

**Minutes**  
**Indian Hills General Improvement District**  
**Board of Trustees Meeting**  
**District Office**  
**3394 James Lee Park Rd. #A**  
**Carson City, NV 89705**  
**January 28, 2013**  
**9:00 A.M. Special Meeting**

**Trustees Present:** Chairman Brian Patrick, Vice Chairman Chris Johnson, Secretary/Treasurer Bill Eisele, Trustee Denise Pierini and Trustee Ronny Lynch.

**Staff Present:** General Manager John Lufrano, Administrative Assistant Brooke Thompson and Wastewater Operations Supervisor Andy Joyner.

**Others Present:** Engineer Tim Russell, Attorney Chuck Zumpft and District Auditor Jon Steele.

**1. Call to Order**

Chairman Patrick called the Special meeting to order at 8:58 A.M. Chairman Patrick requested that all cell phones and pagers be turned off for recording purposes.

**2. Pledge of Allegiance:** Led by Vice Chairman Johnson.

Vice Chairman Eisele disclosed that his daughter-in-law Sandi Eisele works for the District in Human Resources.

**3. Approval of Agenda – Chairman**

*Secretary/Treasurer Eisele motioned to approve the agenda. Vice Chairman Johnson Seconded. Motion passed unanimously.*

**4. Public Interest Comment: none**

**5. Discussion and possible action to accept the annual audit for fiscal year ending June 30, 2012.**

District Auditor Jon Steele went over the audit for fiscal year ending June 30, 2012. He stated that there were not a whole lot of changes from the previous year except for the construction implementation of the pipeline he is going to go through and highlight a few things. The first and most important thing is on page three of the financial statement third paragraph we gave you a clean opinion we believe the financial statements are presented fairly which is what the District wants. Following that is the Managements Discussion Analysis which for the most part is a restatement of last year with updated numbers. On page five fourth paragraph down under Operation Changes and Potential Future impacts as the District is approaching construction build out it cannot rely on connection fees paid for by developers and individuals to make significant improvements to its utility infrastructure therefore the monthly water and sewer rates will need to be evaluated on a yearly basis. As you know we had all the residents here on the last rate increase. Evaluating rates yearly will make sure you are running profitable water and sewer enterprises. Page seven Statement of Net Assets year over year there were not a whole lot of changes. The cash and cash

equivalents were up \$567,242.00 over the previous year with the construction of the pipeline total assets are up \$1,695,839.00 liabilities went down almost \$55,000.00.

Trustee Lynch stated that we are now accounting for depreciation where is that money? Is it set aside somewhere and do we accrue any interest from it. Jon Steele it is in the cash and cash equivalents. District Accountant Stacie Cobb stated that it is within our operating checking account and it is earning interest for accounting purposes we show it as a reserve.

District Auditor Jon Steele went on to page eight Statement of Activities which is kind of like your net income statement. Kudos to management. The first column is the expense column under government activities the \$1,040,019.00 of expenses is almost equal to the prior year. Year to year they stay the same so management has kept costs under control. Under Business Type and interest expenses for water and sewer that did go up \$153,294.00 over the prior year but that is expected because you have new bonds. On a District this size \$153,000 is not a lot of money. The expense column is really under control which was not happening years ago. Business type activities still lost about \$230,000 which is consistent with the year before. You want to have this be a positive amount not a negative the Board wants to run this as a business. Trustee Lynch asked on page ten on benefits we are in the whole about \$20,000.00 what can we do to clean that up. Jon Steele stated that the overall fund was ok financially but that line item was not allocated enough to cover that much in benefits. District Accountant Stacie Cobb stated there were two employees who added an adult child when the law changed and that was not budgeted for. Under the actual column the total fund had \$141,000. Budgets are best guesses and will always have differences.

Page twelve we had a quick change between water and sewer cash accounts. Water fund was changed to \$1,913,034 and sewer was changed to \$842,991 the total stays the same we just realized that it was misclassified. USDA wants it to be broken down better. Page fourteen under Statement of Cash Flows it starts with the beginning cash and where you end up for the year. Fourth column heading Net Increase and Cash Equivalents you added \$404,572.00 to your cash balance which is a little down from the previous year but you still have a positive cash balance. Page twenty-three this is the long term debt note the fourth paragraph this is the June 30, 2007 bond which was refinanced into the June 30, 2012 bond on page 24 just to highlight it. Trustee Lynch asked for clarification on page 24 third paragraph. Jon Steele stated that this is a short term bond for construction of the sewer project so it will mature in two years; once construction is complete you will get long term financing. Page twenty-seven note ten basically with USDA asking for more information we went back and looked at where assets have been allocated and realized they are not in the right categories. This is just a restatement to make things more correct. Page thirty-five this is our auditor's report on internal control we did not find any deficiencies that are a material weakness. We did find one deficiency that is a repeat which is just to reconcile things on a more timely manner. This should be done monthly to quarterly.

Trustee Lynch asked about the last paragraph on page thirty-five what does this mean. District Auditor Jon Steele stated that this is potentially a problem. Even though we did not find anything wrong with the financial statements it could be a problem. Trustee Lynch asked on page seventeen how do we determine how long something is going to last? District Auditor Jon Steele advised that generally speaking we have categories that have been developed and we also apply experience. Trustee Lynch asked on page twenty-two the District entered into a five year lease agreement and we are paying sales tax, we do not pay sales tax. District Accountant Stacie Cobb stated we don't but that contract states that we

do. Trustee Lynch on page thirty-four please enlighten me on the difference between a loan and grant. Loans you payback and Grants you don't have to correct? District Auditor Jon Steele yes. Trustee Lynch page thirty-nine there should be nine items the last two number nine is a concerns and number eight I just need explained, the District was determined to be a high risk audite. District Auditor Jon Steele we have no choice when you start doing OMB the single audit requirements the money you got from USDA for the first three years you are automatically considered high risk. The second one is a standard too.

Trustee Lynch on page forty-one five paragraphs down what is this. District Auditor Jon Steele this is a duplicate from last year. Trustee Lynch last page of the report where it says however please clarify this. District Auditor Jon Steele stated that this is a minor thing it is a new standard and relates to how the allocation of funds are done. Because it is a new standard we just wanted to let you know and Stacie should go to a course to learn what the changes are.

Secretary/Treasurer Eisele asked District Accountant Stacie Cobb if there was a problem getting these issues taken care of. District Accountant Stacie Cobb stated no.

Trustee Pierini thanked District Accountant Stacie Cobb for her hard work and being on top of it.

District Auditor Jon Steele stated that staff was wonderful and got them everything they asked for in a timely manner.

Vice Chairman Johnson excused himself from the meeting at 9:38A.M.

*Trustee Pierini motioned to accept the annual audit for fiscal year ending June 30, 2012. Trustee Lynch Seconded. Motion carried. 4-0, 4 ayes, Vice Chairman Johnson absent.*

**Public Interest Comment: none**

**6. Discussion and possible action to approve the Wastewater Operations Supervisor job description to replace the Wastewater Systems Supervisor job description.**

General Manager John Lufrano stated that this is what was approved as part of the Union Contract. This is along with the salary adjustment. This position will now be in charge of our collections. We have an operator in collections and Andy will oversee that employee. Andy's position has been just the plant, processing treatment and releasing water now the minute we run our dishwasher, washing machine, flush toilets he is responsible from that moment on. This is an attempt to make the Water Supervisor and Wastewater Supervisor on a more parallel field. This will also make the salary more comparable. This year it is a \$500.00 increase and come July 1, 2013 the adjustment happens based on his years of service. This was all part of the union negotiations. In terms of management and in terms of operations of the District it should have been this way all along. This cleans up the operation side of things.

Trustee Pierini asked Wastewater Operations Supervisor Andy Joyner if he was involved in developing this new criteria and what the salary range is now. Wastewater Operations Supervisor Andy Joyner stated yes he did, he took things out that never really applied to his position. He does not know off the top of his head but it is the same as the Water Operations Supervisor.

Trustee Lynch asked Wastewater Supervisor Andy Joyner if he is comfortable with supervising now. Wastewater Supervisor Andy Joyner yes he does not have a problem with it.

*Trustee Pierini motioned to approve the Wastewater Operations Supervisor job description. Secretary/ Treasurer Eisele Seconded. Motion carried. 4-0, 4 ayes, Vice Chairman Johnson absent.*

**Public Interest Comment: none**

**7. Discussion and possible action to approve, approve with conditions, continue or deny a change order request in the amount of \$12,429.00 for an upgraded sump pump carrier system associated with the sludge dewatering project at the IHGID Wastewater Plant to improve operator safety and long term serviceability of the pump and sludge pond liner.**

District Engineer Tim Russell stated that this is part of the sludge dewatering project. There is a new pump that will be installed. The pump proposed is a better system after talking with the contractor, Andy and John. We already approved a change with the contractor which resulted in a little more than \$14,000 credit to the project so this \$12,429 still does not put us over the total amount for the project.

Chairman Patrick this is cabled over the pond so it is not dragging on the bottom is that correct? District Engineer Tim Russell stated yes originally we had a few cables with one reel we have added another reel, a carriage so it sits better on the lining and we added another cable too. You have to carry it out and then lower it down.

*Secretary/Treasurer Eisele motioned to approve a change order request in the amount of \$12,429.00 for an upgraded sump pump carrier system associated with the sludge dewatering project at the IHGID Wastewater Plant to improve operator safety and long term serviceability of the pump and sludge pond liner. Trustee Lynch Seconded. Motion carried. 4-0, 4 ayes, Vice Chairman Johnson absent.*

**8. Chairman and Trustees Reports, Correspondence.**

District General Manager John Lufrano stated that he has received a few fliers one from the Nevada Association of Counties along with the Nevada League of Cities is honoring the legislative reception at the Governor's mansion we also put in your box the open meeting law meeting that the County is putting on which will be held on February 12, 2013 at 4:00P.M.

Chairman Patrick stated that the next Board meeting will be on February 20, 2013.

**9. Adjournment**

*Secretary/Treasurer Eisele motioned to adjourn the meeting. Seconded by Trustee Pierini. Motion carried. 4-0, 4 ayes, Vice Chairman Johnson absent.*

Meeting adjourned at 9:59A.M.

**FINAL APPROVED MINUTES AS PRESENTED**

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**Secretary/Treasurer  
Brian Patrick**