



## BUCKSKIN SANITARY DISTRICT

P O Box 5398  
Parker, AZ 85344

Board of Directors:

Shelly Rohde Gary Hansen Gary Svider William Risen Robert Troxler

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### **MINUTES**

#### **OF THE BUCKSKIN SANITARY DISTRICT BOARD OF DIRECTORS**

##### **Worksession**

**Tuesday, February 23, 2010 – 5:30 p.m.**

**Boating and Safety Building, 8484 Riverside Dr., Parker, AZ**

Elected Board Members and District personnel present: Chairperson Gary Svider, Vice-Chairman Gary Hansen, Treasurer Bill Risen, Secretary/Clerk Rob Troxler, Director Shelly Rohde, Other attendees: Administrative Assistant Pam Stark, Pat Jones & Dennise Jones, Walter Bunge, Terry Jones, Jeff Daniel

Call to Order

Chairman Svider called the Worksession to order at 6:00 p.m.

1. Presentation by Gail Kolesar, CPA of the Financial Audit June30, 2009

Chairman Svider asked if there were any questions from the Board prior to Gail Kolesar giving a report.

Gail went over the Financial Audit page by page explaining the required legal requirements and what they meant and addressed the line items on each page. She talked about the pending litigation items @ the time of the report with Sandpiper Resort and Robert Willoughby. She also discussed subsequent events since June 30, 2009 such as Doug Konkright and Jana Konkright wage disputes and was told that they had been settled. She also went over the Rural Development loans and grants and the Heinfeld & Meech forensic report as well as the EPA Grant. On page 27 of the report she explained the internal control being a standard report that tells what could occur as related to internal controls. She also explained that because we receive over \$500,000 in grants and loans from the government we have to do a Single Audit that shows how we spent that money and that it was spent appropriately as is stipulated. The District didn't have much to confirm as of June 1, 2009 because not much money was spent at that point in time. On page 31 she went over the Summary of Audit results with the one concern being the significant deficiencies related to the page 30 description. She referred to page 32 which listed their findings in that area. Small staff size can be a concern of the government who would like to see 5 people in every office; however that is not possible in this small District Office. So as to protect the District the Board may have to take a more hands on approach, such as watch what you are signing, procedures using QuickBooks and the Accounts Payable System. We are currently receiving bills and they are filed and then paid when due versus the option to use the accounts payable/vendor system and are input when received. This gives you more information on what you are paying and when and it is my recommendation that this be set up. She also addressed that the Annual Budget is not currently entered on QuickBooks, but done manually. She explained that this could be done and you can see where you are at all times. Come June you already have the Budget in QuickBooks and on a monthly basis a report to the Board at these meetings. You can also receive a project report as well and this can be done in QuickBooks also. You should use your accounting system to help you and not have everything based on one person's knowledge of what is happening.

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Discussion:

Gail asked if the Board received a written project management report now or in the past and is that something that a District Manager would be doing.

Chairman Svider replied no except I guess from Mr. Pooler lately. He did state that this is the responsibility of the District Manager.

Gail stated that this would be a good practice to put in place. If the Manager leaves then anyone should be able to come in and understand what is going on in the District from these reports.

Vice- Chair Hansen asked if we were on a July 1- June 30 fiscal year. Gail answered yes. He clarified that this runs from June 2008 to July 2009 and things that have happened since July 1, 2009 are not reflected. She explained that they have included some ongoing items and projected items beyond June 2009.

Gary asked if all of the long term debt is being serviced by the assessments. Gail stated that she needed help there but she would say no.

JR Pooler said ID#1 assessment covers the long term debt and the ad valorem tax covers the operating expenses. ID#2 assessments cover the long term debt. And ID#3 will be paid for from the assessments that will begin billing in May 2010. One thing he did ask was the debt for the Capital Indemnity payments and where those payments were being funded from. He assumed that it was coming from the operating funds. Several members explained that this was a litigation settlement and Director Rohde asked if that was over in 2012 and she was told no it ended in 2014.

Vice-Chairman Hansen asked about seeing a burn rate on the operating funds and Gail explained that they could work with the office to it was just a matter of asking for what they want and in what format. You need management reports from the office that you can work with on a monthly basis, which is just a matter of saying this how we want to see it.

Director Risen asked about the Circular A133 and whether that would have been done by Mr. Pooler. Mr. Pooler responded that he did it on the RD loans and when they were done he will show a report on the actual expenditures and then it would go to the CPA who has to do the actual Audit.

Gail also addressed the bank accounts and that it looks like everything is being paid out of the operating funds now and that you would typically have different accounts set up for specific types of items. You don't always know what is in your operating account and what are reserve funds for debt service.

Mr. Pooler explained how these individual accounts are used and that the page 9 entries of the statement of net assets isn't cash on hand. He also talked about encumbered funds when contracts are signed; you should consider it gone.

Vice-Chairman Hansen stated that is what they should be able to see.

Mr. Pooler stated that you need a reserve in your plant account as well to cover any unforeseen equipment repairs so that they can be fixed when they happen. He also stated that he believed that the District should be maintaining a 1 year dollar amount equal to your budgeted amount in the checking account, but you aren't even close.

John Bishop from Pooled Resources said you should be able to get a report from QuickBooks to get to the Board monthly.

Chairman Svider asked a question regarding page 7 of the Audit to determine if it is normal for the operating revenue entry to be different from the Annual Budget figure. Gail stated yes because the audit is actual and the Budget is an estimate. He asked if that was true for the Cash on hand and she stated yes.

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Director Rohde stated that the non depreciable assets looked unusually high and Gail stated that it was project related, mostly engineering. We are going to do a compilation of cash on hand.

Chairman opened the session up to the Public

Dennise Jones asked when this report would be available to the public.  
The Board stated immediately after they approved it.

Open Comment  
None given

Chairman Svider asked Mr. Pooler if he wanted to make any other comments. Mr. Pooler stated he did want to comment on ID#3 on the project that is concluding now. The debt service is coming due he believed on July 1, 2010 and that the District may have to start billing the property owners prior to hook up and even if the system is not finished which is always troublesome, but we can by law do it. The question was asked what the timeframe was for billing i.e. 60 days, 30 days or what. Mr. Pooler is recommending 45 days which would be April 15, 2010 which is 45 days from June 1, 2010.

Gail stated that there was an interest payment due on January 1, 2010 but Mr. Pooler said that no bill was received and no payment had been made. He didn't know why they had not billed, but suspected that it could have been because not all the funds have been distributed from the RD account. He also stated that a construction inspection was to take place by RD on March 9, 2010 which is a normal process and he has notified everyone that he believes need to be present.

Chairman Svider closed the Worksession at 7:07 p.m.

Minute's approved \_\_\_\_\_ Dated \_\_\_\_\_  
Chairman Gary Svider