Seconded by: Ted Thran

Vote: Motion carried.

Ayes: Smallwood, Thran, King
Nays: None
Abstain: None
Absent: Wilson, Schilling

6. Casey Neilon Audit: Niki Neilon, CPA with Casey Neilon, Inc presented the financial statement audit to the Trustees for fiscal year ending June 30, 2022.

Niki reported that the current assets decreased from \$3.3 million to \$2.6 million, and the noncurrent assets increased from \$25.95 million to \$26.14 million. Total assets had a slight decrease from \$29.3 million to \$28.8 million. The largest decrease is in plant property and equipment which is primarily attributable to depreciation. The deferred outflow of resources, which is pension and other post-employment benefit amounts, did increase significantly. The pension amounts were from the state of Nevada and the other post-employment benefits are from the actuary that's engaged to evaluate those benefits. The significant changes are primarily related to the investment earnings on the pension.

Current liabilities also increased from \$151,000 to \$287,000. Accounts payable was the largest increase, at \$170,000 compared to \$45,000 in the prior year and that was attributable to some things that were paid after the end of the year but belonged in the prior year. Niki commented that it was nothing to be concerned about because it was just the timing of the payments themselves. Noncurrent liabilities did decrease from \$2.5 million to \$1.9 million, with the largest decrease in the pension liability, which decreased from \$1.6 million down to just over \$1 million. Total liabilities showed a decrease from \$2.65 million to \$2.16 million.

Deferred inflows increased from \$194,000 to \$966,000, which are related to the pension. Total net position showed a slight decrease from \$26,962,000 to \$26,477,000. Of the District's net position, \$18.3 million is attributable to fixed assets, \$85,000 is restricted for the note payment, and the unrestricted is \$8.1 million. The \$8.1 million is further designated into various capital reserves.



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Operating revenues were very consistent, \$2.18 million in the prior year and \$2.2 million in the current year. Total operating expenses were very consistent, \$3,844,000 last year and \$3,837,000 this year. There were some changes between salaries and wages and employee benefits, but in total everything was very comparable. Non-operating revenues were very comparable to the prior year, \$639,000 compared to \$686,000. The District had a loss of \$991,000, and then received \$505,000 in capital contributions, which gets to the District's change in position of \$486,000. That amount is the decrease in net position from one year to the next. Of those expenses, the depreciation of \$1,357,000 is a noncash item. That does not necessarily reflect the decrease in the District's cash, but it is the decrease in the District's net position.

Peter Baratti asked Niki Neilon if inflation costs for the current year were reflected in the audit. Niki reported that no, inflation was not quite present yet. After reviewing the 2023 budget and during the management discussion and analysis, the operating budget expenses are set at \$4.4 million for 2023, which is a 15% increase over the current year's operating expenses. Niki commented that the District does not have a significant number of new users to create additional revenue to the District to make up for the budget increase.

Peter Baratti commented that the District makes every effort to keep costs down, however multiple suppliers and vendors have had staggering increases in costs of their products and services, especially in the chemicals that the plant uses to treat wastewater.

Chairman Smallwood referenced the portion of the financial statement that reads "the measurements calculating equivalent dwelling units has steadily been increasing, but has now leveled off." She then asked Niki to clarify if that data would be considered in the District's rate assessment and Niki said yes, if there is not a significant increase in EDU's, then the District will have to increase its rates to fund its necessary expenses.

Chairman Smallwood asked about if increase in lab expenses was due to inflation, and Peter stated that was the case and noted that lab expense increases are staggering. Niki agreed, and noted that these kinds of increases are being seen through the economy everywhere, whether it's wages going up or materials increasing in price.

Niki Neilon continued with the audit, reporting that Casey Neilon, Inc performed the audit under government audit standards. Under those standards the District is given a statement on internal



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control over financial reporting and compliance. That report is not an opinion on internal control or compliance but if things come to their attention that they believe to be a deficiency or a weakness or require additional attention, those items are reported on that statement. The District had one item regarding approval of ACH payments that was considered a significant deficiency and was previously discussed with Trustee Ted Thran by Niki in which the ACH payments were being approved after the payment had already been made. Niki reported that the payments themselves were not inappropriate expenditures, they just did not have the required signatures for approval and that this item did not have anything to do with the integrity of the staff at the District, but instead is a protective measure for the staff. Casey Neilon did receive a planned corrective action from MGSD staff that would resolve this item.

Chairman Smallwood noted that now that the District has enough staff, the checks and balances recommended by Casey Neilon, Inc regarding the ACH payments would be taken into effect immediately.

Peter Baratti commented that the District's depreciation went down remarkably. He asked Niki if that was due to the reinvestments that we had done on our equipment as well as rehabilitation projects throughout the plant. Niki clarified that depreciation occurs on a straight-line basis over the expected useful life of the asset. Once the asset is out of service it will depreciate rapidly over its life and as those become fully depreciated, the District's expense will decrease. As new assets are purchased to replace those old assets, the District's depreciation will increase. The depreciation the District experienced is purely a function of time and the value of the assets.

Niki commended the board and staff. When recommendations were made in 2019, the staff and Board took them very seriously and, there's been a significant improvement in the level of information that's maintained in the accounting system and how comprehensive it now is.

Bill Peterson commented that he was concerned with the section of the audit that reported the District's operating expenses versus the operating revenues, and the data that reflected the District was spending more than its revenue. He asked Niki Neilon what her opinion on that was. Niki stated we've been talking for several years about the need to increase rates, and this data needs to be considered with the upcoming rate study.



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Motion: To approve the audit of fiscal year ending on June 30th, 2022 certified by Casey Neilon.

Made by: Ted Thran

Seconded by: Mike King

Vote: Motion carried.

Ayes: Smallwood, Thran, King

Nays: None

Abstain: None

Absent: Wilson, Schilling

7. Attorney-Client Conference: Bill Peterson reported that he met with April Burchett regarding the procurement of a new camera truck for the District. The acquisition falls under Exceptions G and J in the bidding law in NRS, so there is no need to place the truck out for bid.

He also noted that the Pineview agreement was filed with the Recorder's Office but there has been no further progress from the Tribe itself or from Frank Flaherty, the Tribe's attorney.

8. Engineer's Report: Bruce Scott reported that there has been some delay regarding the lining for the GRGID Interceptor due to the operator getting into an accident. The weather is cold enough that there are concerns regarding curing the pipe. A temporary pause was authorized until the weather warms up.

Ted asked about the sewer line dig behind his office, and Bruce explained that the damaged sewer line at the Village at Monte Vista is being replaced.

Barbara asked if the infrastructure under Muller Pkwy is planned on being by gravity flow. Bruce said that the County has changed the storm drain standards, but a steel casing will be going in to allow installation of the sewer.

9. District Manager's Report: Peter Baratti reported on the following items:

1. The Park Group purchased capacity for the Great Basin Brewery and Park Ranch Meats on Hwy 395.

2. Martin's Meadows has an outside issue with their design where they plan on tying into MGSD's main line, but there's a gas line main that's impeding that.



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3. Joe Church passed his Grade I Operators license and has completed boiler training with RF Macdonald, which will help MGSD with future boiler maintenance.

4. We are looking to retrofit the lighting in the admin building and the belt press building. The estimated cost is several thousand dollars more than previous lighting upgrades, which is attributable to inflation. Peter would like to get the plant on an LED platform which could potentially save the District up to 20% on energy costs attributed to lighting.

5. The grease feed pump is staggering so the gas production is down and more natural gas is being used, which is also in conjunction with the cold weather that the region has experienced. Peter reported that the plant is anticipating to see some higher power and gas bills in the near future.

6. Peter had the opportunity to speak with Jeff Lee, the South Tahoe Public Utility District (STPUD) wastewater manager, about the possibility of creating a coalition with STPUD and surrounding districts to purchase the Bently Ranch property of 12,000 acres. The purchase would be beneficial for all parties and would protect the MGSD from having to haul their biosolids to the Lockwood facility, at a savings of thousands of dollars per year. Discussion followed regarding the sustainability of the plant having to haul biosolids to the Lockwood facility. Peter Baratti concluded that in the long term, the District will need the land and biosolids facility for the many potential developmental areas in the community.

Bruce Scott commented that the District would like to proceed in signing a non-disclosure agreement with Bently Ranch to discuss procurement costs, which will also allow the District to obtain feedback from the state revolving fund since the procurement of the ranch has the potential for clean water funding as well as drinking water funding due to the possible impact on water quality for the community.

10. Controller's Report: LaVonne Ghanavati was absent from the meeting. April Burchett commented that there was nothing to report at this time.

11. Administrative Report by Staff: April Burchett reported that Catherine Hansford will be present at the January meeting to go through a schedule for presentations and workshops. She will be ready to make her first presentation for the rate study at the February meeting.



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She also reported that she sent over POOL/PACT webinar information to the members of the Board and recommended that the Trustees participate in the webinars if possible.

12. Board Comment: Chairman Smallwood thanked Trustees King and Schilling again for their time and service to the District.

13. Public Comment: There was no public comment.

14. Meeting adjourned 7:33 p.m.

Approved by the Board of Trustees as presented on:

2/7/2023 By Ted Thran
Date Ted Thran, District Secretary