

**ALPINE SPRINGS COUNTY WATER DISTRICT
MINUTES OF THE REGULAR BOARD OF DIRECTORS MEETING**

Pursuant to notice given, the regular meeting of the Board of Directors, Alpine Springs County Water District, was held Friday, January 8, 2010, at 8:30 a.m., District Board Room, 270 Alpine Meadows Road.

1 **1. CALL TO ORDER**

2 President Danz called the meeting to order at 8:29 a.m.

3 **PLEDGE OF ALLEGIANCE**

4 Those attending joined in reciting the Pledge of Allegiance.

5 **ROLL CALL**

6 Directors Present: Barbara Danz, President; Charles Nungester, Vice President;
7 Janet S. Grant; Jon Northrop; Virginia Quinan

8 Directors Absent: None.

9 Staff Present: John Collins, General Manager; Mike Dobrowski, District CPA; Buz
10 Bancroft, Operations & Maintenance; Jancis Martin, Recording Secretary

11 Guests Present: Troy Caldwell/homeowner; Duane Whitelaw/NTFPD; David S.
12 Kasperik/Damore, Hamric & Schneider

13 **2. PUBLIC PARTICIPATION**

14 None.

15 **The numbering of the following items matches the original order of the**
16 **scheduled items in the meeting agenda. However, to take best advantage**
17 **of meeting participants' time, the items were dealt with in a different order**
18 **during today's meeting, as seen below.**

19 **3. ITEMS FOR BOARD DISCUSSION & ACTION**

20 **A. Financial Reports:**

21 Mike Dobrowski, District CPA, was not present during discussion of this
22 agenda item; he arrived later to participate in discussion of the fiscal year
23 2009 financial audit (agenda item 3J).

- 24 • President Danz pointed out that the financial reports include a trial
25 balance, showing the debits and credits for each account, by fund,
26 and the total debits and credits for each fund. At the recommendation
27 of the District's auditors, the Board reviews this report on a quarterly
28 basis, allowing the Directors to confirm that each fund is balanced.
- 29 • President Danz reported that the Budget & Finance Committee
30 noticed that Park was incorrectly classified as an enterprise fund in
31 the quarter-end reports. Manager Collins will speak with Mike about
32 reclassifying it.

33 **i. December Month-end and Quarter-end Financial Statements:**

34 Director Northrop made a MOTION that the Board accept the
35 December 31, 2009, month-end and quarter-end financial reports.

36 Director Grant SECONDED the motion. Directors Grant, Northrop,
37 Nungester and Quinan being in favor, the motion was APPROVED.

- 38 **ii. December Expenses Paid & Payable:** The Directors reviewed the
39 monthly check register. Director Northrop made a MOTION that the
40 Board approve the Expenses Paid & Payable (two direct debits for
41 payroll and checks 24764 through 24812). Director Grant
42 SECONDED the motion. During discussion, Director Grant asked if
43 the Sierra Pacific Power Company bill reflected snow-making
44 expenses. Manager Collins said yes, the District pays the bill and the
45 ski resort reimburses the District. In response to a question from
46 Director Quinan, Manager Collins said the high propane bills were due
47 to the cold weather. Directors Grant, Northrop, Nungester and
48 Quinan being in favor, the motion was APPROVED.

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- 1 **B. Approval of Minutes of Regular Board Meeting Held on December**
2 **11, 2009:**
3 Director Grant made a MOTION that the Board approve the minutes of
4 the December 11, 2009, Regular Board of Directors Meeting. Director
5 Northrop SECONDED the motion. In discussion, the following correction
6 was proposed:
7 • Page 5, line 39: insert “parking lot” after “Park”.
8 Director Grant amended the motion to include the correction. Director
9 Northrop SECONDED the amended motion. Directors Grant, Northrop,
10 Nungester and Quinan being in favor, the amended motion was
11 APPROVED.
- 12 **G. Water & Sewer Line Easement for Parcel 095-290-017:**
13 Troy Caldwell made a presentation to the Board regarding a proposed
14 water and sewer easement.
15 • Troy distributed documents showing the parcel and easement. The
16 parcel is open space. He would like to transfer a half-acre residential-
17 zoned parcel to the 4.77-acre tract. This has involved getting the
18 County to agree to rezone the building site as residential and getting
19 the property’s avalanche status downgraded. He will also try to obtain
20 an easement for the Avalauncher on his property.
21 • Two residents have opposed Troy’s plans for the property. There is
22 some concern about access to the hiking trail on the parcel. Troy said
23 that maintaining the hiking trail is a priority and that the rezoning
24 would not impact the trail. The building site is buffered from the hiking
25 trail by trees.
26 • Troy is willing to grant the District a water and sewer easement. He
27 distributed a draft of the proposed easement. Troy mentioned that he
28 added revocability to the boilerplate found in other easements.
29 President Danz said the District would be using its own language to
30 define the easement, rather than Troy’s.
31 • Troy showed land use schematics for the valley over the years to
32 demonstrate the decrease of buildable lots. He sees value in
33 providing jobs in the valley.
34 • Troy asked the Board for input on his project.
35 • Troy will work with Manager Collins on developing a timetable and
36 language for the easement. President Danz said the Board would
37 evaluate the easement when it comes to the Board.
- 38 **D. Fire Department Report:**
39 Chief Whitelaw from NTFPD was in attendance and reported the
40 following:
41 • December Dispatch Report: There were 15 EMS dispatches to the ski
42 area and four non-ski area dispatches, none involving significant fire
43 protection activity.
44 • NTFPD was able to obtain a grant for next year’s chipping program in
45 the valley.
46 • Vehicle Storage Building Addition: The project is proceeding. NTFPD
47 requested a change order for an electric door.
- 48 **E. General Manager’s Report:**

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1 John Collins, General Manager, provided a written report on his activities
2 during the month of December, with brief discussion on the following
3 topics:

- 4 • Sierra Nevada Conservancy Grant: David Jaramillo is working with
5 environmental consultants, putting together the monitoring plan.
- 6 • Bear Creek Embankment Reinforcement Project: Manager Collins
7 continued to coordinate with Eco:Logic on topography and geotech
8 work. There were no further changes to the agreement approved by
9 the Board last month.
- 10 • Vehicle Storage Building (VSB) Addition: Manager Collins reviewed
11 progress payments and checked the work, which is proceeding very
12 slowly. One of the contractor's workers said the work will be done in
13 three days (i.e., sometime next week).
- 14 • Audit: Manager Collins spent a lot of time on the audit.
- 15 • Sanitary Sewer Management Plan (SSMP): Manager Collins will bring
16 the Plan to the Board next month. He will ask the Board to adopt the
17 goals in the plan, leaving the issues of which standards to use to be
18 addressed in the future as they arise.
- 19 • Director Grant asked what happens during the TTSA managers'
20 meetings. Manager Collins said the managers share with each other
21 what is happening in their individual districts, discuss standards and
22 plans, and coordinate activities where possible, to save work and
23 minimize impact on the other districts.

24 **F. Operations & Maintenance Department Report:**

25 Buz Bancroft presented a written report for the month of December that
26 included status updates on water, sewer, garbage and other services
27 provided by the District.

- 28 • All coliform tests were negative.
- 29 • Staff removed snow around the shop/office/hydrants.
- 30 • Staff analyzed a transducer failure at Well R-2. They were able to
31 bypass it for snowmaking purposes. It will be a costly repair but there
32 is money for it in the budget.
- 33 • Staff located four houses with running water and interior damage.
34 Water lines had frozen and broken after the week of sub-zero
35 temperatures.
- 36 • Director Quinan asked if the ski area was making snow. Buz said
37 yes. So far this year, the District has pumped 14 million gallons to
38 them, which is average.

39 **H. Resolution 1-2010: Amendment Number One to the District's Rules
40 and Regulations:**

41 The Board discussed changes to the District's rules regarding water and
42 garbage shut-off.

- 43 • President Danz summarized that the Rules and Regulations are
44 ambiguous as to what happens when customers ask the District to
45 shut off their water service, in particular what they should be billed for
46 water and garbage services. The Board agreed last month to move
47 forward in providing clarity in the Rules and Regulations.
- 48 • The only requisite change was the insertion of item 2 to paragraph D
49 under "1.1 Special Rule 1 - Water Service". However, District counsel

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1 recommended that the entire section be included in Exhibit A of the
2 Resolution.

- 3 • Director Grant requested confirmation that a customer requesting
4 service suspension would still have to pay everything except the
5 usage fees for water and garbage. Manager Collins said yes, the
6 customer will still be required to pay the fixed fees that allow the
7 District to continue to provide service in the valley. Director Grant
8 asked if a homeowner still had to pay base charges for a house that
9 was uninhabitable or condemned. Manager Collins said yes. He
10 pointed out that the homeowner could disconnect completely from
11 water service but, in that case, to resume water service requires the
12 payment of a connection fee, which is a significant charge. This option
13 has always been unpalatable to homeowners who have inquired into
14 service suspension. Manager Collins said Pam was going through
15 the records to find lots that were not being billed.

16 Director Northrop made a MOTION that the Board approve Resolution 1-
17 2010: Amendment Number One to the District's Rules and Regulations.
18 Director Nungester SECONDED the motion. Roll was called to approve
19 the Resolution. Ayes: Directors Grant, Northrop, Nungester, Quinan and
20 President Danz. Nays: none. The Resolution was APPROVED.
21 President Danz asked Manager Collins to incorporate the change in the
22 Rules and Regulations and on the District's website.

23 **I. Ski Area Parking:**

24 The Board was prepared to discuss the request of the Alpine Meadows
25 Ski Area to use the Park parking lot for parking. However, the ski area is
26 no longer interested.

27 **C. Committees:**

28 The Board discussed committee assignments:

- 29 • President Danz said in January the President of the Board appoints
30 Directors to the various committees. There are very few standing
31 committees. They are Park, Recreation & Greenbelt; Administration &
32 Personnel; Long Range Planning; and Budget & Finance.
33 • Another appointed position is ASCWD representation on the TTSA
34 Board. Director Northrop agreed to serve in this position for another
35 year.
36 • Long Range Planning Committee: President Danz said the Committee
37 did a great job in the past but asked if the Committee should remain a
38 standing committee. Director Quinan said it was a good idea to keep
39 it as a standing committee. Manager Collins said Staff is working on a
40 program that uses 10 criteria to evaluate the water distribution
41 system. The evaluation will help in setting priorities for which
42 distribution system improvements should be done. Manager Collins
43 would like to present the resulting plan to the Committee. Director
44 Nungester agreed with Director Quinan. It will remain a standing
45 committee.
46 • No new committees were deemed necessary.
47 • President Danz pointed out that last year there was some talk that
48 Directors should change membership on committees so as to have
49 greater understanding of all committee functions. A potential

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1 membership change this year would be for Directors Grant (currently
2 on the Park, Recreation & Greenbelt Committee) and Nungester
3 (currently on the Budget & Finance Committee) to swap positions.
4 However, the District's policy regarding check signing requires that a
5 member of the Budget & Finance Committee must approve and sign
6 checks. Director Nungester has been the most readily available
7 member of the Committee for that purpose, whereas Director Grant is
8 normally less available. President Danz said if the policy were
9 changed to allow the Board President or Vice President to sign
10 checks in the absence of an available member of the Budget &
11 Finance Committee, part-time residents could more readily serve on
12 the Budget & Finance Committee.

- 13 • There will probably be no change in the chairs of the standing
14 committees.
- 15 • President Danz will review the situation and make recommendations
16 at next month's meeting.
- 17 • President Danz took this opportunity to discuss a potential problem
18 identified by the District's auditors and described in the internal
19 controls memorandum. The auditors discovered an instance where
20 the amount of an ASCWD check differed from the amount shown on
21 the corresponding invoice (the check did not include tax). Pam, Mike,
22 Manager Collins and three Board members all missed the
23 discrepancy. The amount was insignificant, but missing it is an
24 indication of a weakness in the system that could be exploited.
25 President Danz requested that Directors signing checks be vigilant in
26 ensuring that check amounts match those on the attached invoices.
- 27 • Director Nungester said the Administration & Personnel Committee
28 intended to hold a meeting between now and next month's Board
29 meeting to work on document retention policies. President Danz
30 asked him also to prepare for the annual review of goals and
31 objectives, and the Board and General Manager reviews.

32 **The Board took a break between 9:35 and 9:45.**

33 **J. Financial Audit for Fiscal Year 2009:**

34 The Board reviewed the draft of the audit report for fiscal year 2009,
35 including the Management Discussion and Analysis and the responses to
36 the internal controls memorandum. Mike Dobrowski, District CPA, and
37 David Kasperik, from Damore, Hamric & Schneider, were in attendance
38 for discussion of this agenda item.

- 39 • David provided a summary of the auditors' report and described the
40 financial audit (pages 14-47) in detail.
- 41 • Statements of Net Assets (page 14): The statement includes
42 everything that belongs to the District, including short-term and long-
43 term assets and liabilities. The main change from the prior year is a
44 line under Liabilities called Cash & Cash Equivalents – Book
45 Overdraft, included this year because fiduciary funds were
46 commingled with operating funds. As David explained, NTFPD funds,
47 provided for construction of the Vehicle Storage Building expansion,
48 were commingled (physically placed in the same bank accounts) with
49 other District funds, and the combined funds were used to pay for

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1 District operations or invested with LAIF. Such funds are not
2 considered to be District cash, but rather fiduciary funds. Manager
3 Collins disagreed with the auditors as to the necessity to keep the
4 physical bank accounts separate; he said he kept the accounting for
5 the NTFPD funds in a separate set of books and had not spent that
6 money on District operations. David pointed out that the escrow
7 account, i.e., a separate physical bank account, stipulated in the
8 contract was not established. NTFPD has no problem with how
9 Manager Collins handled the funds. The District will ensure that
10 future contracts do not call for escrow accounts. David summarized
11 that the District's assets were up 6% over the prior year: \$2,867,585
12 for 2009 vs. \$2,695,227 for 2008.

- 13 • Statements of Activities (page 15): David did not discuss this page,
14 saying that it was a confusing report and that the information
15 contained in it is covered later in the financial statements.
- 16 • Balance Sheets – Governmental Funds (page 16): This report reports
17 current assets and liabilities in the Governmental Fund. The Debt
18 Service column will not be on next year's report and is only included
19 on this report for the purpose of comparing this report with last year's.
- 20 • Statements of Revenues, Expenditures, and Changes in Fund
21 Balances – Governmental Funds (page 17): This is known as the
22 income statement. For the General Fund (which includes Fire) and
23 Park Fund, property tax revenues reflect the changes the Board made
24 to the methodology for allocation of funds. The Board agreed that all
25 property tax revenues would be allocated to the General and Park
26 Funds, with none being allocated to the business funds (Water, Sewer
27 and Garbage). Therefore, the General and Park Funds show a
28 significant increase in property tax revenues over the prior year.
29 Grants increased as a result of the Sierra Nevada Conservancy
30 (SNC) grant and Interest & Other increased due to fire mitigation fees.
31 Expenditures for General Government in the General Fund increased
32 as a result of the NTFPD contract. Overall in the General Fund,
33 revenues exceeded expenditures by \$59K, vs. a loss of \$65K last
34 year. Manager Collins asked how to account properly for the State
35 borrowing 8% of District property tax revenues this year. David said
36 he and Mike were discussing how to record it. Probably the District
37 should show all taxes as income, with 8% shown as a long-term note
38 receivable, along with long-term interest receivable and accrued
39 current interest. If the District does not believe the State will repay the
40 loan, an allowance for bad debt must be established.
- 41 • Statements of Revenues, Expenditures, and Changes in Fund
42 Balances – Budget and Actual – General Fund (page 18): The
43 variances shown for Grant Revenues and Other Expenditures are due
44 to the suspension of the SNC grant. David noted that the District's
45 budget for taxes was conservative, which was the Board's intent.
- 46 • Statements of Net Assets – Proprietary Funds (page 19): This is the
47 balance sheet for business-type activities. David noted that the line
48 item, Restricted for Capital Outlay, has been zeroed out, due to
49 capital outlay expenditures this year, primarily for the Well R-1 retrofit.

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- 1 • Statements of Revenues, Expenses, and Changes in Fund Net
2 Assets – Proprietary Funds (page 20): David commented that water
3 revenues were up 26%, sewer revenues were up 35%, garbage
4 revenues were up 46%, and total operating revenues were up 31%,
5 due to the scheduled fee increases. Operating expenses across all
6 three funds were up 11%, but revenues were greater than expenses
7 for all funds. The largest increases in expenses were professional
8 services for water, depreciation for water (the result of Well R-1
9 coming online and some assets that had missed proper depreciation
10 for a few years), and some federal and state mandates relating to
11 sewer. There were positive changes in net assets across the funds,
12 so the new method for allocating expenses among funds has been
13 successful.
- 14 • Statements of Cash Flows – Proprietary Funds (pages 21-22): David
15 did not discuss these pages, other than to say the District has no cash
16 in proprietary funds.
- 17 • Statements of Fiduciary Net Assets – Fiduciary Funds, and
18 Statements of Changes in Fiduciary Net Assets – Fiduciary Funds
19 (pages 23 and 24): These statements are new this year. They
20 describe the accounting for the Vehicle Storage Building addition.
21 These pages describe the offset found on page 14.
- 22 • Pages 25-47 are notes on the financial statements. David noted that
23 on the fourth line of the third paragraph on page 35, “\$100,000” will be
24 changed to “\$250,000” on the final report. He also noted that
25 anywhere the date is blank in the draft audit report; “December 18,
26 2009” will appear on the final report.
- 27 • Director Grant asked about the retired COPs. For accounting
28 purposes, there is a zero balance and they will not be reported on
29 future statements. District counsel will have to advise on whether or
30 not to dissolve the legal entity. Manager Collins and the Directors
31 were unsure as to whether or not the legal entity still needed to exist.
- 32 • Internal Controls Memorandum: The 10-page memorandum reports
33 on deficiencies and material weaknesses, so the District can
34 remediate and strengthen its internal controls. Significant deficiencies
35 were noted in the following areas: 1) reconciliations of bank accounts
36 (all to be reconciled within 30 days), 2) implementation of
37 management instructions (there were two instances where the District
38 CPA did not follow management instructions), 3) depreciation
39 schedule (the schedule was inaccurate so depreciation expense was
40 misstated), 4) grant accounting (the grant accounting policy was not
41 followed so account balances related to grants were misstated). The
42 material weaknesses were: 1) an uncorrected item from the prior year
43 and 2) the depreciation schedule inaccuracy. The auditors also
44 pointed out that one check was generated and signed which did not
45 match its invoice. The audit report included status updates on the
46 prior year’s significant deficiencies and material weaknesses and
47 pointed out that some of those issues had not been completely
48 corrected (those having to do with carrying forward corrected fund
49 balances from the end of a fiscal year to the beginning of the following

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1 fiscal year, closure of the Debt Service Fund, and snowmaking
2 revenue). Other issues remaining from the prior year were billing
3 rates (all customers were undercharged for garbage service), water
4 and sewer connections audits by District staff (there was no paper trail
5 for the audits performed this year) and governmental accounting (the
6 District CPA was not trained sufficiently in governmental accounting
7 so some transactions were not handled correctly this year).

- 8 • Report to those charged with governance: The auditors are required
9 to report to the District significant accounting findings. They found no
10 new accounting policies or accounting estimates to report. They
11 noted some of the problems identified earlier (inaccurate depreciation
12 schedule, disregarded management instructions, incomplete
13 accounting for the fiduciary relationship between NTFPD and the
14 District) and there were a total of 16 accounting corrections made
15 during the audit. The header will be fixed on the final report.

16 Director Northrop made a MOTION that the Board accept the audit report.

17 Director Grant SECONDED the motion. Directors Grant, Northrop,
18 Nungester and Quinan being in favor, the motion was APPROVED.

- 19 • President Danz asked David to submit a bid for next year's audit.
- 20 • David thanked Manager Collins, Mike, and the Staff for all their help
21 with the audit.
- 22 • Troy Caldwell asked how hard the District has been hit by the State's
23 financial situation. Manager Collins replied that the District's property
24 tax revenues have continued to increase because the assessed
25 values within the valley continue to go up. The State will be taking 8%
26 of the District's property tax revenues in the form of a loan. The
27 District will pay NTFPD 80% of its total tax revenue (i.e., prior to the
28 State's loan) for fire protection. The remaining 20% goes to fund the
29 Park and other fire protection costs. Troy asked if the District's
30 finances will remain solid, in the event that the loan is not repaid.
31 President Danz said yes, because the Board budgets conservatively.
- 32 • David asked about the status of the loan on construction of the
33 snowmaking wells. President Danz said the District would like to pay
34 it off. At the current rate, it will take about 25 more years to repay
35 which is not beneficial to the District financially. There is nothing in
36 the contract that precludes the loan being paid off early, but there is
37 also nothing that says what will happen after the debt is retired. The
38 Board is undecided as to whether or not to pay off the \$109K debt.
39 The District has the cash. If the District paid off the loan and
40 thereafter charged the ski area standard water rates for snowmaking
41 usage, it would work to the benefit of the District but to the detriment
42 of the ski area. The Board will probably begin negotiations with the
43 ski area this year, with possible resolution in 2011. The company that
44 owns the ski area has made a contract with TCPUD for it to supply
45 water to Homewood Mountain Resort (which they also own); Manager
46 Collins will check into the terms of that contract. One possibility would
47 be for the District to pay off the loan over five years, which might work
48 to the benefit of both parties.

