ITEM 2: WASTEWATER TREATMENT PLANT 5 YR. FINANCIAL ACCOUNTING

Shanna Johnson presented a PowerPoint presentation reviewing the financial history of the wastewater treatment plant (see attached).

She reviewed a Timeline of the wastewater treatment plant. She explained that on February 28, 2008 an Interlocal Agreement was signed by both Perry and Willard City creating a partnership and agreement to build and operate the Perry-Willard Wastewater Treatment Plant. In 2009 the Wastewater Treatment Board was created and on December 29, 2009 it was suggested that Perry City handle the books, personnel, minutes, and posting agendas. In 2010 the Board Chairman, Steve Pettingill requested Perry City create a PowerPoint reviewing the Interlocal Agreement, Finance, and Personnel Processing. On January 27, 2010 an Administrative Planning meeting took place at the Willard City Office where the PowerPoint was reviewed. Those present included Wastewater Facility Board Members, Mayors from communities, the Perry City Recorder, Perry City Attorney, and herself. Shanna stated that Partnership and Collaboration was the theme of the meeting. They discussed the Interlocal Agreement, Finance Process, Concerns and Solutions. The hierarchy as outlined by the interlocal agreement was reviewed, and duties of the Sewer Facility Board were also reviewed. During the meeting Perry City was assigned to perform the following functions for the Wastewater Treatment Facility:

- Accounting
- Personnel / Human Resources
- Meeting Minutes
- Posting of Agendas

An administration fee was established of $7,800 per year.
Shanna said that certain needs were identified from the beginning which included partnership and teamwork, bylaws, term limits, policies, and the assistance of a legal taxing entity.

Shanna reviewed 5 years of financials (see attached spreadsheet) for the wastewater treatment facility including Fiscal Year (FY) 2011, FY2012, FY2013, FY2014 and FY2015 year to date.

FY2011: She advised that operations began in FY2011. A budget was established of $221,360 and of that $219,122 was expended. The year ended $2,238 better than planned. Shanna explained that billing for this year was a little different, there were delays in obtaining our permit due to questions regarding the need to treat for phosphorous. Because of the delay the State awarded a hardship grant covering a large portion of the budgetary items therefore Perry and Willard only paid a small portion of operations. Willard City was billed and paid $26,689.98 toward the total annual expenses. The balance was covered by Perry City and the hardship grant.

FY2012: Shanna explained that during FY2012 the budget increased quite a bit to $382,102.13 of which $120,090 was due to the set up and treatment of phosphorous. $289,101.51 was expended. Shanna advised that without phosphorous treatment the budget would have been $262,012.13 an increase in budget of 18% and the actual spent minus phosphorous expenditures included were only about 1% higher than the previous year's actual expenditures. Willard’s portion of the expenditures was $75,153.13. The line above shows what was covered by the phosphorous grant ($68,062.90) which is a pass through, and is fully reimbursed by the State. She said Perry's portion of the expenses was $145,885.48. Shanna said as you can see in the spreadsheet Willard was billed only $72,011.84. She explained that when Perry completes the billing they use the detail ledger each month. At year end there are (audit) adjustments that take place, which can cause the final number to be off slightly from what was billed, but will balance out over time. She said if you were to total Fiscal Year 2012, 2013, and 2014 you would see that Willard’s portion of the expenses was $251,603 and Perry has billed Willard for $249,779.46. Shanna said this is a timing issue and she is sure that what was not billed in 2014 has been billed in FY2015.

FY2013: Shanna said you can see that the budget decreased by 2%. She explained that this was due to the fact that the phosphorous treatment set up was completed the prior year and so budget for set up was no longer needed. We only needed budget for the treatment itself. Shanna stated the budget was set at $317,753.96 and of that $283,019.47 was expended. Without Phosphorous the budget would have been $267,663.96 and that the operation budget (excluding phosphorous) was $267,663.96, an increase of 2.16%, but the actual expenditures were 16.64% less than the prior year.

FY2014: Shanna stated the budget was $333,226.81 of which $288,712.48 was expended. Without phosphorous treatment the budget would have been $283,136.81, which is a budget increase of 5.78% and the actual expenses were 1.78% less than the prior year.
Shanna explained that every year after the wastewater treatment facility began treating for phosphorous a budget was set for the treatment at $50,090 per year. This represents the maximum amount that could be reimbursed by the grant. We would budget the entire amount and count that the full reimbursement would be coming in as revenue. If this was not spent the revenue was not received. She said you can see what was actually spent on the phosphorous treatment which the first year was $68,000, the next year $42,000 and the last year $10,000.

FY2015: Shanna reported that the budget has been set at $345,993 which is an increase of 8%. The actual expenses thru February are $185,370 and we are trending to end the year at $312,192. She said you can see that without phosphorous treatment the actual expenditures would be $178,245.

Shanna reviewed the billing stating that everything that has been billed to Willard City has been paid. She said that FY2014 was over paid by $3.01. She said that this is pretty immaterial, but we could definitely adjust for this. She said that the only amount outstanding is $5,506.51, which is Willard’s portion of the February expenditures.

Shanna Johnson said that concludes her review of the financials. Mayor Cronin asked if there were any questions from the public. No questions were asked. Mayor Cronin asked Shanna to continue with her presentation.

Shanna said she does not have access to Willard's Sewer Fund Balance details, but did want to report on Perry City’s. She stated not including assets the Total Sewer Fund Balance as of FY2014 is $1,737,280 which includes:

- **Reserved/Restricted (Required by Bond):** $1,112,558.00
- **Unrestricted/Unreserved:**
  - Expansion Funds per Interlocal Agreement: $49,527.76
  - Balance (repair of Collection System): $575,194.24

Shanna explained that the expansion funds set aside does not include any budget set for phosphorous treatment that was unexpended as this was a grant and revenues were not received unless monies were expended.

Shanna stated that Perry City’s fund balance and position in this partnership is healthy.

Shanna took some time to respond to her Council regarding some concerns that have been brought forth. Shanna said that her efforts have always been to help make the Wastewater Treatment Plant successful and she has never tried to hinder those efforts.

Shanna said there was a concern reported that Perry City was changing the budget without either City knowing. Shanna referred to comments listed in the Wastewater Treatment Board minutes dated March 9, 2015, where Chairman Pettingill reported “He had a
snapshot of the budget taken on January 20, 2015 and a different snapshot of the budget taken on January 21, 2015 which had some $2,500 discrepancy in the budget”. Shanna reported the Perry City’s response to this concern stating that Mr. Pettingill requested a budget update on January 20th and she informed him that she was working on the December update. She asked if he would like to wait until this was complete. Mr. Pettingill requested what was currently available. Based on this request Shanna sent the November budget update to Mr. Pettingill on January 20th. Shanna referred to her PowerPoint presentation which included a copy of the budget update provided (reflecting expenses 42% through the year) and the email sent to Mr. Pettingill on January 20, 2015, which showed in the subject line that the update was for November 2014. Shanna said that she completed the December budget update and sent this to Mr. Pettingill on January 21st to ensure that he had the most up to date information. She explained that the actual spent column changed to reflect the new month’s expenses. Shanna referred to her PowerPoint presentation which included a copy of the budget update provided (reflecting expenses 50% through the year) and the email sent to Mr. Pettingill on January 21, 2015 which showed in the subject line that the update was for December 2014. She said that in November expenses were at $118,000 and in December the expenses were at $126,000. The only line item that changed by $2,500 was line item 4112 (Titled Temporary Employees). Mayor Cronin asked what this line item represents. Shanna said she will go over this a little further in the presentation.

Shanna stated the next concern that she read was in the minutes and in the newspaper. The concern was that Perry City made unauthorized transactions with regard to the Wastewater Facility. She reported that Perry City’s response to this is that every financial transaction regarding the wastewater Treatment facility is approved by the Sewer Facility Board at their monthly board meetings on payment approval forms. Shanna presented a file including every payment approval for the entire life of the Wastewater Facility. She explained that these payment approvals include the following:

- Detailed Ledger for the Monthly Expenses
- Budget update
- Accounting of any Grant related items
- Any adjustments that were made

Shanna reported that every payment approval presented has been signed by the Board. She has never received any questions from any of the board members nor has she received any negative feedback. She stated every financial transaction that Perry City has made for the Wastewater Facility has been authorized by the Facility Board.

Shanna stated the next concern that has been made is that Perry City is charging thousands of dollars for their services. She referred to comments made in the February 9, 2015 Wastewater Treatment Board meeting where Board Chairman Pettingill said “we are currently paying (if he looks at his budget) either $7,200 or $9,900 a year”. Shanna referred to the presentation which included a snap shot of the November and December budget update. She said she could not find any line item that equaled $7200, but did find it interesting that line item 4112 was $9,900 in December and $7,400 in November. She said
she assumes this is what he is referring to. Shanna advised that this budget line item is a reflection of the Assistant Plant Operators, Kenneth Russell’s wages. She referred to the January 2015 budget update in her presentation, the line item (4112) was showing a total actual expense of $13,507.50. She moved to the next slide showing a snap shot of Payroll Register for Kenneth Russell as of January. She said the total wages for Kenneth Russell in the report show $13,507.50 and show them being allocated to the Sewer Fund budget under line item 4112. Shanna stated that the expenses listed under line item 4112 are wages for the assistant operator and are not administration charges from Perry City.

Shanna Johnson said the next concern brought forth was that Perry City is using Administrative Charges funded by the Sewer Facility to fund Shanna Johnson’s pay increase. Shanna referred to the presentation which includes her payroll register. She said this report establishes that 100% of her wages are coded to the General Fund under the Administration department.

Shanna provided a breakdown of the Administration fee approved by the board in 2010. It included multiple employees and not just her.

Shanna said that it has been reported that moving financial, payroll, and clerical assistant from Perry City to third party vendors will save thousands of dollars. Shanna said Perry City’s response to this is that Perry has only charged 1 year of administrative services to the Wastewater Treatment Facility in its 5 years of operations. Shanna said Perry City charged $7,850 in FY2012 for their services. Perry City covered $5,181 of this charge and Willard City covered $2,699. She displayed a breakdown of what could have been charged and what Willard’s portion would have been if charges had occurred (approx. $7,956). Shanna said that in the spirit of partnership, Perry City has not charged for these services. This has allowed for budget to be utilized for wages to bring a full-time employee instead of a part-time and for supplies needed for operating the Wastewater Facility. Shanna stated our goal has always been to try to make our plant as successful as we can.

Shanna referred to her presentation which included snap shots of the Wastewater Treatment Board Payment approvals during the month of June for each Fiscal Year. She said the administrative fee would have occurred in June and would have been reflected on the payment approval. She said you can see there were no charges in FY2011. $7,850 was charged in FY2012 (she indicated to the circled amount on the payment approval titled Annual Admin Fee). No charges occurred in FY2013 and there were no charges in FY2014. She said at this point there have not been any charges for FY2015 either. Shanna said the truth is moving the administrative services from Perry City will increase costs. She said that it has been reported that Accounting has been set at $300 per month, $3,600 annually, and it could cost more if there is a need for additional services. Shanna said you can see from the administrative breakdown provided that minutes preparation was never a part of the administration fee. This is a City board and minutes are the responsibility of the Cities. She said the new proposal is that $100 will be charged for each set of minutes for an approximate annual cost of $1,200. She said that we are currently only billing for actual operation and maintenance expenses as per allowed by the interlocal agreement. She said
that on average this equates to $7,878 per month for Willard city and $15,293 per month for Perry City. Shanna said it has been reported that the new billing will be based on 1/12th of the budget each month (not as stated in the interlocal agreement). This will increase costs for Willard City to $9,166 per month ($1,288 more) and for Perry City to $17,792 per month ($2,499 more). Shanna advised that based on the new proposed costs, the total estimated annual increase for Willard is $17,088 and for Perry is $33,156. She said that these types of increases constitute rate increases to the residents. There is no way to absorb this into the budget that is already there. She said Perry City has tried to avoid rate increases. Shanna said that this amount does not include other proposed costs that have been reported as being considered including:

- Paying Board Members
- Paying Spur members
- Hiring Attorneys
- Audit Expenses that may be generated by separating this accounting function.

Shanna said the actual costs of the proposed change are truly unknown.

Shanna Johnson reflected on the value gained through our partnership over the last 4 years. The wastewater facility and Willard City has received:

- 4 years of free financial assistance
- State Compliance – Clean Audits
- Funding needed for operations
- 4 years free Grant Management – Shanna referred to a binder including all disbursements related to the Phosphorous Treatment Grant. She said that it represents her efforts in relation to the grant. She said the disbursement reporting has resulted in over $500,000 in grant funding between the South Ditch Pipeline construction, $150,000 in hardship grant funding for operations, and an additional $50,000 in Phosphorous treatment reimbursements.
- 4 years of Personnel and Human Resources assistance
- 4 years free clerical assistance – Minutes and Agenda preparation

Shanna said this is all value gained in this partnership.

Shanna stated in February when Perry City was made aware that the financials were going to be moved from Perry City, she had some concerns including how we would remain compliant with the State and fiscally responsible. Shanna referred to the presentation which included a list of the following concerns:

- Legality of Tax ID (Board not an Interlocal Agency or SSD)
- Liability of Checking Account for the cities
- Checks and Balance / Separation of Duties
- Compliance with GASB
- Transparency Reporting
- Other State Reporting
- Audit Implications for the cities
- Start up Funding – Perry Currently fronts costs
- Fund Balance being held by Board
Mayor Cronin said she and the Council have asked that these concerns be researched with our auditor, accountant and the State Auditor as Perry City is being asked to sign off on a checking account for the Wastewater Facility Board. Mayor Cronin said that they want to ensure that there would not be any additional liability for the cities. Shanna said the first person she contacted was David Rogers at Davis & Bott (Perry City’s Accountant). She referred to her presentation which included an email response from David Rogers. She read from the email text below:

“From what you are saying, it seems to me that the WWTP wants to completely break off from Perry City. I don’t think it would work to only do a partial break off by transferring the A/P function and payroll. You may want to clarify with them the extent of the split that they desire.

Regarding payroll, if they broke off, they wouldn’t be employees of Perry City, they’d be employees of the new interlocal entity. I believe that other interlocal entities have employees that participate in the state retirement system, but there may be some work to set that up. If they don’t completely break off, I don’t think payroll should be separated and given to them.

Assuming the WWTP wants to create an interlocal entity, the interlocal entity would charge the cities a monthly or annual fee to maintain and operate the WWTP. Once Perry paid their fee, any excess funds would remain with the WWTP, theoretically to provide funds for major repairs or purchases in the future. Perry, Willard and the interlocal entity would have to agree how much the WWTP fee should be to cover all of their costs and future replacement/upgrades.

An interlocal entity is created when two entities enter into an interlocal agreement as outlined in Utah Code 11-13-202 to approve the creation of the interlocal entity as outlined in the Utah Code 11-13-203. The two cities do not need to create a special service district. The cities should have an attorney help them with the agreement and creation of the entity.

I hope this information helps. In summary, I don’t think a partial split would work, but I do think if everyone agreed the WWTP could be split into an interlocal entity.”

Shanna said that she also sent the list of concerns to our Auditor, Chuck Palmer, with Christensen, Palmer & Ambrose. She referred to the presentation which included a snapshot of his email response. She read from the email text below:

“I agree with you concerns about the waste plant.

1st – the plant should not have its own Tax Id number. It is not a legal separate entity. I believe the 2 cities would need to create a special district for the plant to be its own entity.

2nd – the plant can have its own bank account but only if authorized and approved by the city. Including approving the authorized signers on the account.
3rd – if the plant had its own bank account, there needs to be checks and balances. The preparer of the checks need to be someone other than the signers. The bank statement should come to the city and be reconciled by you.

4th – since they are not a separate entity they are not going to have separate reporting to the state auditor and transparency site. Those things are going to still have to fall under the cities reporting requirements.

5th – If the plant had its own accounting system, this would increase both accounting burden for the city and the audit time. If not a separate entity, the city would have to find a way to merge the transactions into the city’s books and reports. May increase your software cost for accounting. For the audit, we would need to spend time reviewing the controls and accounting at the plant and then need to reconcile the accounting between the city and plant. If it was a special district, it would be required to have its own audit and then need to be included in the audit as a component unit of the city. Treated like the Flood Control District but required to have a full audit.

6th – The fund balance is not cash that can be held in a bank account. This is an accounting term for the difference between total assets less the liabilities. At 6/30/14 the fund balance was $4,019,722. Of that amount $2,282,442 is net assets in plant and equipment. Tracking the fund balance is why the sewer fund was broken out into its own fund when the plant was built. This was a requirement of the bonds and not something that can be held by the board.

7th – I am not sure how the bond conventions relate to the ownership of the plant. But I think the bonds may have to be re-bonded to put them in the name of a new district.

8th – unless the plant is its own entity the payroll is going to have to run through the city for retirement and benefits.

From what I know, I don’t think it is the accounting that is the issue. But if there are concerns about the accounting, we can do a more detailed review of the accounting just for that fund. The accounting could be done at the plant, but only with proper controls. I do think it would cause duplication of costs. You would need computer equipment, software and accounting personal.

Let me know how we can help.”

Shanna advised that the Wastewater Treatment Facility Board is a board and not an Interlocal Entity/Agency. She said that creating an Interlocal Entity would require a new Interlocal agreement between the cities. She referred to the presentation which included a snap shot of Utah State Code 11-13-212 which requires that if an interlocal agreement creates an interlocal entity the agreement must:

I. declare that it is the legislative body’s intent to create an interlocal entity;
II. describe the public purpose for which the interlocal entity is created; and
III. describe the powers, duties, and functions of the interlocal entity.
Shanna stated that the Wastewater Treatment Facility Board is also not a Special Service District. She referred to her presentation which included a snapshot of Utah State Code 17D-1-208 which details that creating a Special Service District requires the adoption of a Resolution or Ordinance approving the creation of a Special Service District and other regulations that go into effect from that point. She said that the reason this information is being reported is because she wants this Facility, Board and Partnership to be successful. She does not want the cities subject to audit findings at year-end. We do not want to discover at year-end that we have been doing something illegal.

Shanna said that what Perry City is asking for is that we have collaboration and partnership again. Let’s sit down and figure out this financial process, is it the best thing? Is it where we should be going with this? Are we going to be successful at the end of our fiscal year? Are we going to be looked upon in a good light by the State and the State Auditor’s office?

Mayor Cronin said whatever happens we want to make sure that both cities can make this transition without audit findings and that it does in a way save money. It does not make sense to do something that is going to cost more money. She said that she has asked in two separate letters to the Wastewater Facility Board that we get some sort of a process flow so that we can see how this will work and save money. Mayor Cronin said we have always said that we are not opposed to this transition, but we do need to see the plan. She said back in 2010 there was a request for a process flow so that all parties could understand the plan; that is what we are asking for at this point. She said that is also what the Council has asked for prior to her signing anything. She said the goal here was to report on the financial history back to 2010. She said that David Rogers is here from Davis and Bott. She asked him if he has any concerns over the past 4 years regarding the financials or on how things have been running. David Rogers said everything has been clean the only adjustments that have been made have been done at year end to get things in their correct periods. He said that everything looks to be being accounted for correctly. Mayor Cronin said that in his email responding the financial transition concerns he stated that he thinks a new interlocal agreement would be needed in order to create an interlocal entity. David said yes a new agreement would be needed. He does not believe the current agreement created an entity. He said Chuck Palmer brought up a good point about the bonding and assets. If the Board becomes it own agency or Special Service District and depending on where the revenues are now they would be subject to reporting requirements to the State Auditor’s office, agreed upon procedures and a separate audit.

Mayor Cronin asked about the bonds for those allowed to sign checks. David was not sure on bonding. Greg Westfall said that anyone that is allowed to sign checks funded by the public has to be bonded, which is insurance for the individuals and this can be expensive.

Shanna Johnson said one thing that was discussed in their responses was that if we did create a new agency either by creating an Interlocal Entity or Special Service District, the asset would move with the agency, which would require a new bond and this would be pretty expensive. Mayor Cronin said if she understands this correctly we would have to take the bonds that the City has put out and transfer or sale them to the new entity.
David Rogers said he talked with Van Christensen at the State Auditor’s office. He said that they talked about some of the issues that have been discussed tonight. He did refer to GASB (General Accounting Standards Board) 69, which is a newer pronouncement which requires that with the transfer of operations to a new entity you have to transfer all the assets and the new entity would be responsible for maintaining those assets and any needed upgrades. There is a lot responsibility and liability that comes with that.

Shanna Johnson said there is also increased reporting because if they get above $350,000 in budget they are required to follow the same or similar reporting requirements that a City is required to comply with (i.e. Transparency Reporting, Audit reporting, etc.). Shanna said that there would be a lot of additional work and cost. She said that what she hopes is that whatever we decide to do, that it is the most financially responsible decision for our constituents. They are the people who will be paying for this in the end. We have all tried very hard not to raise rates for our citizens. She said she knows that taking on an additional $33,000 in expenses, which does not include any costs not identified, would not be able to be absorbed in the rate the Perry City is currently charging for Sewer. Shanna said that if this is something that we truly want to pursue that we sit down and really talk through the process.

Mayor Cronin said that is what we are looking at. She said that we have heard that this will be a savings and we would like the Wastewater Treatment Facility Board to come back and report to us how this new process results in a savings. Mayor Cronin asked if the Council Members had any feedback.

Council Member Lewis said he feels that the financials have been reported well and he has some of the same concerns already discussed. If there is some savings and we are not seeing it he would love to see the proposal and we can go from there. He said he is open to everything as long as it is fair on both sides and fair to the constituents.

Council Member Christensen stated that Shanna has done an excellent job. It is hard to reconcile 5 plus years and a multi-million dollar event in 30 minutes. He said that the issue he sees is that we know how things have been done in the past. There are very good records and we know that there has not been any charges since 2012 from our own operational costs to maintain the books. Some of the unknown questions are the bigger concern for him. We don’t know additional costs exist that have never been in the budget or how operations will be billed. We do not know how to account for this. He said he feels more comfort in knowing what the track record has been and is in favor of adjusting this process if we need to fine tune it, compared to a new process of which we do not have the details to see how this will work.

Council Member Montgomery said that she has been really weary regarding what has gone down at the Wastewater Treatment Facility Board level. She encouraged those members to remember that Perry City has always been an ally in this. There has been a lot of talk about disputes and allegations and the climate of the situation has had all parties tip toeing.
are not throwing dirt here. We just want to be able to move forward. The Board’s objective is to manage the plant. That is its goal and emphasis. She thinks that the Board started grasping at these other ideas of being an independent entity and they are stepping outside of their bounds and not respecting the agreements already in place between the two cities. She stated that this has caused a terrible ripple. She said she really does hope and knows that the cities can overcome that and move forward.

Mayor Cronin asked Greg Hansen if he had any questions or comments. Greg Hansen said that a ripple is putting it mildly. He said he wished the Wastewater Treatment Facility Board (WWTB) had something in writing to provide the Council, but at this time they do not. He said at one of the first WWTB meetings that Esther Montgomery attended she asked if the financial process isn’t broken why are we trying fixing it. He said that he agrees with this. Greg said he does not know what this gap is between the two cities, but honestly the simple fix is for the two communities to sit down, he suggested possibly having himself and Bob Beebe involved in this conversation. He said it makes financial sense to continue on the same path. He said there are a few things that need to be changed. The budget is going to have to be increased because the equipment has been on a bare bones budget. There are items that need to be replaced soon. They are near the end of their life expectancy. He said that we do need to start purchasing items and putting them on the shelves. He stated that with this need he is not sure how either Willard or Perry City can accept a 7-8% increase to administration fees. Greg suggested that the two cities sit down and discuss the facility and come back to the board. He said there are definitely 2 different understandings of the interlocal agreement. He said that the cities need to come to an understanding and get this to the board in black and white. He advised that some direct language is needed. He said that this will allow the Wastewater Board to get back to the business of running the plant. He said that everyone is doing a good job. He said what has happened for the last 5 years is impressive.

Mayor Cronin asked the Willard City Council Members present Bob Beebe and Del Fredde if they had any questions regarding the financial accounting. She asked if this is what Willard was looking for when they asked for a financial accounting. Mr. Beebe said he was not sure what was requested in court. He said that no one has questioned that someone is pocketing money off to the side. He said that some of these accusations are news to him. He said that some things that we should be discussing now have been taken out of our hands and now will need to be discussed in mediation. He said this type of discussion should have occurred months ago. Mr. Beebe said he approached Council Member Christensen a few months ago and said that two Council Members from each City should sit down and hash this out. He said that the only people making money right now are the attorneys. Malone Molgard agreed that the attorneys should not be involved. He said the cities should be involved and working it out. Mr. Beebe said he does not think we need to reinvent the wheel. We have an interlocal agreement and there is no doubt that the current agreement is slightly vague. He said there were decisions made by the previous administrations that weren’t written down. He said he told the Mayor on a couple of occasions that the biggest problem is the lack of documentation on a couple of subjects. He said he does not think that we are that far off. Mayor Cronin said she is just going back to the request that Perry
City provide a financial accounting. Malone said they will need to know if Willard City needs more. He said that as far as he is concerned there is no question regarding the financial practices over the last 2 years: that has been involved on the Wastewater Treatment Facility Board. He said the only item he had a question on is what happens with budgeted dollars that are not spent. He asked if this carries forward to the next year or if it is set aside somewhere. Shanna Johnson advised that we need to look at the money minus the phosphorous grant, because this is grant money which is not collected unless spent. Mr. Beebe agreed. Shanna said that per the interlocal agreement any budget not spent is to be placed in an expansion fund. She said that she can only address Perry City’s portion of this money and Perry City’s portion of the expansion funds from FY2011 through FY2014 totaled $49,527.76 and are held in the Sewer Fund Balance (see above discussion regarding fund balance). Shanna clarified that she is not sure if Willard has their portion set aside. Mr. Beebe said he sure hopes we continue to get grant funding for phosphorous treatment. Shanna said she talked with John Cook at the State and he said that this funding should continue until the new permit is in place. Mr. Beebe said that if the funding is pulled this will increase operations expenses a lot. Shanna agreed stating that last year phosphorous treatment cost approximately $11,000 and this year the cost is already at $7,000.

Del Fredde requested that Willard City get a copy of the slides presented tonight. Mayor Cronin said that she will provide a copy to them.

Mayor Cronin thanked the Wastewater Treatment Facility Board Members and Willard Council Members for coming. She said if there are other questions that they have or if they would like to sit down and talk to let us know what works best for them.

**ITEM 3: Adjournment**

The meeting adjourned at 7:00PM

______________________________________   ________________________________________________
Susan Obray, City Recorder                                      Karen Cronin, Mayor

______________________________________________
Shanna Johnson, Chief Deputy Recorder

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