

Minutes of Finance Committee of Pikes Bay Sanitary District Sept. 17, 2008

Attending: J. Schultz, D. Locey, G. Hansen, A. Carver, R. Dollinger,
M. van Donkersgoed

Mtg. Called to order by President R. Dollinger at 3:10 09/17/08

Annually the PBSB finance committee meets in September to review budgeted expenditures and compare them with actual expenditures for the year. This is done to determine the estimated expenditures for the next year and the amount of fees that will be necessary to pay expenses. This review is the first step in developing the next year's budget.

Revenue from fees is determined on a cash basis, determining the estimated expense and subtracting expenses that are non-cash items such as depreciation, and other revenues. To be specific, revenue reductions from expense include dumping fees, interest/investment income from invested assets, and tax receipts. Hook up fees are not included because they are not certain. Dumping fee amounts can be estimated with a degree of certainty from a historical view and the Intermunicipal Agreement. Interest/investment income can also be estimated historically, and is included because rate-payers were responsible for creating the asset initially that generates the interest. The amount of tax receipt is mandated because it serves as collateral for securing the loan.

For 2008, depreciation is \$44,000, and revenues are \$37,921 for tax receipts, \$8,000 in dumping fees are estimated at \$8,000, and \$8,000 estimated in interest/investment income. This totals a reduction of \$97,921 from estimated expenses. We currently believe there are 175 REU's, when all are accounted for at the current time. No increase in REU's was estimated for 2009, which should result in more revenue generation, should more hook ups occur. The committee views an increase in REU's as a likely occurrence.

Motion by Locey that once the budget is completed, the following above noted reduction can be made to the estimated expense, and the result will be divided by the current number of REU's to determine the rate per REU. MSC Locey/Dollinger approved.