

**FOREST LAKES DOMESTIC WATER IMPROVEMENT DISTRICT
WORK SESSION
September 15, 2022**

The Forest Lakes DWID Work Session called to order by Chairman Joe Taylor at 10:33 am at The Water District Office. Present were Board Members: Lou St. Germain, Mary Hume, and Paul Studer. Staff member present Grant Cooper. Absent was Bryan Hawk and Amy Belch.

1. Discussion and Review of Creating Finance Committee

Mr. Taylor reports there were some concerns with closing the 2021-2022 financials and generating the 2022-2023 budget and transaction with Coconino County on getting projects initiated. The concern is with purchasing material for Sheep Springs Project and St. Joe Well. Also closing the 2021-2022 budget and having remaining fees collected from LCR Coalition. Concerns of moving LCR Coalition to a separate account and naming it "Water Conservation". Mr. Studer "Water Conservation" came from a meeting he attended. Mr. Studer also says what he did not put together was Cottonwood Water Company was doing with their LCR Coalition, and that he was mixing apples and oranges. Mr. Taylor stated the LCR coalition was tabled at a previous meeting and can be address in future conversation. Mr. Taylor, monthly reporting on projects was not clear on the expenditures. Mr. Taylor would also like to include in the conversation that the Turkey Trail project that was submitted in FY2022-2023 budget to Coconino County but not approved by the Board and tabled in June meeting. Conclusion of all these items raises concern inside the board and outside the board as well, as unnecessary conflicts, and additional work for staff members and board members. Mr. Taylor would like to propose a finance committee and have a meeting just like a work session to go over assets and liabilities. Then at meetings the report is on finance committee meeting and not addressing every line-item on treasures report. Mr. Taylor states that Ms. Belch and Ms. Irwin CPA can handle the more day to day financial operations. Mr. Taylor spoke with Coconino County Treasures office on changing the LCR Coalition to Water Conservation on the budget would have to submit an amendment to Coconino County. The amendment would have to be approved by the county. Mr. Studer understands it's just a name change and that it would have to be approved by the Coconino County. Ms. Hume asked where the water conservation name came from? Mr. St. Germain it all refers to LCR Coalition just some districts have it ear marked with another name. Mr. Taylor states he is just going through line items to back up him creating a finance committee, its for no other purpose. Mr. Taylor spoke with Coconino County as well on purchasing material for projects. If FLDWID has no line item marked for a project on budget, material cost needs to come from construction in progress. You can not create a line item or change line item per Coconino County. Mr. Cooper states the meeting would be about a week prior to our scheduled meetings and would include 2 board members and 2 employees. Meetings could be held via-telephone. Mr. Taylor replied that is ideal and the one board member would be treasurer.

2. Discussion and Review of Project Cost to Date

Mr. Studer would like to address some items. He stated after having a conversation with Mr. Cooper. He has heard talk in the community about people talking about his integrity and it is not appreciated at all. Mr. Studer states you can call him names but don't ever question his integrity again. There was also discussion over the master budget on what FLDWID had done in the past. Mr. Studer thought he had clarified his misunderstanding, and it was revisited next day by Mr. Taylor at the meeting to sign the minutes.

Mr. Studer stated FLDWID approved two projects with very limited knowledge. Mr. Copper had presented the board with a quote that was only good for 7 days. Mr. Studer stated you can have a price to install but that's only partial activity of the project until contractors pull the pipe out and take camera down, we really don't know what we have. Then we got material in for both projects. We put that cost into construction in progress which was Highway two-sixty project we are invalidating the project for Highway two-sixty. A month prior to that Mr. Cooper reported the Highway Two-sixty

Project was finally complete with paying for the Engineering. With that being said, we closed that project in May 2022 and dumped the pipe in later. Mr. Studer states FLDWID had actual cost against a project that wasn't on the budget. The same goes for the well, the hose you can put on well maintenance.

Mr. Studer states we did a year end report and turned it into the CPA June ending 2022. Dumping in 2-3 different dollar figures for price of pipe and the Highway two-sixty project. Mr. Studer says we should have not told CPA that Highway Two-sixty Project had an extra \$70,000.00 dollars in cost. FLDWID would have paid the extra amount to finish the project. Mr. Studer finds the reporting incomplete and wrong. If he can not correct it, he feels as a treasurer he needs to write a letter to Stephanie Irwin, CPA. He states it is wrong ethically. He states that does not affect a line item that we had or didn't have. We specifically bought pipe for Sheep Springs Project and hose for the St. Joe Well Project. You order it and report the actuals. Mr. Studer states he specifically said in June when reporting actuals against a project we had already closed, and he believes its wrong. Ms. Hume asked why did it not go into the St. Joe?

Mr. Taylor would like to address the items one at a time, so no one gets confused. Mr. Taylor states the Highway Two-Sixty Project and that project was closed. Then when FLDWID bought the material for Sheep Springs Project and St. Joe Well Project those charges end up on Highway Two-Sixty Project budget line item. Mr. Studer replies that is not correct. Mr. Studer corrects Mr. Taylor and states the well hose went on meter/maintenance and Sheep Springs Project pipe went towards construction in progress line item. Mr. Taylor states that's the concern he asked the Coconino County about and they stated if it was something other than Highway Two-Sixty Project FLDWID needs to go back to the Coconino County and amend what was reported. Mr. Studer states the Sheep Springs Project parts were put towards Construction in Progress. Mr. Cooper said it states on P&L line item 8-020 for June 2022 preliminary says Construction in Progress only. On Budget 2021-2022 line-item 8-020 states Construction in Progress only as well. Mr. Cooper also refers to Well Meter/Maintenance line-item that were we charged the materials for the St. Joe Well Project. Mr. Cooper explains this budget 2022-2023 shows no Construction in Progress money but Ms. Belch and I broke it down under that line item per project name and project amount. Mr. Taylor asked Mr. Studer if that how he remembers it. Mr. Studer states his memory correct and his memory is consistent, and he would argue with what Mr. Cooper just stated. Mr. Studer states FLDWID had to Pay \$50,000.00 to Rim Loop and that's when it almost come out even. Mr. Cooper explained to FLDWID board that \$52,000.00 was paid for the Main Trunk Line. To the Bonding Company. Mr. St. Germain recommends any project going forward be put on Budget and Profit and Loss as is, no more Construction in progress. Ms. Hume and Mr. Taylor agree. Mr. Cooper stated that how Ms. Belch and I did it this year and years going forward.

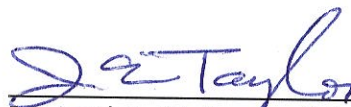
Mr. Studer reports any board member should be able to go to Highway Two-Sixty Project or Sheep Springs Project and know exactly what was spent on each project. Sheep Springs Project should not be on Construction in Progress line item. Mr. Studer would like to talk to CPA, Stephanie Irwin. If Ms. Irwin tells him, he is incorrect he will let it go. If Ms. Irwin tells him, he is correct he wants the preliminary profit and loss adjusted accordingly. Mr. Taylor would like to be involved with CPA, Stephanie Irwin as well. Mr. Studer stated Ms. Irwin is not a certified CPA and that if she was FLDWID would be paying \$10,000.00 a year for her services. Mr. Studer states she is only certifying the operations, general certify accounting practices. Mr. Taylor expressed the budget that was submitted to Coconino County match FLDWID Profit and Loss Report match going forward.

Mr. Taylor asked Mr. Cooper if Ms. Belch has submitted the final numbers to CPA, Stephanie Irwin. Mr. Studer replied she had not.

3. Discussion and Review of LCR Coalition Line Item on Profit and Loss and Bank Balance Report

Mr. Studer would like to add a line item in the checking account for LCR Retention or LCR Fund. Mr. Taylor stated that was acceptable and FLDWID work session had to end but did not want to cut anyone short.

Mr. Joe Taylor closed the meeting at 11:06 am.
Forest Lakes DWID
Minutes By: Amy Belch



Joe Taylor, Chairman of the Board



Bryan Hawk, Secretary

10/20/22

Date

2-1

U

U

U