



Well Stats:	No change in water levels from last month	
Water levels:	LAST REPORT	THIS MONTH
Big John #1	20' Draw to 23'	20' Draw to 23'
Big John #2	20' Draw to 38'	20' Draw to 38'
	Running time 4-6 hrs	
GOA #1	20' Draw to 24'	20' Draw to 24'
GOA #2	20' Draw to 36'	20' Draw to 36'
	Running time 4 ½ -6 ½ hrs	
Oasis #1	21' Draw to 30'	21' Draw to 30'
Oasis #2	22' Draw to 29'	22' Draw to 29'
	Running time 2-3 hrs	
Gallons Pumped:		
Feb 19 to March 19	5,432,000 gallons	

R Hrabina reported the recent ADEQ inspection (December 23, 2008) resulted in only one (1) compliance issue; that being not having a certified operator, due to Matt's (Hrabina) death. Management received a letter dated March 3, 2009 from ADEQ giving the district 60 days of receipt of the letter to obtain a certified operator. Management reported Robert Hanus, a Grade-2 Treatment Operator and a Grade-2 Water distribution Operator has been retained by Management for the District as of March, 2009 to bring the District into compliance. Bob Hanus was introduced to the Board with R Hrabina indicated Bob has submitted his paperwork to ADEQ on behalf of the District and ADEQ should be sending confirmation that the District is now in compliance.

R Hrabina stated not included in the written report is an update he made with Yavapai County Roads Department. They have indicated the only road improvement they currently have planned is for Feldspar, which is NOT in the Water District boundaries. All other road improvements have been tabled due to budget issues and the earliest date for any additional road improvements will be after 2010 which most likely means the earliest would be in their fiscal period beginning 7/2011.

Chair Marley noted a decrease in pink slips reported with numbers previously in the 40's. He also inquired on the gallons pumped versus billed, noting a fairly high difference and concern for it. R Hrabina indicated the leak on Maggie Mine was significant. It was repaired two days after reported by an Owner/User, but it could have been leaking for days before being called in. The Chair stated those statistics should continue to be monitored as it is a good indicator of leaks with R Hrabina concurring. With no other questions or comments, on motion by R Lee seconded by M Brown the operations report as presented was approved unanimously.

**Agenda Item #7            2007-08 Annual Audit with CPA Darlene Wood**

Chair Marley introduced Ms Darlene Wood, giving her the floor to provide a recap of the 2007-2008 annual audit. CPA Darlene Wood highlighted the report noting net assets up 8.5%; operating income up 7.4%; an 11.3% decrease in operating expenses and with a larger cash reserve a decrease of 12% in total liability. D Wood stated these numbers are all moving in the right direction.

Chair Marley noted a correction on page (vi) Economic Factors- (the last sentence) "After the first year in place" . . . should be corrected to read "After the past several years in place" . . .

D Wood continued with the review stating the Statement of Revenues, page 3 showed a strong increase with over \$104,000 in increased net assets. The CPA also pointed out the cash flow statement (page 4) also showed a significant increase adding \$143,000 from the previous year. Chair Marley inquired on the Note #4, Accounts Receivable (age 7) asking what this represented with D Wood indicating a specific account has been identified as not being collectible. Additional discussion followed including S Hrabina indicating the District will see more of this with the recent rise in foreclosures. Finishing the review, Ms Wood stated the most important aspect of the audit is having an "outside" review and working with Black Canyon City these past several years she recognizes the controls in place, the good Board involvement, the very competent professional staff and their ability to handle the accounting functions. The only recommendation is for an

internal fraud-risk management assessment by the Board and Management in looking at the system carefully to see if there is any additional way to safe-guard the system. Chair Marley thanked Darlene Wood for the review and called for a motion from the Board. F Ballinger moved to accept the audit as presented (with the minor change noted by Chair Marley to Note #4, see above) and the motion was seconded by R Lee. Upon vote the motion to accept the 2007-2008 annual audit as prepared by CPA Darlene Wood was accepted unanimously.

**Agenda Item #8 Financial Review with Yavapai County Treasurer, Ross Jacobs**

Chair Marley opened the discussion by making the proper introductions of County Treasurer Ross Jacobs, Board members and Management. Mr. Jacobs indicated he had been contacted by Sarah (Hrabina/management) noting the District's concerns about its investments. In an overview, Mr. Jacobs stated as county treasurer he is responsible for all the funds of not only the county but all the special districts, fire districts, school system and college. Pooled public money is invested at the highest return with maximum security. Funds need to be liquid enough to meet the needs of all the warrants, or checks, issued noting that demand on average is up to a couple of million dollars a day. Investments allowed by law include - certificates of deposit; interest-bearing accounts in federally insured banks - if the amount of deposit exceeds the FDIC insurance it must be collateralized at 101% by qualified bonds; repurchase agreements, max 180 day maturity; LGIP pools; obligations issued or guaranteed by the US government; bonds of the states, counties or incorporated cities or towns or school districts; bonds of special districts, with some limits; bonds of county improvement districts, with some limits; commercial paper issued by corporations doing business in the United States rated P1 by Moody's investor services or A1 or better by Standard and Poor's; bonds by US corporations rated "A" or better by Moody's or Standard and Poor's. It was noted the County has \$198 Million invested in LGIP Pool #7 with the current interest rate of 0.2895%; YTD of 0.97%. Pool #5 yields a higher rate but is no longer used due to the higher risk as was experienced several years ago with a significant loss caused by fraud. Mr. Jacobs also indicated \$44 Million is invested in individual bonds, all triple-A rated. These bonds are always held to maturity and are staggered to avoid having to sell at a loss. Completing his review, Mr. Jacobs asked for any questions with F Ballinger inquiring about the possibility of ever returning to Pool #5 with Mr. Jacobs stating he will not invest again in Pool #5 funds. Chair Marley indicated the District is forced to invest through the County by State law but doesn't really have any say in how funds are invested. Mr. Jacobs stated his position as county treasurer is an elected position and if he is not doing his job properly the public has a say at the polls. Mr. Jacobs also indicated if the Board or anyone has a question he and his staff are only a phone call away. The Board and public extended their appreciation to Ross Jacobs for attending the meeting and giving the report. DISCUSSION ITEM ONLY; NO BOARD ACTION REQUIRED OR TAKEN

**Agenda Item #9 Pre-Payment of the Existing Wells Fargo Loan**

Chair Marley opened the discussion noting the District has a current loan with Wells Fargo of about \$280,000. S Hrabina indicated the up-to-date balance to be \$253,500. Chair Marley stated the current interest rate is at 4% and as just indicated by Yavapai County Treasurer, Ross Jacobs, our investments are earning less than 1%. The Chair indicated he met with both Floyd Ballinger, District Treasurer and Sarah (Hrabina/Management) to review the matter and all were in agreement that one thing we could do is "invest in ourselves". The Chair asked if all the Board members had had a chance to review the information, noting this to be a fairly significant proposal. The District has approximately \$455,000 in total cash reserves and the proposal would be to use these reserves to pay off the debt completely. We would retain \$50,000 in the Capital Improvements Fund and should be more than adequate to meet any immediate needs. We've learned there are no immediate street improvements being planned by the County. R Lee stated he had read the proposal and thinks it's a good idea because it will save over \$50,000 a year in monthly payments. R Hrabina stated his concerns about possibly needing funds for potential future legal issues with the development of the dog track property. Chair Marley indicated the negotiations are on going and are a side issue. The Board issue right now is if we should use our reserves to pay off the debt. S Hrabina suggested asking the CPA, Darlene Wood, her opinion since she was in attendance. Ms Wood stated it is, obviously, a Board decision and that she is in favor of paying down debt, especially when the interest rate on the debt is greater than the rate

on investments. She cautioned, however, of cash flow needs wanting to be sure there were adequate funds for all expenditures. R Hrabina noted without the monthly payments there would be an additional \$60,000 annually being added to the cash reserves with R Marley adding it would accumulate back rather quickly. Additional discussion followed regarding tabling the matter for another month or taking action with Chair Marley calling for a motion. M. Brown moved to approve and authorize Management to pay off the debt. The motion was seconded by R Lee and upon vote was approved unanimously.

**Agenda Item #10      2008 Rebate Report**

Chair Marley deferred opening discussion to S Hrabina/Management with S Hrabina stating the rebate report had been completed. The rebate program was approved in 2006 and residential customers using 36,000 gallons or less during the calendar year (average 3,000/mo) qualify. Those who qualify receive a credit of \$1.00 per 1,000 gallons with the maximum credit of \$36.00 applied to their account. A total of 158 customers qualified in 2008 compared to 146 in 2007 and 151 in 2006. There are 43 new customers this year with 115 repeat customers. Of the 115 repeat customers 84 qualified in all three years it was reported. Chair Marley called for a motion and F Ballinger motioned to approve the 2008 Rebate Program with M Brown seconding the motion. Upon vote the motion to approve the 2008 Rebate Program was approved without opposition.

**Agenda Item #11      Call to the Public**

Tony Chavez noted Yavapai County has reduced significantly the amount of water used at High Desert Park to minimize cost.

With no other business to come before the Chair thanked the public for attending and the Board meeting adjourned at 7:30 PM.

**CERTIFICATION:**

I, Sarah J. Hrabina, certify that the Agenda for the March 19, 2009 Regular Board Meeting was publicly posted at the Black Canyon City Post Office Bulletin Board, on Monday, March 16, 2009 on or before 4:30 PM.

Sarah J. Hrabina

Sarah J. Hrabina

**ATTESTED:**

I, Ronald E. Lee, Sr. for the Black Canyon City Water Improvement District certify that the minutes, as transcribed, are true and correct to the best of my knowledge and belief.

Respectfully submitted,

Ronald E. Lee, Sr.

Ronald E. Lee, Sr., Secretary

Transcription of minutes completed by Sarah J. Hrabina on 5/11/2009