

FYI Report

...by Sarah Hrabina

In light of so much misinformation being posted on a local Facebook website lately I, personally, feel the Public may want to get information that will help them disseminate between truth and fiction.

But first, let me give you some of my background. I already know I have some really good relationships with so many of you, I value & truly appreciate you and am happy to call you friends.

Ancient History...

Did you know 50 years ago, I was doing exactly what I am doing right now back in a little town in PA? I was a Borough Secretary and kept board minutes, was in charge of water bills for the customers and all of the accounting for the municipality where I lived.

In addition, I was also the ELECTED tax collector and held that position for a number of years. Later, having moved, I was appointed before being elected to be a Township Auditor position.

I believe my credentials speak volumes to my abilities.

Current

And, of course, I have been a part of the BCCWID management team for 23 years!

Audits:

From the beginning of my tenure (1999) through Fiscal Year Ending 6/30/2020 independent audits have been done with NO ISSUES whatsoever. Our most recent Auditor was Alyx Cohan; and by the way, these audits are posted and available to view on this website. Alyx performed the audits from 2011 thru 2020. She did not attend a Board meeting to discuss the 2020 audit, but did so all previous years. Minutes from the meetings she attended included comments, in part from: **12/17/2019** 2018-19 Fiscal Year-End Audit- she indicated there was no fraud; all related party transactions were provided; there were no questionable items, but did say there were some bookkeeping adjustments she was recommending be done prior to submitting future audits. **9/25/2018** 2017-18 Fiscal Year-Ending Audit- she stated the audit went smoothly and was unmodified with no material adjustments made. **12/19/17** 2016-17 Fiscal Year-Ending Audit- stated the audit went smoothly and was unmodified with no material adjustments made. **10/25/2016** 2015-16 Fiscal Year-Ending Audit- ...as in previous audits, she noted the District is well managed and continues to be financially sound. She indicated she was informed by the District regarding the litigation issue and confirmed with the District attorneys of the matter and potential expense that needs to be considered.

(Note: these comments have been summarized; if you want to go on the website to the Minutes, the dates highlighted are the dates to look at the full and complete agenda item.

For all the comments raising concerns about “mismanagement, “questionable transactions” and the like, I truly hope you can see by all these statements made by the independent Auditor they are unfounded.

So, ok...what about since 2020

Thru emails in 2021, we received and returned the “Engagement Letter” from Alyx Cohan regarding the upcoming 2021 audit. She informed us she had merged her firm and the partnership was now Avellone Russell Cohan LLC and the partner Chris Russell, not Alyx, would be in charge for our audit. Additional emails/phone calls were exchanged with an email in December indicating the audit would be completed in time for the Jan Board meeting. This, of course, did not happen & I have no idea why. Countless records and documents were sent & there was no contact made by Mr. Russell after the last 12/23/2021 email. I was frustrated, to say the least. Let me assure you, I am an advocate for audits; always have been. Communication with Alyx was also difficult. Learning some time later she sold out her interest in the partnership altogether, she had a 3 yr. non-compete (possibly thru 9/2023). We felt once the non-compete expired we could contact her to resume. As an option, Treasurer Dorothy Moore has recently

found a CPA firm who is qualified to do audits and has scheduled an appointment in July (2023). When the audits are completed, as in the past, they will be posted on the website.

Next, let's talk about **Budget/Management Fees...**

This, too, has been a topic of Facebook postings. Yes, Management fees total \$245,000 for the fiscal year. But let's make a comparison and take a look at Mayer Water District. As of this writing their 2023-24 Budget is not posted but their 2022-23 is... comparing their Personnel costs (they have employees) in their budget, it shows \$277,000+; adding in just what I know our management contracts include, the total expense in Mayer is increased to \$311,000+. And, Mayer has over 200 LESS customers!

I hope that helps put it into prospective for you; you decide...

Our budget is divided into Operations and Capital Improvements. To my knowledge we are the only Special District that has this format. When rates are set, by the Board, any funds specifically allocated for Capital Improvements/Expenditures are deposited into the separate banking account with Yavapai County monthly. These accumulated funds become restricted and can only be used for capital expenditures. It is one of many details the Auditor looks at annually and has always confirmed the District has abided by the restricted usage. In other words, no mismanagement of funds, as some Facebook posts suggest. It has allowed us to accumulate funds for much needed projects and pay for them with funds on hand. Similar in some ways, we keep a separate Arsenic Sinking Fund depositing funds, usually monthly, to insure funds will be on hand when the arsenic media needs to be changed out. With three well sites and a cost of approx. \$45,000 for each change out, the plan has enabled us to have the needed cash on hand. The media life varies, but is depreciated over a 4-year life.

These are excellent accounting practices for planning ahead.

Going back 12-years, the District funded well OVER a Million Dollars (\$1,000,000) upgrading our system through numerous Capital Improvement Projects without financing. In addition, the arsenic plants alone, required by ADEQ and the EPA, were a Half-million (\$500,000) project...all funded with the Capital Improvements Funds. Many more projects completed could be named but I'll end here; just wanted to give you an idea of how your money has been spent for the betterment of the system.

Let's play a game of TRUE or FALSE...

Multiple posts accuse the District of a lack of transparency in spending and financial operations. One particular example is the (2016) lawsuit not disclosed. True or False? **Answer: FALSE**

We have provided documentation requested; we have minutes that are, and have always been on our website, available to view by anyone; we have provided information in the annual Consumer Confidence Report (CCR) customer letter in 2017 and 2018 which was mailed to each and every customer +posted on the website; the Auditor included information in the audits & the audits are also posted on line for anyone to view. Even though they know the truth it was disclosed, the false information continues to be repeated.

A recent post stated the recorded meeting minutes are frequently "altered". I believe the word altered was used to be taken as falsified or an attempt to be non-transparent.

True or False? **Answer: FALSE**

Perhaps it's true the undisclosed part-time office staff person made the statement but the statement is, nevertheless, false.

Here is what it says in the Yavapai County Special District Handbook regarding:
Minutes of Governing Board Meetings:

"The minutes of open session meetings must contain, at a minimum:

- 1) The date, time and place of the meeting
- 2) The members of the public body recorded as either present or absent
- 3) A **general description** of the matters considered

- 4) An accurate description of legal actions, proposed, discussed or taken and the names of the members making each motion
- 5) The names of any persons making statement or presenting material to the governing board, and a reference to the agenda item to which they referred."

Minutes are NOT required to be verbatim. As outlined above, the District minutes have always complied with the requirements.

Here's one that is not about the Water District, but the post made by the same writer on 5/11... BC Medical Clinic was built with GRANT money from RCAP or a similar non-profit.

True or False? **Answer: FALSE**

The other "similar non-profit" was identified as being the USDA, but folks is was NOT a grant as stated. It was a LOAN.

Speaking of USDA loans, When the District formed in 1986 the District had a loan from the USDA to buy the privately owned company to the tune of \$800,000+ meaning... the District was in debt from day one! In 1999 when Management took over, the remaining balance of this loan was \$616,500+. Doing the math, that means in 13 years, before Management, the District paid down approx. \$183,500 on the Principal. In 2009, just 10 years later the outstanding \$616,500+ was PAID IN FULL; again from good financial management... think about it; and to date, the District has been DEBT-FREE. The recent discussions regarding the WIFA Loan to fund the drilling of a new well would create a debt; however, with the 75% Forgiveness Clause, the amount the District would be responsible for would be approx. \$120,000 which the District could pay in full with funds on hand leaving us to remain DEBT-FREE. I realize information shared by others about this loan (non-District Board members) has been twisted and has not been accurate which is why we ask if there are questions, get your answers from the District. Don't rely on online statements.

I was shown a video Brooke Brueckner posted in response to an allegation made that the Board Members don't pay for their water. Her husband Jeremy is a Board Member.

True or False? **Answer: FALSE**

In her video she not only showed her water bill to prove they receive bills, she mentioned on occasion they have gotten "pink slips"... otherwise known as the District's past due notice. Thank you Brooke for your efforts to address the false accusations and to set the record straight.

Again, all I can say is if you have questions, seek the answers from District Board Members or Management, NOT online where there is so much misinformation posted; fabricated with no regard to truthfulness.