

# Oak Creek Water District

**“Serving West Sedona Since 1953”**

90 Oak Creek Blvd

Sedona, AZ 86336

Date: May 22, 2026

RE: General Manager Report

## **Financial**

The billing charges for April were \$62,500

Infrequent and one-time major expenses for April:

\$2,210 Intuit QuickBooks Annual

\$1,518 Long Water Management – Three On-site

\$6,200 Fever Controls – Airport P.S. Controls Modifications after Emer.

Infrequent and one-time major revenue for April:

None

## **Operations**

Summit installed 19 meters on Northview with 6 meters remaining.

Jason and crew installed 25 meters, with 8 meters remaining.

Fever Controls – options to eliminate air over water pressure tank causing call outs.

Working on obtaining fire flow data on Mesa for SFD. Need 1,500gpd for two hours.

CC&R's are complete. Notification will be in the newsletter.

FY24 Audit complete. Summary attached. Requested engagement letters for FY25, FY26

Property & General Liability Insurance continues to rise. Reduced deductible, 2<sup>nd</sup> quote

Contractual Operations Manager option off to a rocky start.

Planned outages resulted in a couple of issues and need to reschedule.

## **Management**

**USDA Grant/Loan Update** Summit will be switching residential services from the flyline to the new water main this week. Northview businesses, Sedona Springs, Medical offices and Church will be replaced separately. A second crew starting on Rockridge in Saddlerock.

Final report from the Audit for USDA should be received this week.

**Audit Results** USDA requires an annual audit every fiscal year receiving over \$1 million in grant funds (FY24, FY25, FY26, FY 27). The first audit took 18 months. A lot of delays on the accounting firm but it did cover from 1953-2024. See attached findings. The action plan includes:

Creating a Capital Asset Inventory and review it twice a year (in progress, attached)

Include credit card states in board packets (included)

Give a copy of the monthly bank reconciliation to the Treasure to review

Create a vendor list that is approved by the BOD each year (attached need motion)

Create a procurement procedure document (attached)

For the audit covering almost 75 years that's not a bad list at all! The next FY audits should be much simpler.

**Oak Creek Domestic Water Improvement District  
Public Meeting - held at 90 Oak Creek Boulevard, Sedona, Arizona  
April 21, 2026**

**1. Call to order and roll call:**

Called to order at 4:31 P.M., \*A quorum was established."

Present: Doug Bowen, Camille LeFevre, Paul LeFevre Creed Ostler, Chan Smith

Absent: Bob Bareuther, Paul Slevin

**2. Call to the Public for Item(s) not on the Agenda**

Members of the public may address the Board regarding items not on the Agenda

It was asked if there were the possibility of a good final cleanup/ deep sweep of the streets in Northview subdivision following the street work with the sewer system and water improvements.

A question was also asked concerning the resurfacing of the pavement of these streets following the sewer and water improvements.

**3. Managers' Reports:**

General Manager and Operations Manager updated the BOD - See attachment

**4. Consent Agenda Items:**

A. Approval of April 2026 Board Meeting minutes

B. Approval of April 2026 Financials.

**Motion to accept by Camille LeFevre/ Seconded by Paul LeFevre/ All approved.**

**5. Regular Agenda Items:**

A. Status Update and Discussion about USDA Grant/Loan Projects

B. Tampering with Oak Creek Water District valve.

**Chan Smith made the motion to add the service charge fee information for valve and meter tampering to the rate schedule that was approved at the February 17, 2026, Board Meeting/ Seconded by Paul Lefevre/ All approved.**

C. Operations Manager position option.

Allen Deisch will work 8 hour days on Monday & Friday. Jason Long will work 4 hour days on Tuesday and Thursday.

D. Water Bills - Arizona law requiring penny-rounding

"If the final bill ends in 1, 2, 6, or 7, the bill is rounded down to the nearest nickel; if it ends in 3, 4, 8 or 9, the bill is rounded up. There is no rounding when paying with credit or debit cards or any other non-cash form. The charge will be the exact amount."

E. 4 board positions for November 3, 2026, elections.

Last day for file nomination papers is July 6, 2026.

F. Letter to auditing company (Walker & Armstrong) concerning issues due to their delay. Yavapai County is threatening Oak Creek Water District with a penalty. Oak Creek Water District is asking for a firm date as to when the audit will be completed.

G. Letter to 7th Day Adventice Church concerning 30-year Warranty Deed Agreement from June 2, 1997 through June 2, 2027. .

**6. Executive Session:**

The Board may vote to go into Executive Session for reasons set forth in A.R.S. 38-431.03.

**7. Announcements:**

A. Next Regular Board Meeting: May 19, 2026, at 4:30 P.M.

**8. Adjournment:**

- 5:06 P.M./ Motion to adjourn/ Chan Smith

**Respectfully submitted,**

**Creed Ostler**

**Secretary, Oak Creek Domestic Water Improvement District**

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928 282-3404 - [info@oakcreekwater.com](mailto:info@oakcreekwater.com)

## Corrective Action Plan

We have prepared the accompanying corrective action plan as required by the standards applicable to financial audits contained in *Government Auditing Standards* and by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Specifically, for each finding we are providing you with the name of the contact individual responsible for corrective action, the corrective action planned, and the anticipated completion date. The findings below are consistently numbered with the finding numbers assigned in the schedule of findings and questioned costs.

### Financial Statement Findings:

#### **Finding 2024-001 – Lack of Internal Controls, Vendor List, and Procurement Policy and Lack of Segregation of Duties over Disbursements (Material Weakness)**

**Condition:** There is a lack of internal controls and segregation of duties over disbursements, access to the accounting records, and bank account reconciliations as follows:

- The governing board does not review the credit card transactions and credit card statements of the general manager.
- The District does not have an approved vendor list.
- The general manager is a signer on the bank checking account while also having the responsibility for reviewing bank account reconciliations.

**Recommendations:** The auditors recommend that the District strengthen controls over the purchase of goods and services and accountability for the related cash activity, by establishing and implementing the following:

- Review and approval by the governing board of the individual credit card transactions and monthly credit card statements of the general manager.
- Establish and obtain board approval of a vendor list after vetting qualified vendors for the purchase of goods and services including obtaining pre-approval by the governing board for purchases through vendors that were not previously approved and included on the vendor list.

## Corrective Action Plan - Continued

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### **Finding 2024-001 - Lack of Internal Controls, Vendor List, and Procurement Policy and Lack of Segregation of Duties over Disbursements – Continued (Material Weakness)**

- Assign to the treasurer the responsibility of reviewing the monthly bank account reconciliations.

**Contact Name:** Doug Bowen, President and General Manager

**Corrective Action Planned:** The District will implement the following items as recommended:

- The monthly credit card statements will be included in the packet supplied to the Board of Directors each month.
- The District will create a list of vendors and have the Board of Directors approve current vendors and assist in due diligence for all future vendors.
- The Treasurer will be provided the bank reconciliations once completed to review.

**Anticipated Completion Date:** May 30, 2026

### **Finding 2024-002 – Internal Controls Related to Capital Assets (Material Weakness)**

**Condition:** The District does not maintain a comprehensive capital asset listing. Therefore, the District has not performed a comprehensive inventory of capital assets.

**Recommendation:** The auditors recommend that the District create a comprehensive capital asset listing and perform a physical inventory of the District's capital assets, at a minimum, on a biennial basis. In addition, the District should update its accounting records based on the results of the physical inventory.

**Contact Name:** Doug Bowen, President and General Manager

**Corrective Action Planned:** The District maintains a list of equipment and assets for insurance purposes. During 2025 and 2026, the District will create a comprehensive capital asset listing. In addition, the District will complete a physical inventory of its assets biennially.

**Anticipated Completion Date:** June 30, 2026

## Corrective Action Plan - Continued

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### Federal Award Findings:

#### **Finding 2024-101 - Financial Reporting and Single Audit Reporting Package Not Filed Timely (Material Weakness)**

**FAL Number:** 10.760

**Program Title:** Water and Waste Disposal Systems for Rural Communities

**Condition and Context:** The District's single audit reporting package for the fiscal year ended June 30, 2024, was not submitted to the Federal Audit Clearinghouse by the required deadline of March 31, 2025.

**Recommendation:** The auditors recommend that the District devote the necessary resources to the accounting function to meet its reporting obligations. The auditors stated that by doing so will improve the timeliness of the District's submittal to the Federal Audit Clearinghouse.

**Contact Name:** Doug Bowen, President and General Manager

**Corrective Action Planned:** The District and auditor will work together to bring the audits timely and complete within the single audit deadline.

**Anticipated Completion Date:** June 30, 2026

#### **Finding 2024-102 – Inventory of Capital Assets Not Performed (Material Weakness)**

**FAL Number:** 10.760

**Program Title:** Water and Waste Disposal Systems for Rural Communities

**Condition and Context:** The District has not performed a comprehensive inventory of capital assets. Accordingly, the District has not reconciled a physical observation to its detailed capital asset listing.

**Recommendation:** The auditors recommend that the District perform a physical inventory of the District's capital assets, at a minimum, on a biennial basis. In addition, the auditors stated that the finance department should update the District's accounting records based on the results of the physical inventory.

**Contact Name:** Doug Bowen, President and General Manager

**Corrective Action Planned:** The District maintains a list of equipment and assets for insurance purposes. During 2025 and 2026, the District will create a comprehensive capital asset listing. In addition, the District will complete a physical inventory of its assets biennially.

**Anticipated Completion Date:** June 30, 2026

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**Date: May 30, 2026**

**RE: Vendor List**

**At May 26, 2026, Board Of Directors meeting, a motion was made and approved for the following list of preapproved vendors for the purchase of goods and services:**

|                                     |                                                                |
|-------------------------------------|----------------------------------------------------------------|
| <b>Caselle</b>                      | <b>Billing Software and support</b>                            |
| <b>Fever Controls</b>               | <b>Scada System, Mission Controls &amp; Electrical Repairs</b> |
| <b>Freedom Mailing</b>              | <b>Newsletter Mailing Service</b>                              |
| <b>Inner Basin</b>                  | <b>Lab Testing</b>                                             |
| <b>KnowIT Consulting</b>            | <b>IT and Computer Services</b>                                |
| <b>Long Water Management</b>        | <b>Operator of Record Services</b>                             |
| <b>Meyes, Sellers and Hendricks</b> | <b>Attorney and Legal Advice</b>                               |
| <b>Rural Water Impact</b>           | <b>Website and Support</b>                                     |
| <b>Thomas Bourassa</b>              | <b>CPA and 5-year rate plans</b>                               |
| <b>Ullmann &amp; Associates</b>     | <b>Annual Financial Statements</b>                             |
| <b>Upper Case Printing</b>          | <b>Newsletters and Post Card Cardstock</b>                     |
| <b>MAPS Answering Service</b>       | <b>After Hours Emergency Calls</b>                             |
| <b>Western Environmental</b>        | <b>Badger Meters and Endpoints</b>                             |
| <b>Wired Up</b>                     | <b>Alarm System Services</b>                                   |
| <b>Xpress Bill Pay</b>              | <b>Bill Paying Services</b>                                    |

**Payroll services nor utility services are required as preapproved vendors.**

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## **Procurement Policy**

### **Purchasing Procedures**

Oak Creek Water District uses a variety of procedures for purchasing on the open market. These procedures are recapped below.

### **Micro-Purchases by Non-Procurement Personnel**

Within the District, micro-purchases (procurements of \$1,000 or less) are generally bought by authorized non-procurement personnel by obtaining estimates and receiving approval from the general manager or approved by the Board of Directors.

### **Simplified Acquisition Procedures**

For requirements estimated to cost more than \$1,000 but not more than \$50,000, procurement offices generally use simplified acquisition procedures. These procedures are less structured than those in sealed bidding or negotiated procurements. Competition to the maximum extent practicable is required, with solicitation of at least three sources generally considered to meet this requirement. Acquisitions in this dollar range are set aside for the exclusive participation of small business concerns unless there is a reason why this is not feasible.

Up to \$10,000, requests for quotation are usually oral and written solicitations are rarely used. Notices of business opportunities over

## **Sealed Bidding and Negotiated Procedures**

For acquisitions estimated to exceed \$100,000, sealed bidding or negotiated procedures are used. These are more formal and structured than simplified acquisition procedures. These acquisitions must (with limited exceptions) be competed using procedures that provide for full and open competition, which means that all responsible sources are permitted to compete.

### **Sealed Bidding**

Under sealed bidding procedures, an Invitation for Bids (IFB) is issued inviting interested companies to compete by submitting a sealed bid. Bids are publicly opened at a date and time specified in the IFB. The bids are evaluated without discussions and contract award is made to the responsible bidder whose bid, conforming to the IFB, is the most advantageous to the Government, considering only price and the price-related factors included in the IFB.

### **Negotiated Procedures**

Under these procedures, a Request for Proposals (RFP) is issued inviting interested companies to submit proposals by a specified date. Unlike offers submitted in sealed bidding, proposals submitted for negotiation are not publicly opened. Proposals received are evaluated based on the factors and subfactors contained in the solicitation. Award may be made without discussions if the Government includes a notice in the solicitation stating its intent to evaluate proposals and make award without discussions. If discussions are held, offerors may be given the opportunity to revise price, schedule, technical requirements, contract type or other contractual terms and conditions in their offer. After completion of all discussions and receipt of final proposal revisions, award is made to the responsible offeror whose offer is the most advantageous to the Government considering price and the other factors specified in the solicitation.