

Kay Lorenzen,	President
Renee Breeden,	Secretary
Larry Hudson,	Treasurer

Budget Committee Meeting
April 30, 2018 – 6:00 P.M. to 8 P.M.
16040 N. 43rd Avenue
Glendale, AZ 85306

MINUTES

1. CALL TO ORDER: Meeting was called to order at 6:10p by Peggy Schwend, Chair.

Committee members in Attendance:

Peggy Schwend – Chair, Anthony Chase, Walt Michaels and Victor Armendariz.

Others in attendance: Cathy Hacker, Richard Mitten, Kay Lorenzen and Larry Hudson.

Not In attendance: Bob Bustoz.

2. NEW BUSINESS:

None.

3. OLD BUSINESS:

A. Discuss and Decide on Budget items.

Line 215 – Finance Charges – The Chair asked the committee to reconsider this line item to increase to \$9,500 due to the trending increase over the last few years. 2017-2018 is on track to be over \$10,000. The committee agreed by unanimous consent to set the value to \$9,500.

Line 362 Salaries-Supervisor – Irrigation Manager – The budget value from 2017-2018 is \$44,660. Cathy Hacker provided the value of \$819.30 per week as of 7/1/2017. Richard received a 1% increase on 8/1/2017. This increased the value to \$827.50 (rounded up). $\$827.50 \times 52 \text{ weeks} = \$43,030 \times 1.02(2\% \text{ increase}) = \$43,891$ (43,890.6 rounded up). (New Weekly rate = \$844.05). \$43,891 was accepted by unanimous consent.

Line 363 Salaries- Admin Payroll Expense– Office Manager – The budget value from 2017-2018 is \$43,710. Cathy Hacker provided the value of \$803.11 per week as of 7/1/2017. Brenda received a 1% increase on 8/1/2017. This increased the value to \$811.15 (rounded up). $\$811.15 \times 52 \text{ weeks} = \$42,179.80 \times 1.02(2\% \text{ increase}) = \$43,023.396$ (43,023.40 rounded up). (New Weekly rate = \$827.38). \$43,024 was accepted by unanimous consent.

Line 366 Health Insurance Management – Brenda Brown is communicating with SFID Insurance Agent. Insurance contract runs for August to August. Brenda will work with the agent to find best contract. Agent believes the cost will increase 7% - 10%. SFID should have better idea on cost of this line item in mid-June. The estimated line value is \$11,000. (The board will need to revisit Line 372, 417.5 and 366 all pertaining to Employee Health Insurance in mid-June to verify that the estimated values are correct).

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Line 375 Workman's Comp Insurance – 2017-2018 budget is \$7,000. This item is based on a percentage of the current employee's wages and a multiplier based on the category of business type and the number incidents in the past. The amount is due once a year in January. This past year SFID paid \$5,665. Discussion ensued and the committee decided by unanimous consent to reduce the estimated amount from \$7,000 to \$6,500. (This amount is still above the actual for last year allowing for increases.)

Line 411 – Depreciation Expense. Value from the Depreciation Expense spread sheet shows the value \$153,675. The 2016 Chevy is missing and discussion ensued about the values and depreciation time for different items. Walt Michaels review of the Depreciation Expense spreadsheet was sent to all via email. It was commented that the tractor was correct to be listed since it was a lease-purchase and is considered to be a capital asset. It was commented that a physical inventory was needed to verify what should and should not be on the list. Committee discussion led to Victor Armanderiz and Richard Mitten volunteering to further review and reconcile errors in spreadsheet. They will report their findings and the new value of Depreciation Expense at the next meeting.

Line 417.1 – Direct Labor (Mntc/Repair) – 2017-2018 estimated to be \$37,275, but is currently over budget at 9 months, by over \$23,000. This was due to several conditions. Five maintenance employees at times during the year, OT due to breakdowns, not being able to concentrate on Capital projects, were some of the reasons. Two of the maintenance employees are gone now, leaving 3. The Chair believes SFID needs to return to two maintenance employees to better control maintenance hours, and hire temporary maintenance employees for capital projects or other maintenance projects as needed. This also eliminates paying fringes and benefits for additional employees, reducing costs. The current estimate with three maintenance employees for maintenance/ repair is \$153, 894. The SFID Board of Directors will be addressing this issue at the May 1, 2018 regular board meeting. This item will be re-addressed at the next budget meeting.

Line 417.2 Materials – 2017-2018 budget is \$20,000. Current actual is under budget. Richard Mitten said that \$18,000 would be okay for the 2018-2019 budget.
No objection by the committee.

Line 417.3 Outside Services – 2017-2018 budget is \$10,000. SFID is under budget on this item. Richard mitten said that \$10,000 would be okay for the 2018-2019 budget.
No objection by the committee

Line 417.4 Payroll Taxes/Fringes (Mntc/Repair) – This item is .0991 times Line 417.1 Direct Labor Maintenance / Repair - .budget item

Line 417.5 Health Insurance (Mntc/Repair) – (See Explanation Line 366)

Line 419.1 Fleet Vehicles – 2017-2018 budget is \$7,500. Discussion ensued on this item saying that SFID has new vehicle now and not as many breakdowns are expected. Committee decided by unanimous consent to keep this line item at current value of \$7,500.

Line 419.2 Tractor – 2017-2018 budget is \$1,500. (Currently this item is over budget but it looks like the budget was \$600 looking at March 2018) Richard Mitten said should be \$3,000. Need to review this item again at next meeting.

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Line 420 MNTC Gas Transportation – 2017-2018 budget is \$3,000. Discussion ensued about newer vehicles, QT & Fry's Vs Chevron and gas prices going up. Committee decided by unanimous consent to raise this item to \$3,600.

Line 421 Electricity – 2017-2018 budget is \$2,500. This item is slightly under budget. Committee decided by unanimous consent to keep this at \$2,500.

Line 422 Sewer & Water – 2017-2018 budget is \$200. This item is slightly over budget. Committee decided by unanimous consent to keep this item at \$200.

Line 423 Telephone – 2017-2018 budget is \$4,200. This includes the office phones, internet and cell phones. This item is very close to budget. Committee decided by unanimous consent to keep this item at \$4,200.

Line 424 Alarm – 2017-2018 budget is \$720. This item is for monitoring cost. The item is very close to budget. Committee decided by unanimous consent to keep this item at \$720.

Liine 431 Insurance 2017-2018 budget is \$12,000. Brenda Brown said that the contract goes March to March and the new contracted value is \$12,717.

Line 441 Legal Fees – 2017-2018 budget is \$2,000. This line item is over budget due to several legal issues. Committee decided by unanimous consent to raise this item to \$10,000.

Line 442 Accounting Services – 2017-2018 budget is \$4,800. Cathy Hacker said there would be no change in rate for 2018-2019. Committee decided by unanimous consent to keep budget at \$4,800.

Line 443 Audit – 2017-2018 budget is \$5,100. The amount budgeted is for a review. Comments were made that a total audit is required by law every so many years. Victor Armendariz looked up the ARS regarding how often and due to the size of SFID, a full audit is required every 8 years. Since SFID is due for a full audit, the Chair will request Brenda Brown to get 3 bids. (maybe Sealy & Mullins, Colby & Powell and one other). This item will be reviewed again at the next meeting.

Line 444 Collection Fees – 2017-2018 budget is \$360. Reviewing the current financials shows this item can be reduced. Committee decided by unanimous consent to reduce this item to \$240.

Line 446 Other Contract Services – 2017-2018 budget is \$4,800. This item includes payroll services, dumpster, Sparkletts Water, etc. This item is under budget by \$785 at 9 months. Committee decided by unanimous consent to reduce this item to \$4,200.

Line 451 Postage – 2017-2018 budget is \$4,500. Discussion ensued about the plan to email bills to homeowners. The homeowners will need to opt in to the program. Committee decided by unanimous consent to reduce this item to \$3,600.

461 Licenses & Taxes 2017-2018 budget is \$0. This item is not used on a regular basis, so recommendation is to leave the budget the same. Committee decided by unanimous consent to leave this item at \$0.

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Line 471 Misc & Public Relations – 2017-2018 budget is \$200. This is Election Committee expenses, advertising expenses, etc. Brenda Brown said that \$200 is enough. Committee decided by unanimous consent to leave this item at \$200.

Line 483 Office Supplies – 2017-2018 budget is \$5,500. Discussion ensued including comments that reduction in paper mailing of bills will reduce the need for printing, toner, paper. Committee decided by unanimous consent to reduce this item to \$4,800.

Line 484 Mileage – 2017-2018 budget is \$600. This item is the amount of mileage paid to Brenda Brown and Richard Mitten for use of their personal vehicles for SFID business. Brenda Brown indicated that this amount can stay the same. Committee decided by unanimous consent to leave this item at \$600.

Line 485 Bank Charges & Fees – 2017-2018 budget is \$60. This is a small item. Committee decided by unanimous consent to leave this item at \$60.

Line 486 Dues & Subscriptions – 2017-2018 budget is \$1,000. This item is for Blue Stake, Farm Bureau, Thompson West for ARS, Costco, etc. Brenda Brown related that these dues and subscriptions have gone up slightly. Committee decided by unanimous consent to raise this item to \$1,200.

Line 487 Petty Cash Over/Short – 2017-2018 budget is \$0. This item is set to \$0 and is only used if there is a need due to petty cash error.

Line 490 Other Interest Paid – 2017-2018 budget is \$4,800. Needs to be removed from the budget per Cathy Hacker. It was interest paid on the tractor but this value is now being included in the Wells Fargo Note. This line item is being removed from the budget.

Line 510 – Misc /Other Income – 2017-2018 budget is \$2,400. This item is for \$50 (90 day overdue fees) and the \$.92 that is collected from employees to process their child support payments. SFID deducts that amount from their checks each week. The item will remain the same at \$2,400.

Line 511 Interest Income – 2017-2018 budget is \$500. 2016-2017 shows \$679 actual for year. Interest income for 2017-2018 actual is \$334 through 9 months. Committee decided by unanimous consent to leave the item at \$500.

Line 541 Gain / Loss on Sale of Equipment – 2017-2018 budget is \$0. This item is left at \$0 and is used when needed on the actual statements.

NEXT MEETING – Tuesday, MAY 8, 2018 @ 6PM – 8PM at the District Office

4. ADJOURNMENT: 8:10PM

Posted this 5 day of May, 2018.

By: Peggy Schwend _____