

MINUTES OF A REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
MOUNT WERNER WATER & SANITATION DISTRICT
HELD AT THE OFFICE OF THE DISTRICT
8:00AM Thursday, March 17, 2011

DIRECTORS PRESENT: Kathy Connell, Jon Halverson, Jim Randall, Nancy Mayer, Steve Frasier (at 8:06)
DIRECTORS ABSENT: none
STAFF PRESENT: Jay Gallagher - General Manager / Secretary
OTHERS PRESENT: Chris Catterson, Auditor, Catterson & Co.

I. ESTABLISHMENT OF QUORUM AND CALL TO ORDER:

Ms. Connell stated that a quorum was present and called the meeting to order at 8:01A.M.

II. APPROVAL OF AGENDA FOR MEETING:

Ms. Connell asked if there were any changes in the proposed agenda. There were none.

MOTION: To approve the agenda. APPROVED: Vote 4-0

III. APPROVAL OF SUBMITTED MINUTES OF PREVIOUS MEETINGS:

Ms. Connell asked for any editions or changes in the draft minutes of the January 20, 2011 regular board meeting. There were none.

MOTION: To approve the minutes of the January 20, 2011 regular board meeting. APPROVED: Vote 4-0

IV. PUBLIC COMMENT:

There was no public comment.

V. TREASURER'S REPORT:

A. Financials: Audited Year-end 2010 Actuals vs 2010 Budget & Feb 28th YTD Actuals vs 2011 Budget

Ms. Connell asked if there were any comments or questions on the above statements. There were none. The Board accepted the Treasurer's report.

Mr. Frasier arrived at 8:06 AM

VI. DIRECTOR AND COMMITTEE REPORTS:

Budget & Audit Committee/ Investment Committee Reports

A. Investment portfolio

Ms. Connell asked if there were any questions regarding the investment portfolio. There were none. The Board accepted the report on District investments.

B. Report of Auditor – Catterson & Co.

Chris Catterson outlined the role of the auditor in forming an opinion of the financial statements of the District. As outlined in his letter to the Board, his role is to examine and confirm the itemized components of the financial statements and to look for anomalies to determine if they resulted from fraud or unintentional accounting or recording error. He found none. In addition, he reported that there were no significant deficiencies with regard to control functions. He suggested that, in larger organizations, the GM should not approve invoices for payment as well as sign the checks for these invoices. Ms. Connell commented that the Board had discussed in an earlier meeting the idea of requiring dual signatures, but recognized that this would be too cumbersome for the efficiency of a small organization, particularly since Board members are not always available and District staff has limited signature authority as specified in the Accounting Policies and Procedures of the District. Mr. Gallagher commented that only a few invoices - related to legal services or wellhead monitoring - came through to him for his singular approval and that such payments on these invoices were budgeted expenditures with established vendors.

C. Audited 2010 Financial Statements

Ms. Connell asked if there were any questions regarding audited 2010 Financial Statements.

Mr. Frasier asked about two line items:

First, in the Revenue Statement (p.8), there was a great discrepancy in the Contributions to Capital Assets between 2009 and 2010. Mr. Gallagher explained that the 2009 figure reflected the District's Final Acceptance of water and wastewater infrastructure installed by private developers that was now the property and responsibility of the District. The 2009 figure was high because the infrastructure of 14 development projects, including Steamboat Barn Village, Graystone, and Wildhorse Meadows, was accepted into the District in that year in comparison with 2010 wherein the District accepted infrastructure associated with the Base Area Promenade project and the Holiday Inn Addition.

Second, in the Statement of Cash Flows (p.9), Mr. Frasier asked about the Acquisition of Capital Assets. Mr. Gallagher explained that these figures reflected District expenditures on capital improvements for 2009 and 2010.

MOTION: To approve the audited 2010 Financial Statements. APPROVED: Vote 5-0

Mr. Catterson left the meeting.

D. Adjustments to 2011 Budget line items

Mr. Gallagher stated that, in the past week, the District had moved forward to implement paperless billing and on-line payment capability to improve customer service; in addition, the District was proceeding to port the District accounting functions from Cougar into Caselle to integrate the accounting and billing functions and improve efficiencies in accounting and financial reporting. The cost of implementation was originally budgeted as an expense, but, it became apparent that the cost of the software modules and training should be capitalized. Mr. Gallagher recommended that the District list this cost as a new item in the capital budget to be funded at a level of \$18,000 from the \$75,000 budgeted for Sewer Main Extensions.

Mr. Gallagher also stated that, under Wellhead Protection, there would be an additional sampling event for 2011 which would raise the projected 2011 cost by \$2,450 from \$12,650 to \$15,100. This small increase in operating expenditures would be more than offset by the reduced expense in the Accounting / Billing / Communications Systems for the accounting software conversion that will be capitalized instead.

Ms. Connell asked if there were any questions regarding these adjustments. There were none.

MOTION: To approve the 2011 Budget adjustments as requested above. APPROVED: Vote 5-0

VII. REPORT OF THE GENERAL MANAGER:

A. Fish Creek Reservoir Level

Mr. Gallagher stated that the reservoir has been on a rising trend since mid-January indicating that inflow has been exceeding discharge presumably due to continued higher precipitation than normal in January and February and warmer temperatures in March.

B. Water Conservation Plan Update

Mr. Gallagher said that the public comment period had ended and that the City and the District are waiting for final comments from the CWCB before scheduling the plan for adoption by their respective executive bodies. Mr. Gallagher anticipated that he would likely schedule the plan for adoption at the May 19th board meeting.

C. Rate Study Update

Mr. Gallagher said that he and staff had provided the requested data on District operations, capital program, and account billings to the rate consultant, Roger Hartman of THC. The initial assessment indicates that current plant investment fees are appropriate for the foreseeable future. With regard to water rates, THC will recommend only a modest increase. Mr. Hartman will present his recommendations at the May 19th board meeting.

D. Paperless Billing and On-line Payments Options

Mr. Gallagher reported that Billing Clerk and Office Manager had launched paperless billing and on-line payments options on the District website to improve customer service and that the response has been very favorable.

E. Accounting Software Upgrade

Mr. Gallagher said that the Office Manager will proceed to port all accounting functions into Caselle with the exception of payroll. Because of the expense of the Caselle Payroll module, the District will purchase and utilize QuickBooks Payroll instead. The District will run the Cougar and Caselle systems in parallel through Q2 to ensure the consistency of the numbers before abandoning the Cougar system.

F. 2011 Capital Improvement Projects

Mr. Gallagher reported that the South District Backbone Phase II project had been put out to bid and that the bid opening would be March 23rd. He expected that the Alpenglow Water Main Replacement and Upsizing project would go out to bid at the end of March. The PRV replacement project design would have to wait until conditions allowed surveying and utility locates to be performed to support the design.

VIII. REPORT OF GENERAL COUNSEL:

There was no report for this meeting.

IX. UNFINISHED BUSINESS:

There was no unfinished business to discuss.

X. NEW BUSINESS:

Ms. Connell asked Mr. Gallagher to include brief biographies for Ms. Mayer, Mr. Halverson, and herself for posting on the District website.

XI. ADJOURN:

There being no further business, the meeting was adjourned at 9:00 AM.

Respectfully submitted,

James R.L. Gallagher, Secretary/General Manager