



Mayer Water District.

Regular Meeting Minutes (01-03-17)

- I. **Call to Order: Meeting Started at 5:04pm**
- II. **Roll Call:**

All members present (**Bob Kaufman - On advice of counsel i will be having no interaction with board member King, as she currently has a threatening, and intimidating civil action pending against The Mayer Water District, and specifically naming myself and board member Voss.**)
- III. **Election of Officers:**

Board Chairperson: (**Bob Kaufman, nominates Alison Atwater for Board Chairperson, Julie Seconds, all in favor**)

Board Clerk: (**Kathy King, nominates Bob Kaufman for Board Clerk, Ron Good seconds, All in favor**)
- IV. **Approval of November 30th 2016 Meeting Minutes:**

Kathy King motions to approve Amended Minutes (Name & Vote count), Julie seconds, Ron Good approves, Alison Atwater approves, Bob is opposed. (Passed)
- V. **Recognition & Good News Report:**

Bob Kaufman: The district has made good progress with the forensic accountant.

Mark Mills: Fire Department, and Thurman, are very happy with the ISO Report the Water district provided.

Mark Mills: ADEQ Sanitary Inspection very impressed with how clean our water system is.
- VI. **Status Report:**

Mark Mills System Report:

ADEQ Inspection has moved the Water Company to a grade 3 system, by 2 points. Mark is appealing this grading.

ADEQ inspector wants the foundation rings to be brought to compliance.

Six customer freeze ups, five blue stakes, five main line leaks.

Major main line leak in trailer park. The main line broke directly under a trailer with a resident. Different plans are in the works, have to find best possible action.

Spoil was delivered to the Elementary school.

New water heater in rental.

Fire on 3rd street, helped survey our system, when under duress.

System wide chlorine check, hoping to move to a pellet based system.

Renovation of Old Tower Tank underway, possibly finished by end of month, as long as weather permits.

Daniel Gutierrez Office Report:

System totals - 2.2m Gal pumped, 2.0m Gal sold.

Water loss 5.86%.

Current charges \$23,000.00, Current receivables \$43,000.00.

Bank of the west ending balance \$82,000.00.

Yavapai Warrant account ending balance \$155,000.00.

New EDS Machine (Electronic Check Deposit) in office. Daniel is trained to use the new EDS machine.



Needing a new glass box to post our agendas.

VII. Current Financial Situation:

Finding of Checks: When Mike Boothe left the Water Company in April 2016, the office was cleaned and a manila envelope was found. In this envelope was a stack of checks. The system operator proceeded to call Mike, Mike explained that all of those checks had been re-issued. The district then did a follow up with some of the vendors, and they were in fact re-issued. A couple months pass before the district, uncovered a new mass of undeposited customer checks.

Undeposited Customer Checks: The District proceeded to run a test to see if if these checks had been entered into the billing software (RVS) & (QB) our accounting software. The checks were found to have been input to (RVS) & (QB) making it seem that every customer had made their payments, but had never been deposited to the bank. At this point the District decided to stop working on a budget until this matter was resolved.

Casey Boone Department of Labor: The District received a phone call from the department of labor. Casey claimed to be owed unpaid overtime. The district then proceeded to try and find his time cards.

Searching for Time Cards: During this process the District proceeded to search for Boone's time cards. The district could not find these timecards filed in any recent files. The district then moved to search the Older boxed files, in the back room.

Old boxed files: Here the District found a mess. Boxes of unopened mail, random time cards, receipts, and a ton of unfiled paperwork.

Unopened mail: This unopened mail contained loads of customer payments, and vendor payments. Equally to the amount of \$40,000.00. This prompted the district in hiring a Forensic Accountant, to investigate and possible fraud or employee negligence.

Contacting the Authorities: At this point the Forensic Accountant advised the district to contact the proper authorities, so that they can be aware of a possible situation. The District contact a YSCO Detective, and also contacted the Attorney Generals Special Fraud Division.

Ongoing: This bring us to today, where the Forensic Accountant is currently working this case carefully.

VIII. Forensic Investigation:

The Forensic accountant Judith van Rossum, is currently reviewing all aspects of our system, including usage of vacation hours that where not justified, and huge PTO discrepancies.

Judith is working on getting the District QB files to balance with our regular accountant Stephanie Irwin.

Judith is also working on getting the District's filing system audit proof.

New implementations of user accounts, on both the districts programs, effectively putting in place a checks and balances procedures.

Judith is working with Daniel to generate proper financials for the board meetings, and making them easy to understand for the board, and public.



Judith & Stephanie are working on the late budget, as well as preparing for the new budget. Leaving behind a template for this board and future boards to follow.

- IX. **Discussion/Possible Action:** To authorize the Judith & Associates to go through and file the remaining boxes in the back room. **(Julie Motions, Bob Seconds, Ron approves, Alison approves, Kathy King Abstains for the purpose of more information)**
- X. **Discussion/Possible Action:** To authorize the next advanced payment to Judith Van Rossum Associates. **(Bob Motions, Julie Seconds, Ron approves, Alison approves, Kathy King Abstains for the purpose of more information)**
- XI. **Discussion/Possible Action:** Regarding Isolux Arsenic System (gathering more information) **(Kathy King motions, Julie Voss Seconds, All in favor)**
- XII. **Discussion/Possible Action:** Changing of Time & Day of Monthly District Meetings to 5:30pm & 1st Tuesday of every month. **(Julie Voss motions, Ron Good seconds, Kathy approves, Alison approves, Bob Kaufman is opposed)**
- XIII. **Discussion/Possible Action:** To schedule additional mid-month meetings to deal with the abundance of forensic activity. To the 3rd Tuesday at 5:30pm Temporarily. **(Julie motions, Ron Good seconds, Kathy approves, Alison approves, Bob Kaufman is opposed)**
- XIV. **Bob Kaufman left at 7:05pm (needed to take medication)**
- XV. **Call to the Public:**
Jo Ann Coe: Thanks, the new board.
- XVI. **Adjournment: Kathy King motions, Julie seconds, All in favor. 7:10pm**