

**MINUTES OF JOINT MEETING OF THE BOARD OF DIRECTORS  
OF THE TOWN OF CAREFREE UTILITIES COMMUNITY FACILITIES DISTRICT  
AND THE BOARD OF DIRECTORS OF THE  
CAREFREE WATER COMPANY, INC.**

**WHEN:** TUESDAY, NOVEMBER 5, 2019

**WHERE:** CAREFREE TOWN COUNCIL CENTER  
33 EASY STREET, CAREFREE, AZ.

**TIME:** 4:00 P.M.

**Attending were:**

Chairman Les Peterson

**Absent:**

**Board Members:**

John Crane

Vince D'Aliesio (*Telephonic*)

Stephen Hatcher

Michael Krahe

Cheryl Kroyer

Gene Orrico

**Also Attending:**

Greg Crossman, Manager; Michael Wright, Attorney; Kandace French Contreras, Board Secretary/Treasurer

Chairman Peterson opened the meeting at 4:05 p.m.

**AGENDA**

**ITEM #1      **Approval of the June 4, 2019 UCFD/CWC meeting minutes.****

Chairman Peterson announced the agenda item and as for questions or comments.

There being no questions or comments, Board Member Orrico made a **motion** to approve the Minutes as presented. There was a **second** by Board Member Kroyer. The motion **carried** unanimously.

**ITEM #2      **Discussion and possible action regarding 2018-2019 Fiscal Year audit.****

Chairman Peterson announced the agenda item and introduced Greg Crossman, manager of the Carefree Water Company.

Mr. Crossman presented a Power Point and explained the goals of the audit conducted by HintonBurdick including assuring that financial statements were free from material misstatements,

that the entity was observing good accounting practices and principles, and conform to GASB requirements. The audit also looks for steps to prevent fraud and misuse of funds and to provide transparency.

Mr. Crossman pointed out that it was considered a "clean audit" with no financial misstatements and that the Water Company and the UCFD were in good financial health, and the Water Company was able to cover all liabilities and grow its reserves.

Mr. Crossman also went over the debt service including a reminder that the Water Company purchase was completed in July, 2018 and that the \$414,000 a year bond repayment amount for the purchase of the Water Company has been redirected to the Town of Carefree for 8 years. This is being done to repay the Town for financial assistance to the Water Company after its initial acquisition. He also explained the repayment status of the WIFA loan through June, 2027.

Mr. Crossman introduced Crimson Singleton from the audit firm of HintonBurdick. She appeared in person as they company recently opened a local office. She reiterated that the staff at the Water Company were easy to work with, did an outstanding job of keeping records and providing information to the auditors and that there were no material findings in the audit. She highlighted that, due to the small staff, it was difficult to observe a stronger separation of duties, but the Water Company did a very good job of checks and balances.

There were comments by the Board.

Board Member Orrico made a **motion** to approve and accept the 2018-2019 Carefree Water Company Fiscal Year Audit. There was a **second** by Board Member Kroyer. The motion **carried** unanimously.

#### **ITEM #5     Adjournment**

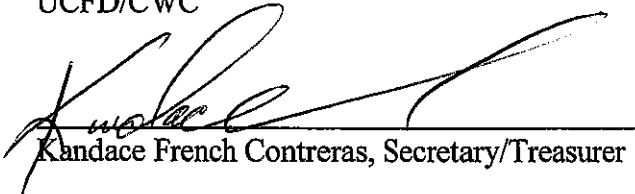
Chairman Peterson announced the agenda item and asked for a motion to adjourn.

Board Member Orrico made a **motion** to adjourn. There was a **second** by Board Member Krahe. It **carried** unanimously.

The meeting adjourned at 4:26 p.m.

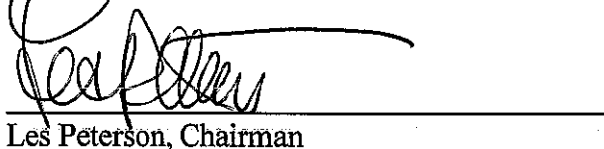
DATED this 6<sup>th</sup> day of November, 2019.

UCFD/CWC



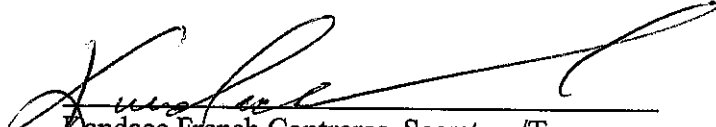
Kandace French Contreras, Secretary/Treasurer

BOARD OF DIRECTORS



Les Peterson, Chairman

Attest:



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Kandace French Contreras, Secretary/Treasurer  
CERTIFICATION

I certify that the foregoing minutes are a true and correct copy of the minutes of the meeting of the Carefree Water Company/Utilities Community Facilities District Board of Directors held on November 5, 2019. I further certify that the meeting was duly called and held and that a quorum was present.



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Kandace French Contreras, Secretary/Treasurer