

**NEW HARMONY VALLEY SPECIAL SERVICE DISTRICT  
Budget Hearing**

**December 8, 2022**

**NEW HARMONY FIRE STATION  
1388 South Old Hwy 91**

**Hearing Minutes**

**I. Open Meeting: Roxanne Hansen**

- a. Meeting called to order by Chairperson Roxanne Hansen at 7:00 pm; December 8, 2022.

**II. Attendance:**

- a. The following Board Members were present: Roxanne Hansen, Chairperson; Scott Pace, Vice Chairperson; Eric Kerns, Member; Mike Ballard, Member.  
b. Board Members Absent: Darren Adair, Treasurer, Clay Huckaby Board Clerk.  
c. Fire Department: Chief Banks, Absent.  
d. Community Members Present: None.

**III. Reading and Approval of November 16, 2022, Meeting Minutes - Cathye Huckaby.**

- a. Reading of the November 16, 2022, Meeting Minutes by Cathye Huckaby, Office Manager. (See Attached.)

*Motion: A motion was made by Eric Kerns that the November 16, 2022, Meeting Minutes be approved as read. The motion was seconded by Scott Pace. Motion carried unanimously by all present.*

**IV. Financial Report - Darren Adair.**

- a. In the absence of Treasurer Adair, Office Manager Cathye Huckaby presented the following documents for review to the Board: (See Attached)
- NHVSSD Balance Sheet as of 12-31-22.
  - NHVSSD Budget vs. Actuals: FY 2022-FY 2022: January – December 2022
- b. After review and discussion there were no concerns and the Board moved on to the Budget Review Hearing Process.

**V. Proposed Budget Review and Approval for FY 2023- Cathye Huckaby.**

- a. The following documents were presented for discussion and review:
- Budget Line Item and Categories: This document was prepared by Chief Banks and Office Manager Cathye Huckaby to coincide with the State Auditors Budget Proposal Form SD-BUD -1-2022, Under the title category “Expenses.” It is an informational document illustrating how monies will be accounted for and allocated throughout the year as part of our accounting process. There were some changes to the category labels and those changes were discussed.
  - Budget Form SD-BUD -1-2022, NHVSSD 2023 Final.
  - Budget Proposal Form SD-BUD -1-2022, NHVSSD 2023 Budget Proposal after 11-16-2022 Meeting.
  - Email Kip Lewis, CPA Hinton & Burdick 12-08-22.

- Darren Last Minute Concerns.
- b. Office Manager advised the Board that just prior to the start of the meeting she confirmed with the Office of State Auditor website that the NHVSSD is “current” in all required reporting noting that this is true for the first time in many years and there should be no delay in receiving 2023 Fiscal Year Funds.
  - c. The Board was reminded that Treasurer Adair had sent an email to them a few hours before the start of this meeting noting concerns and suggested changes. Board members had the opportunity to review his email. In review the consensus was that the proposed 2023 Budget document had been thoroughly reviewed at the last meeting; the necessary changes to the document were made and distributed 6 days prior to this night’s meeting, the late hour of the current suggested changes was noted and discussed.
  - d. The Board was advised that in lieu the email Office Manager Cathye Huckaby and Kip Lewis, CPA; Manager Hinton & Burdick were able to spend a couple hours before this meeting reviewing this proposed Budget and the concerns that were brought forth by Treasurer Adair. Some final changes were made to the Budget Proposal.
  - e. The Final Revised NHVSSD Budget FY 2023 was presented to the Board. A side-by-side- comparison was made between the previous Budget Proposal (distributed on 12-2-2022 noting the recommended changes from November’s 16<sup>th</sup>’s meeting) and the 2023 Final Budget being proposed this evening. Each line item was thoroughly reviewed. During this review process Board Members were directed to review one or more of previously listed documents as deemed necessary for clarification.
  - f. After a thorough review and discussion, the Board was pleased with the information presented. Members expressed appreciation for the understanding as to what line items categories will entail.

***Motion: A motion was made by Eric Kerns that the Board approve and adopt the NHVSSD FY 2023 Final Budget Proposal, that Office Manager Huckaby is authorized to submit the adopted Budget by uploading the document to the Office of the State Auditor Website. The motion was seconded by Mike Ballard. Motion carried unanimously by all present.***

## **VI. Meeting Adjourned:**

***Motion: A motion was made by Scott Pace that the meeting be adjourned. The motion was seconded by Mike Ballard. Motion carried unanimously by all present.***

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### **Attachments**

Agenda 12-8-2022 Budget Hearing  
November 16, 2022, Meeting Minutes

**NHVSSD Balance Sheet as of 12-31-22.**

**NHVSSD Budget vs. Actuals: FY 2022-FY 2022: January – December 2022 Grant Agreement**

**Budget Form SD-BUD -1-2022, NHVSSD 2023 Final**

**Budget Proposal Form SD-BUD -1-2022, NHVSSD 2023 Budget Proposal after 11-16-2022 Meeting**

**Email Kip Lewis, CPA Hinton & Burdick 12-08-22 @17:13**

**Darren Last Minute Concerns**

**NEW HARMONY VALLEY SPECIAL SERVICE DISTRICT  
Budget Hearing**

**December 8, 2022**

**NEW HARMONY FIRE STATION  
1388 South Old Hwy 91**

**Agenda**

- I. Open Meeting:**
- II. Reading and Approval of November 16, 2022 Meeting Minutes - Clay Huckaby.**
- III. Financial Report - Darren Adair.**
  - a. Balance Sheet and Budget vs Actuals.
- IV. Proposed Budget Review and Approval for FY 2023- , Cathye Huckaby.**
- V. Meeting Adjourned**

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Attachments

Financial Reports (2)

Grant Agreement

Notice of Loan Authorization

Guide to Completion of Loan Process

Utah Municipal Bond Attorneys

**NEW HARMONY VALLEY SPECIAL SERVICE DISTRICT  
MEETING – Open Fire Board Meeting / Public Hearing FY 2023 Budget**

November 16, 2022

NEW HARMONY FIRE STATION  
1388 South Old Highway 91

Meeting Minutes

**I. Meeting called to Order.**

- a. Meeting called to order by Roxanne Hansen, Chairperson at approximately 7:00pm on November 16, 2022

**II. Attendance.**

- a. The following Board Members were present: Roxanne Hansen, Chairperson; Scott Pace, Vice Chair; Darren Adair, Treasurer; Mike Ballard, Member; Eric Kerns, Member; Clay Huckaby, Board Clerk.
- b. Fire Department Officers: Jim Banks Fire Chief, Cathye Huckaby, Office Manager
- c. Community: None present.

**III. Reading and Approval of the October 20th, 2022, Fire Board Meeting Minutes.**

- a. Reading of the October 20th, 2022, minutes was completed by Clay Huckaby.

***Motion:** A motion was made by Eric Kerns that the October 19, 2022, minutes be accepted as read. The motion was 2<sup>nd</sup> by Scott Pace. Motion carried unanimously.*

**IV. Financial Report – Treasurer.**

- a. The following financial reports were available for review and discussion. (See Attachments)
  - Budget vs Actuals: FY 2022; January 2022 – November 16, 2022.
  - Balance Sheet as of November 16, 2022

***Motion:** A motion was made by Scott Pace that the Financial Report be accepted as reviewed. The motion was 2<sup>nd</sup> by Eric Kerns. Motion carried unanimously.*

**V. Chairperson Report – Roxanne Hansen.**

- a. Chair Hansen noted that Chief Banks and Office Manager Huckaby have advanced the CIB Fire Truck application as far as they could go at their level. Fire Board members will now each take an assignment. The following documents were presented for review and action: (See Attachments)
- Grant Agreement - Chair Hansen will take lead completing and returning this document. To get this accomplished she will be reaching out to Brenda Brown. A follow up report will be presented in December's meeting.
  - Notice of Loan Authorization - Document reviewed and discussed as part of the Bond process and procedures.
  - Guide to Completion of the Loan Process - Mike Ballard agreed to take the lead in this area to ensure the process is followed accurately and in a timely manner. Chief Banks and Office Manager Huckaby will assist if requested.
  - Utah Municipal Bond Attorney – Eric Kern will take lead working with the Bond Attorney.

**Motion:** A motion was made by Eric Kern that NHVSSD contact Richard Chamberlain, Chamberlain Associates and request he represent NHVSSD in the CIB proceedings. The motion was 2<sup>nd</sup> by Scott Pace. Motion carried unanimously.

**VI. Board Clerk Report – Clay Huckaby**

- a. The new website draft has been emailed to all Board Members and Fire Chief for review and approval.

**VII. Office Manager Report – Cathye Huckaby**

- a. Chief Banks spends an exurbanite amount of hours donating his time and talents for example: installing and monitoring the communication systems for call-out and dispatch (which now saves NHVSSD about \$5,000 per year in Iron County Dispatch Fees); attending Chiefs meeting/training, monitoring the security cameras, addressing operational needs etc. The question is how much volunteer time is expected and should the Chief be receiving a stipend for his time?

The Board agreed to investigate allocating the Chief a stipend for agreed upon duties outside direct supervision of being a Fire Chief.

- b. Should NHVSSD again use Washington County to run 2023 Fire Board Elections?

**Motion:** A motion was made by Darren Adair that NHVSSD once again pay Washington County to run the 2023 Fire Board Elections. The motion was 2<sup>nd</sup> by Scott Pace. The motion carried unanimously.

- c. Office Manager Huckaby inquired whether NHVSSD should enter an engagement letter with H&B accounting services thereby setting a set monthly rate or should we continue as we have been which is paying which is the hourly rate. The Board agreed to keep the hourly rate.

**VIII. Chief Report – Chief Banks**

- a. Chief Banks requested a closed-door meeting to discuss personal issues. There were no community members present. The request was granted, and the recording was turned off.
- b. Confidential minutes of this closed-door meeting will be provided to Board members

**IX. Open Public Hearing for NHVSSD Fiscal Year 2023 Budget Proposal- Public Hearing Budget Review Meeting Called to Order.**

- a. The Budget Hearing for FY 2023 began. The audio recording continued. All participants previously listed in Section II remain present.
- b. Hearing called to order by Chair Hansen.
- c. The purpose of this Hearing is to review the proposed Draft Budget for Fiscal Year 2023.
- d. Chief Banks and Office Manager Huckaby presented the Board with a working draft Budget proposal for FY 2023.
- e. Several modifications/corrections were suggested. The Budget was not accepted. Suggested changes are as follows:
  - Increase Line Item 1.1 Property Tax income to that which was received in FY 2022
  - Show an Expense Line-Item Number for Impact Fee money allocation.
  - Add Line-item 1.8 Grant with anticipated \$10,000.
  - Add Line-item Contribution of other Funds. Note Funds being rolled over from FY 2022.
  - Rework expense line items to reflect actual operations.
- f. The Board agreed to meet on December 8<sup>th</sup>, 2022, for a Final Budget Review Hearing. Kolob Station at 7pm.

**X. Meeting Adjourned at 9:30pm:**

***Motion:*** A motion was made by Mike Ballard to adjourn the meeting. The motion was 2<sup>nd</sup> by Darren Adair. Motion carried unanimously by all present and the meeting was adjourned.

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**Attachments:**

**Agenda Fire Board Meeting 11-16-22**  
**Fire Board Meeting Minutes 10-20-22**  
**Budget vs Actuals FY 2022 January 1 – November 16,2022**  
**Balance Sheet As of November 16,2022**  
**Grant Agreement Notice of Loan Authorization and Conditions**  
**Guide To Competition of Loan Process**  
**Utah Municipal Bond Attorneys**



# New Harmony Valley Special Service District

## Balance Sheet

As of December 31, 2022

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
State Bank - Building Fund	575.46
State Bank - Capital Projects	4.48
State Bank - Contingency Fund	24,331.05
State Bank - General Fund	17,996.94
State Bank - Impact Fees	238,744.18
<b>Total Bank Accounts</b>	<b>\$281,652.11</b>
Other Current Assets	
Due from other governments	12,278.43
<b>Total Other Current Assets</b>	<b>\$12,278.43</b>
<b>Total Current Assets</b>	<b>\$293,930.54</b>
Fixed Assets	
General Fixed Assets	
Buildings and Improvements	335,373.53
Emergency Vehicles	439,249.00
Land	8,750.00
Machinery and Equipment	347,324.17
<b>Total General Fixed Assets</b>	<b>1,130,696.70</b>
<b>Total Fixed Assets</b>	<b>\$1,130,696.70</b>
<b>TOTAL ASSETS</b>	<b>\$1,424,627.24</b>

### LIABILITIES AND EQUITY

#### Liabilities

##### Current Liabilities

##### Accounts Payable

\*Accounts Payable

93.11

**Total Accounts Payable**

**\$93.11**

##### Other Current Liabilities

Accounts Payable

0.00

Accrued Interest Payable

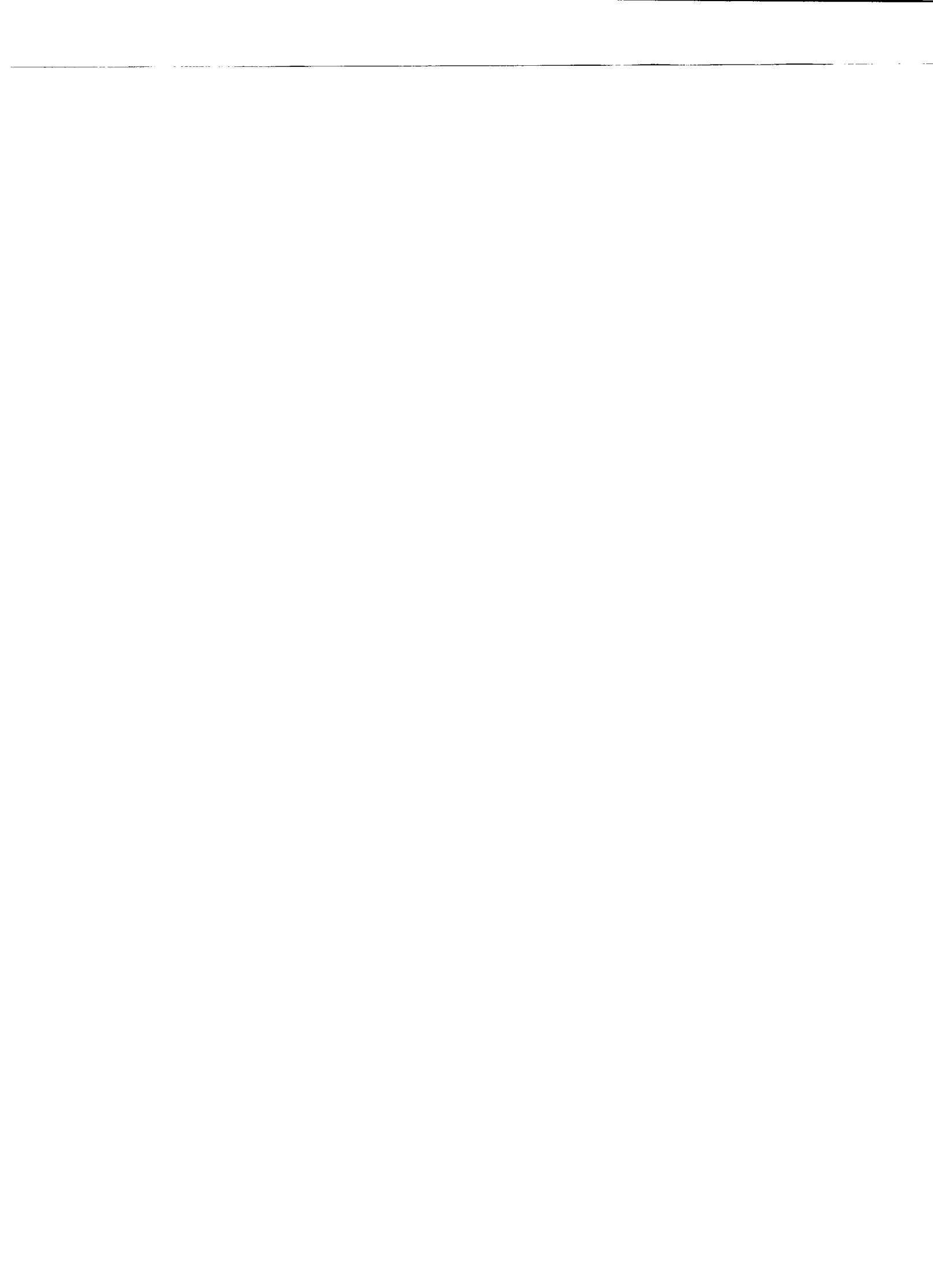
0.00

**Total Other Current Liabilities**

**\$0.00**

**Total Current Liabilities**

**\$93.11**



# BUDGET LINE ITEMS AND CATEGORIES

## ADMINISTRATION/ACCOUTNING

- Hinton & Burdick
- Office Manager
- Chief Banks
- Postage
- Printing

## CALL-OUT

- Stipend for responding to a call

## CAPITL OUTLAY

- 

## CONTRACTED / PROFESSIONAL SERVICES

- Lexipol
- Streamline Web Services
- E Dispatches
- ESO
- Professional Organizations/Dues (NFDA UHA, Fire Chief, UASD)
- Drug Testing
- Background

## DEBIT SERVICE

- 

## DEPRECIATION

- 

## ELECTION COST

- Washington County

## EMERGENCY MEDICAL RESPONSE

- 

## INSURANCE

- WCH
- Utah Local Trust

## INTEREST

- 

## MISCELLANEOUS

- 

## OPERATIONS/MAINTENEANCE AND REPAIR

- Vehicle/Equipment Maintenance/Repair
- Fuel

**PURCHASE OF FIXED ASSESTS (Land, buildings, machinery, vehicles, leasehold improvements. Any Asset that is expected to be in use for more than one year is considered a fixed asset.)**

- Land
- Buildings
- Machinery
- Vehicles
- Leasehold Improvements
- 

**STATION SUPPLIES**

- Bay Station Supplies
- Truck Supplies
- Office Supplies
- Machinery/Equipment
- Rental Equipment

**SAFETY EQUIPMENT -**

- Turn-Outs
- SCBAs
- Wildland Equipment
- Wildland Uniforms
- Class A/B Uniforms
- Safety Vests
- Helmets
- Flashlights
- Miscellaneous
- Inspections

**SALARIES AND BENEFITS**

- 

**TRAINING**

- Outside Training Source
- Fire School
- UVFA
- 

**TRAVEL/MEALS/MILEAGE**

- Mileage
- Meals
- Hotels
- Miscel Reimbursement

**UTLITILES**

- Trash
- Gas
- Electric
- Internet
- Pest Control
- Telephone

**Local and Special Service Districts  
Adopted Budget**

Name **New Harmony Valley Special Service District**

Fiscal Year **2023 Final**

Form: SD-BUD-1-2012

**Part I General and Enterprise Fund Project Fund**

	General Fund			Enterprise Fund		
	Actual Year	Current Year	Budget	Actual Year	Current Year	Budget
	-2021	-2022	-2023	-2021	-2022	-2023
(a)						
<b>Revenues</b>						
1.1 Taxes: Property Tax	111,585	121,400.00	121,400.00			
1.2 Other:						
1.3 Fee in Lieu of Taxes	0					
1.4 Charges for Services	16,737.00	13,216.00	13,000.00			
1.5 Interest Income	270	1,000	1,000.00			
1.6 Impact Fee	50,810	57,800	35,000.00			
1.7 Donations	1,730	16,000.00	5,000			
1.8 Grants			10,000			
<b>Other Financing Sources:</b>						
1.9 Transfers from Other Funds	0	0				
1.10 Contribution from Fund Balance			13,000.00			
1.11						
1.12						
<b>Total Revenues</b>	<b>181132</b>	<b>209,416.00</b>	<b>198400</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Expenses</b>						
2.1 Salaries and Benefits	0		0			
2.2 Other Operating Expenses	0		0			
2.3 Depreciation	0	0.00	0			
2.4 Capital Outlay	0	0	0			
2.5 Debt Service	13,000	13,000.00	0			
2.6 Contracted Service	447	0.00	6,000.00			
2.7 Administration/Accounting	0	29,455.64	37,000.00			
2.8 Call - Out	0	20,932.00	21,000.00			
2.9 Election Cost	0	1,871.00	2,000.00			
2.11 Emerg. Med. Response	0	0.00	1,000.00			
2.12 Insurance	0	14,174.00	15,000.00			
2.13 Operations/Maintenance/Repair	54,971.00	34,661.00	27,500.00			
2.14 Purchase of Fixed Assets	0.00	32,431.00	5000			
2.15 Station Supplies		0.00	14,800.00			
2.16 Training	0.00	9,453.00	11,100.00			
2.15 Travel, Meals, Mileage	0.00	267.22	1000			
2.17 Safety Equipment		0	10,000			
2.17 Utilities	31,636	13,000	12000			
2.18 Miscellaneous	45,415	8,300.88	0			
2.19 Interest	911	271.74	0			
2.2						
<b>Other Financing Uses:</b>						
2.2 Transfers to Other Funds						
2.21 Contribution to Fund Balance	34752	31,599.00	35,000.00			
2.22						
2.23						
<b>Total Expenditures / Expenses</b>	<b>181132</b>	<b>209,416</b>	<b>198400</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Income / (Loss)</b>				<b>0</b>	<b>0</b>	<b>0</b>

**Part II Capital Project and Debit Service Fund**

	Capital Project Fund				Debit Service Fund			
	Actual Expenses		Budget	Current Year	Actual Expenses		Current Year	
	Prior Year	2021	2023		Prior Year	2021		Budget
				2022			2022	Budget
<b>Revenues</b>								
1.1 Bond Issues								
1.2 Property Taxes								
1.3 Fee-in-Lieu of Taxes								
1.4 Investment/Interest Income								
<b>Transfers From:</b>								
1.5								
1.6								
1.7 Other: Donation	1			1				
1.8 Other:								
<b>Total Revenues</b>	1			1			0	0
1.9 Beginning Fund Balance	25,658.00			25,624			0	0
1.10 Available for Use	25,659			25,625			0	0
<b>Expenses</b>								
2.1 Debt Service								
2.2 Retirement of Bonds								
2.3 Interest on Bonds								
2.4 Capital Outlay								
<b>Transfers From:</b>								
2.5								
2.6								
2.7 Other:	35			25,620.00				
2.8 Other:								
<b>Total Expenses</b>	35			25,620			0	0
<b>Ending Fund Balance</b>	25,624		5	0			0	0

# Local and Special Service Districts Adopted Budget

Name: **New Harmony Valley Special Service District**  
 Fiscal Year: **2023**  
*Proposed*  
 11-10-22 meeting

Form: SD-BUD-1-2012

## Part I General and Enterprise Fund Project Fund

	General Fund			Enterprise Fund		
	Actual Expenses			Actual Expenses		
	Prior Year -2021	Current Year -2022	Budget -2023	Prior Year -2021	Current Year -2022	Budget -2023
<b>Revenues</b>						
1.1 Taxes: Property Tax	111,585	121,400.00	121,400.00			
1.2 Other:						
1.3 Fee in Lieu of Taxes	0					
1.4 Charges for Services	16,737.00	13,216.00	13,000.00			
1.5 Interest Income	270	1000	1,000.00			
1.6 Impact Fee	50,810	57,800	35,000.00			
1.7 Donations	1,730	16,000.00	5,000			
1.8 Grants			10,000			
<b>Other Financing Sources:</b>						
1.9 Transfers from Other Funds	0	0				
1.10 Contribution from Fund Balance			13,000.00			
1.11						
1.12						
<b>Total Revenues</b>	<b>181132</b>	<b>209,416.00</b>	<b>198400</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Expenses</b>						
2.1 Salaries and Benefits	0		0			
2.2 Other Operating Expenses	0		0			
2.3 Depreciation	37,803	31,599.00				
2.4 Capital Outlay	0	0	0			
2.5 Debt Service	0	13,271.74	0			
2.6 Contracted Service	447	0.00	6,000.00			
2.7 Administration/Accounting	0	29,455.64	37,000.00			
2.8 Call - Out	0	20,932.00	21,000.00			
2.9 Election Cost	0	1,871.00	2,000.00			
2.11 Emerg. Med. Response	0	0.00	1,000.00			
2.12 Insurance	0	14,174.00	15,000.00			
2.13 Operations/Maintenance/Repair	53,116.00	34,661.00	27,500.00			
2.14 Purchase of Fixed Assets	0.00	32,431.00	5000			
2.15 Purchase of Non-Fixed Assets	0.00	0.00	14,800.00			
2.16 Training	0.00	9,453.00	11,100.00			
2.15 Travel, Meals, Mileage	0.00	267.22	1000			
2.17 Safety Equipment	0	0	10,000			
2.17 Utilities	31,636	13,000	12000			
2.18 Miscellaneous	45,415	8,300.88	0			
2.19 Interest	911	0.00	0			
2.2						
<b>Other Financing Uses:</b>						
2.2 Transfers to Other Funds						
2.21 Contribution to Fund Balance			35,000.00			
2.22						
2.23						
<b>Total Expenditures / Expenses</b>	<b>169328</b>	<b>209,416</b>	<b>198400</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Income / (Loss)</b>				<b>0</b>	<b>0</b>	<b>0</b>

**Part II Capital Project and Debit Service Fund**

	Capital Project Fund Fund				Debit Service Fund		
	Actual Expenses		Budget	Current Year 2022	Actual Expenses		Budget 2023
	Prior Year 2021	Current Year 2022	Budget 2023		Prior Year 2021	Current Year 2022	
<b>Revenues</b>							
1.1 Bond Issues							
1.2 Property Taxes							
1.3 Fee-in-Lieu of Taxes							
1.4 Investment/Interest Income							
<b>Transfers From:</b>							
1.5							
1.6							
1.7 Other: Donation	1		1				
1.8 Other:							
<b>Total Revenues</b>	1	1	1	0	0	0	0
1.9 Beginning Fund Balance	25,658.00	25624	25624				
1.10 Available for Use	25659	25625	25625	0	0	0	0
<b>Expenses</b>							
2.1 Debt Service							
2.2 Retirement of Bonds							
2.3 Interest on Bonds							
2.4 Capital Outlay							
<b>Transfers From:</b>							
2.5							
2.6							
2.7 Other:	35	25,620.00	25,620.00				
2.8 Other:							
<b>Total Expenses</b>	35	25620	25620	0	0	0	0
<b>Ending Fund Balance</b>	25624	5	0	0	0	0	0



## Answers to your budget questions



**From** Kipp Lewis <JLewis@hintonburdick.com>  
**To** cathye.huckaby@newharmonyfire.org <cathye.huckaby@newharmonyfire.org>  
**Cc** roxyclair9@gmail.com <roxyclair9@gmail.com>  
**Date** 2022-12-08 17:13

2021 OFS.pdf (~93 KB)

Hi Cathye,

In response to the questions you provided earlier today, please see my answers and understanding below:

- 1) **Question** :The Administrative/Accounting budget line item went up by 25% over prior year. Please explain why and provided a break down of the current year expenditures expected for each of the detailed line items under the budget line heading for the current year and the proposed budget.

**Answer:** It is my understanding that the board wanted to give the Fire Chief a monthly stipend of approximately \$1,000 per month. I believe the budgeted increase in administrative expenditure for 2023 accommodates this stipend.

- 2) **Question:** Debt service did not include an estimate. There is also no estimate for interest expense.

**Answer:** In 2022 the Fire District paid off their last known long-term debt. Therefore, with no additional debt anticipated for 2023 there is no budgeted amount for debt service or the related interest expense.

- 3) **Question:** On line 1.10 there is a proposed \$13,000 transfer in from fund balance. On line 2.21 there is a proposed transfer out to fund balance of 35,000. These two should be netted together and the total reflected in the latter line item.

**Answer:** This is correct but incomplete due to the specific circumstances.

The proposed \$13,000 contribution **from** Fund Balance on line 1.10 are monies coming from non-restricted sources. This means they can be spent on anything the board deems appropriate. The proposed \$35,000 contribution **to** Fund Balance on line 2.21 is a reflection of impact fees that will not be spent in the current year. Impact fees are restricted funds (can only be spent on specific items/ expenditures) and when they go unspent they increase the restricted Fund Balance. You'll notice the budgeted impact fee revenues on line 1.6 of \$35,000 corresponds with the associated contribution to Fund Balance on line 2.21.

It is my understanding that the district does not intend to spend any of the \$35,000 in impact fees which it anticipates receiving in 2023. With that understanding, I have suggested keeping the contributions to and contributions from Fund Balance separate on your annual budget because it will help with transparency and also help with state reporting when the annual state required Online

Financial Survey (OFS) is filed. I've attached the most recently completed OFS to this email. You'll note on page 1, lines 15 and 17 show restricted and unrestricted Fund Balance.

- 4) **Question:** Depreciation was included in prior year and not this year. Please explain why or why not.

**Answer:** Without delving too deep into Governmental accounting rules and practices, I'll try to keep this brief. Governmental accounting does not recognize depreciation expense in Governmental Funds (such as the General Fund). Depreciation expense is recognized in Enterprise/ Proprietary Funds. The fire district has only two funds, the General Fund and the Capital Projects Fund. Both of these are designated as "Governmental Funds" and therefore do not recognize depreciation expense. Again referencing the OFS (attached) you'll notice on page 2 how you have information reported for the General Fund and the Capital Projects Fund and that both are under the umbrella of "Governmental Funds" at the top.

So while we (HintonBurdick) help in tracking your capital assets and we calculate annual depreciation and accumulated depreciation, there is no depreciation expense required for budget purposes because there isn't depreciation expense in Governmental Fund accounting. (At this point I could go into a deeper explanation that there is a conversion from Fund financial statements to Government-wide financial statements that was enacted by GASB 34 where you would report depreciation expense, but I don't think that discussion is needed in this conversation. Suffice it to say, your entity does not need depreciation expense until you require or request a full audit of your financial statements).

- 5) **Question:** You had asked about loan and grant revenues and if/when they need to be recognized.

**Answer:** For governmental accounting, you recognize loans as revenues and grants as revenues in the year in which you receive them. So even though you're planning on receiving the CIB loan, you don't need to recognize it on the books until you actually receive the money.

Please let me know if there is anything else I can do to help. Feel free to call me if needed.

Thank you,



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## Darren's Last Minute Concerns

1. The budget line items and categories" is helpful as it includes what detail is expected to be included in each budget line item, but I did not see any dollar amounts for review. **Provided for Information Only. See the Budget Proposal for dollar amounts**
2. The "Call Out" budget line item should not include travel for the chief or anyone else. It is for response call outs only. **Removed**
3. The Administrative/Accounting budget line item went up by 25% over prior year. **As per last month's meeting the Chair requested, we allocate a stipend for Chief Banks. The Board will determine how this will look.**
4. Under the budget line description of "Streamline Web Services." **As discussed at the last several meetings, The ADA approved webpage.**
5. Debt service did not include an estimate. **Kip Lewis will address.**
6. Truck payments and debt service for vehicles and equipment cannot be funded by impact fees. **This is not the case refer to October 2022 Fire Board Meeting minutes.**
7. The interest expense budget line item could/should include the related interest associated with truck payments if material. **Corrected**
8. There is no such budget line item called "purchase of non-fixed assets". **It is a matter of semantics, the "purchase of non-fixed assets" certainly could be used, however, the category now read as "Station Supplies."**
9. On line 1.10 there is a proposed \$13,000 transfer in from fund balance. On line 2.21 there is a proposed transfer out to fund balance of 35,000. These two should be netted together and the total reflected in the latter line item. **Kip Lewis will discuss review.**
10. Depreciation was included in prior year and not this year. Please explain why or why not. **Kip Lewis discuss and review.**
11. Debt service line item has no entry. See comment above about the use of this line if we intend to accept the grant/financing. **Kip Lewis will discuss and review.**
12. Why did operations and maintenance go down so much? Did this get broken out into additional categories with amounts (ie contracted services and/or safety equipment). If so please share how much was in each category in the prior year's actual so that a comparison for reasonableness can be made. **Yes, line items were moved. Information available on-line Quick Books.**