

TIMPANOGOS SPECIAL SERVICE DISTRICT  
ADMINISTRATIVE BOARD MEETING MINUTES

APPROVED

April 19, 2018                      6:00 p.m.                      Conference Room

Board Members

Present:

Mark Johnson	David Bunker	Brian Braithwaite
Lynn Walker	Chandler Goodwin	Craig White
Chris Condie	Mark Christensen	Sullivan Love
Commissioner Bill Lee		

Excused:

Mack Straw                      Dale Ihrke

District Staff:

Shannon Hansen, Human Resource  
Danette Smith, Board Secretary  
Joe Martin, CPA  
Michael Scheetz, Laboratory Director

Others:

Craig Carlile, Ray Quinney and Nebeker  
Kyle Greene, Squire and Company

**Call to Order**

Mark Johnson, Board Chair, called the meeting to order. 6:02 p.m.

**Public Comment**

There was no public comment.

**Approval of Minutes**

**1. Approval of the March 15, 2018 Administrative Board Meeting Minutes**

Chris Condie made a motion to approve the minutes from the March 15, 2018 Administrative Board Meeting. Lynn Walker seconded the motion. Those voting "Aye" – Mark Johnson, David Bunker, Mark Christensen, Brian Braithwaite, Lynn Walker, Chris Condie, Craig White, Commissioner Bill Lee, Sullivan Love and Chandler Goodwin. The motion passed unanimously.

**Consent Calendar**

There were no items on the consent calendar.

**Finance**

**1. Financial Report**

Joe Martin presented the financials. Joe said the impact fee report shows Lehi is the only one who has not provided a report from March. Lehi's February impact fees were paid in April. Joe said we are quite a way behind where we were a year ago in impact fees. We are only a quarter of the way into the year, so our percentages on the budget are fairly low, but we usually tend to spend more money in the last half of the year.

1 **Action Item**

2 **1. 2017 Audit Presentation - Squire and Company**

3 Joe said the financial statements are in dropbox. Joe said the board should read the Management’s Discussion  
4 and Analysis, if they read nothing else in the audit. It compares this year to last year and the year before, and  
5 explains changes. It is a great summary to get a good understanding of what happened in the District for the year.  
6 Page seven shows two pie graphs, with revenue, and expense by type. It is interesting to see what percentage of our  
7 revenues come from different places. Joe said 60% of our revenues come from wastewater treatment and 33% comes  
8 from impact fees, which can change from year to year. You can see where expenses are being spent, a big expense is  
9 depreciation at 30%, which isn’t actually cash outflow. It was cash outflow at the time we built the plant, but now  
10 we are expensing that over the useful life of the plant; that hits our books every year. The cost of the employees to  
11 run the plant is big too at 28%.

12 Joe said the District issued new bonds at the end of December. Joe said it is crossover refunding and that  
13 crossover will happen in 2020. We issued bonds, and we have a big liability for those new bonds, but we also have  
14 the cash in an escrow account and both of those are on our books. Joe said if you look under other assets there is a  
15 new line item; investment held by fiscal agent. That is where the bond money is; the \$15 million we contributed to  
16 the bond is also there. Under the noncurrent liabilities, if you compare 2017 and 2016, we went from \$49 million in  
17 debt to \$77 million in debt, so we are recording both the asset and the liability associated with that bond. The net  
18 effect is essentially zero, but over the long term that is going to save us money because we are paying less interest.  
19 In 2020 when the crossover happens, we will take that escrow account and the old bonds off our books and they will  
20 be defeased.

21 Mark Christensen asked what the material threshold was. Kyle Greene, Squire and Co., said with revenue of  
22 almost \$18 million, it is probably right around \$180,000 - \$200,000. Kyle Greene said there are three reports in the  
23 audit report that come from Squire and Company; the Independent Auditors Report, the Disclosure on Controls with  
24 Government Auditing Standards and the Report on State Compliance. Kyle said the auditor’s report, offers a clean  
25 opinion on the District’s financial statements. Kyle said if there were any control issues or findings, significant  
26 deficiencies, or material weaknesses in the District’s internal control systems they would be in the Control letter at  
27 the back of the report. The last two pages are the report on testing of state compliance. There were a few items that  
28 were required to be looked at, Budgetary Compliance, Utah Retirement Systems, Open and Public Meeting Act and  
29 Public Treasurer’s Bond. Kyle said there were no findings, no non-compliance to report, so related to those four  
30 areas, the District was in compliance with what they need to do. Mark Christensen said compliance is usually a  
31 measure to a certain point; is there anything coming up that the board needs to be concerned about or any warnings.  
32 Kyle said he didn’t think so. The hot topic is still open and public meetings act, so make sure the District’s meetings  
33 are being published on the Utah Public Meeting Notice Website. Kyle said he does not know of anything that would  
34 be significant changes or drastic that would be impacting the District.

35 **Brian Braithwaite made a motion to accept the findings of the 2017 Audit for the Timpanogos Special**  
36 **Service District done by Squire and Company. Sullivan Love seconded the motion. Those voting “Aye” –**  
37 **Mark Johnson, David Bunker, Mark Christensen, Brian Braithwaite, Lynn Walker, Chris Condie, Craig**  
38 **White, Commissioner Bill Lee, Sullivan Love and Chandler Goodwin. The motion passed unanimously.**

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40 **Communication**

41 **1. Engineering Update – Brown and Caldwell**

42 Brown and Caldwell were not present to give an update; they provided a report which was put in dropbox.

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44 **2. Manager’s Report**

45 The manager’s report was in dropbox.

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47 Mark Christensen asked Joe Martin if there are adequate levels of separation within the District, relative to  
48 financial operations. Joe said there is nothing that he is concerned about, he is a check signer, but does not do  
49 anything within Caselle, he feeds everything to Shannon and she does all the journal entries. Joe prepares what they  
50 should be, Shannon reviews and inputs it, so there are always two sets of eyes on things. The District Manager has

1 always, in the past, reviewed all the bank statements. Mark asked with the position vacant, who is doing that role?  
2 Joe said he didn't think it had been done yet since Jon left; this is our first month without that. Joe said we anticipate  
3 either David Barlow, who is signing the checks now or Craig White, who is the Treasurer, will be doing that. Mark  
4 Christensen asked if we are going to run into any control issues or separation issues without the District Manager  
5 position. Joe said not that he could think of within this short duration. If there are areas like that we will make sure  
6 they are being filled by someone.

7  
8 **David Bunker made a motion to go into closed session in the Conference Room of the District**  
9 **Administrative Building to discuss personnel matters. Lynn Walker seconded the motion. Mark Johnson**  
10 **called for a roll call vote. Those voting "Aye" – Mark Johnson, David Bunker, Mark Christensen, Brian**  
11 **Braithwaite, Chris Condie, Lynn Walker, Craig White, Sullivan Love, Commissioner Bill Lee, and Chandler**  
12 **Goodwin. The motion passed unanimously. 6:22 p.m.**

13  
14 **Closed Meeting**

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16 **Mark Christensen made a motion to go out of closed session and back into regular session. Brian**  
17 **Braithwaite seconded the motion. Those voting "Aye" – Mark Johnson, David Bunker, Mark Christensen,**  
18 **Brian Braithwaite, Chris Condie, Lynn Walker, Craig White, Sullivan Love, Commissioner Bill Lee and**  
19 **Chandler Goodwin. The motion passed unanimously. 7:22 p.m.**

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21 **Adjourn: Lynn Walker made a motion to adjourn. Sullivan Love seconded the motion. All present "Aye".**  
22 **Meeting adjourned. 7:23 p.m.**

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