

JOHNSON VILLAGE TRUSTEE BOARD MEETING MINUTES
JOHNSON MUNICIPAL BUILDING
TUESDAY, FEBRUARY 18, 2014

Present:

Trustees: Gordon Smith, Ellis O'Hear, Walter Pomroy

Others: Duncan Hastings (Manager), Rosemary Audibert (Clerk), Steve Towne, Arjay West

Note: All votes taken are unanimous unless otherwise noted.

1. Call to Order

Gordy called the meeting to order at 4:39.

2. Budget Discussion

Duncan had drafts of the general, water, and wastewater budgets for the board to review.

He explained why in the general budget the figure he shows for the checkbook balance is different from what Rosemary has. Some funds are committed but haven't actually been spent yet. He shows a balance of \$22,413.63.

The board will need to decide what to do with the difference between the fire department's actual revenue and actual expenses. In the past couple of years, that difference has been rolled into the small equipment fund.

The unspent balance of the general capital budget line item is \$7,200.28. The board will need to decide whether to roll that money into the capital equipment fund or leave part of it as cash on hand to use to reduce the amount to be raised by taxes.

Duncan said he had made a mistake in the insurance figure he gave to Arjay to plug into his budget. There are a couple of items he should have included but didn't. He gave Arjay the figure of \$22,451, but it should have been \$23,319. Either Arjay can change the figure in his budget or the village can take the difference and put it in the general budget. Walter said he feels the fire department insurance line item should show an accurate figure. Arjay said that is what he would prefer, even though it is an increase. Duncan agreed that would be preferable. He said the current draft budget shows the full cost assigned to the fire department line item.

Walter asked if it still seems appropriate to say Cliff's, Tim's, and Nate's time is 65% electric, 25% general, 5% water, and 5% sewer. Steve said he thinks Cliff could be cut back to 20% on general, because he does more for electric than the others. Rosemary said she thinks 5% for sewer for those employees is too much. But she thinks 5% for water is good. She thinks 25% for general is appropriate for all 3. Duncan suggested changing Cliff to zero for sewer and 70% for electric. Steve and the board agreed.

Duncan said under fire department revenue the only discrepancy between what Arjay sent him and his budget draft is that Arjay had the full requested amount of \$6K from Johnson State, but \$5750 is what they agreed to contribute. Arjay said he had \$4K proposed for miscellaneous income, while Duncan had zero. Duncan said he thinks most of that was insurance reimbursement and he put it

under the insurance reimbursement line, so the total revenue number is the same, just re-categorized.

Arjay asked about how the fire department electric bill is handled in the budget. Duncan said the \$5K is being raised by the general budget and is available to the fire department to support its budget. Arjay said he used to have both electricity income and expense netting out to zero in his budget. Should he raise the fire department budget by \$5K? Duncan said yes, because the fire department is paying its electric bill without corresponding revenue directly tied to the fire department. He said the simple way to think about it is that the electric department was making a cash contribution by reimbursing dollar for dollar the amount of the electric bill and that was showing up as a revenue source. Now the budget shows the electric department is paying the electric bill and the general department is collecting a little more in rent to make up for that. He said in reality it hasn't been done correctly for quite a while. Arjay asked if the village's contribution to the fire department could be raised by \$5K. Duncan said that is essentially what has happened. The village's tax contribution to the Fire Department \$47,442 reflects the \$5000.00. That is how the fire department gets its \$5K back.

There is \$2900 unused in the fire department's budget. Walter suggested using \$1118 of that to increase cash on hand to cover the increase in insurance and the decrease in the JSC payment from what was budgeted.

Arjay said the fire departments' small equipment replacement plan doesn't call for replacing any bunker gear in the third year because other expenses were too great. If any surplus could be applied to that, it would help. Walter said he would love to give the money to the fire department, but he would like to look at the whole village budget first because the village is looking at a 22% increase.

Steve said he thinks Arjay's and his projects can both be funded under the same PACIF grant.

(Arjay left at 5:29.)

Duncan said he increased Pilot by \$1000 under revenue. He thinks that is safe, but it means we are budgeting closer to the bone. What he has for Pearl St. is a guess, but the money out will be the same as the money in for that, so it doesn't really affect the budget.

The board reviewed line items to see which ones haven't been spent in recent years and could possibly be taken out.

Walter suggested that Rosemary close out the Main St. money and put it into this budget as income. Rosemary said it is under \$3K. Walter suggested taking \$2333 of the \$7200 surplus to increase cash on hand applied to the budget to help cover the cost of the roof.

Duncan said we have \$10K in the capital reserve fund. We have loans on 2 pieces of equipment. The note on the backhoe is very small. There is a 3-year note on Cliff's pickup. There is over \$5K total in this year's budget to pay principal and interest on those 2 pieces of equipment.

Duncan suggested putting some money in capital reserve. Gordy said not putting the \$1800 remainder from the fire department actual revenue less expense into the small capital reserve fund f

gives them no incentive to save. Duncan said the fire department's request, if the budget allows it, is for the money to go into the small tools fund. Gordy asked, is there no way to leave it as a reserve in case the fire department needs it next year? Walter said if more money is needed in future years then less could be put into the small equipment reserve in those years. It was agreed that the \$1800 should go into the small equipment fund.

There is still \$4900 left from the general budget surplus. Duncan suggested putting that into capital reserve.

Steve said he got an estimate of \$6K for trading in our current 14-year-old skid steer. A new one will cost \$30-35K. The current attachments are in good shape. Walter and Gordy said they thought we should probably buy a new skid steer when Cliff's truck is paid off.

Duncan said the tax rate based on this budget draft is 19.62, an 18.8% increase. That annual increase for a \$150K house would be \$46. He said we are getting closer and closer on the budget. We will get to a place where there is not much left to put into cash on hand to reduce taxes. Last year's budget was \$455,420 and this year's is around \$417K but there were construction costs in the budget last year, so it is not a good comparison.

The board looked at the draft water budget. Based on our average monthly revenue in the first 8 months since the rate increase, we can expect about \$246K in revenue. Total expense budgeted is \$243K. The proposed budget numbers haven't changed a lot from last year. The salary reallocation for joint town-village employees provides benefits to the water, sewer, and electric budgets. Walter said he is happy with the water budget.

Duncan said he thinks the electric budget will be relatively good, too. But he is worried about revenue for wastewater. Average monthly revenue after 8 months of the new rate is about \$39,500, which yields annual revenue of \$474K. It looks like we will end up in the hole for wastewater. Revenue is not even meeting budgeted expectations for 2013. Our 20 year note will be done in 3 years. That will free up a lot of loan capacity.

Duncan said the budget is built on an assumption of 2% across the board salary increases. The wastewater budget shows a \$14,500 deficit. The board can choose to leave it like that and then decide at some future point whether to increase rates. He thinks that would be the largest negative budget he can remember.

It was agreed to meet next on Wednesday, February 26 at 4:30.

3. Adjourn

Walter moved and Ellis seconded to adjourn at 6:29 and the motion was passed.

Minutes submitted by Donna Griffiths