

Hello Neighbor,

This email will look at what it cost to get the keys to the water system. Future emails will look at the loan and property tax subsidies of the operations costs and the rate analysis done by Economists.com.

Attached is the total condemnation spending chart.

1. "Audit" of 2008/2009 Fiscal Year
 - a. The board had an "audit" done for the period of July 1, 2008 to June 30, 2009. This "audit" consisted of the auditor using information provided by the district. The document is posted here:
<http://www.waterforpinestrawberry.com/data%20pages/BudgetDocs.htm> .
 - b. Just a quick look reveals a number of errors:
 - i. The document lists the "Gila County Warrant Reserve" account balance as \$2997.68. Both the PSWID Treasurer's report and Gila County had the account balance at \$3453.88 as of 6/30/2009.
 - ii. The document lists the "Pioneer Escrow Account" with a value of \$300,000. On 7/1/2008 the PSWID Treasurer's report lists the escrow account value as \$287,855.90. In January 2009 when control of the escrow account money was transferred to the district, the value was \$289,827.48.
 - iii. The document lists "Cash at beginning of Period" as \$96,940.36. The PSWID Treasurer's report has \$26,954.87 in the main account and \$100,000 in the reserve account as of 7/1/2008, for a total of \$126,954.87.
 - c. Comment: The district is consistently inaccurate when it comes to financial numbers. At the March 28, 2009 meeting, the budget presented was in error by \$45,694.40. Now there are multiple errors in an "audit". I didn't spend the time trying to verify every number, but these are the easy ones to get right because they just involve taking the time to read the documents that have already been prepared by the district itself. They have spent millions of our dollars, it isn't too much to expect that they get this stuff right.
 - d. An area that the audit addresses are expenses from 2008/2009 that were targeted to be reimbursed with money from the loan. These expenses total \$37,303.20. They consist of:
 - i. Acquisition Rate Studies: \$4833.20
 - ii. Appraisal Fee: \$400.00
 - iii. Bank Loan Commitment Fee: \$32,070.00
2. Acquisition Expenditures
 - a. We have been keeping a running total of expenditures based upon the withdrawals from the Gila County account. Through August, the total expenditures have been \$550,322.16.
 - i. Comment: This number is a little different than the one I last published. In going through the spreadsheet I noticed that I had

- transposed two numbers, so it had \$37,020 instead of \$32,070 for the commitment fee.
- b. The district lists the cost of Debt Acquisition Charges as \$475,398. This was funded with proceeds from the loans and consists of:
 - i. Economists.com (financial planning and rate analysis): \$6758
 - ii. Compass Bank (loan commitment fees): \$42,781
 - iii. Coe and Van Loo (Engineering and operational studies): \$3820
 - iv. Gliedge Law Offices: \$167,335
 - v. Fee to Brooke Utilities: \$15,210
 - vi. Greenberg and Traurig (bond and tax advice): \$96,418
 - vii. Snell and Wilmer (bank documentation attorney): \$45,100
 - viii. Stone and Youngberg (financial advice): \$97,150
 - ix. Miscellaneous fees (recordings, copying, wires): \$826
 - c. To get the total acquisition expenses it is \$550,322.16 + \$475,398 - \$37,303.20 - \$15,210, for a total of **\$973,206.96**. The total breaks down as follows:
 - i. Legal Fees: \$533,800.28
 - ii. General Manager: \$65,586.48
 - iii. Consultants: \$282,270.74
 - iv. Loan Costs: \$91,549.46
 - d. Brooke was paid **\$3,528,804.57**.
 - e. Total cost to get the keys is \$3,528,804.57 + \$973,206.96, for a total of **\$4,502,011.53**.

This email is from the group Water For Pine Strawberry. We will be sending out an email after each of the PSWID meetings with a summary of what the board did, additional facts that are relevant to what went on, and some commentary. Please forward this email to friends and neighbors that are interested in the local water issues. If you would like to be added to or removed from the list for these emails, please reply to WaterForPineStrawberry@hotmail.com. Emails on earlier meetings are available on our website: www.WaterForPineStrawberry.com.

Water For Pine Strawberry is a group of residents who are concerned about the communities water issues and how they can best be resolved. Visit our web site, www.WaterForPineStrawberry.com, for more information. The website for PSWID is www.pswid.org.

Clarifications can be submitted by anyone who is explicitly named, implicitly identifiable, or a board member to items in this email. Clarifications will be posted on our website. We reserve the right to post a response. Clarifications must deal with the topics discussed in the email that relate to the individual or the board. They must be in family friendly language and be non-abusive. When the clarification is accepted, it will be posted to the website and notice of that posting will be added to the next email.