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**June 28, 2012**

**Amador Water Agency Board of Directors**

**Re: 2012-2013 Budget and Proposed Loan**

Ratepayer Protection Alliance's (RPA) is concerned that Amador Water Agency's (AWA) budget for fiscal year 2012-2013 fails to bring accountability and transparency. AWA has not separately accounted for reserves and restricted reserves and therefore is not able to show accurate balances, or even if the accounts are solvent. For this reason, RPA believes that the proposed budget is unviable.

For example, the budget shows projects that are to be paid from participation fees. However, AWA has not published accurate participation fee account balances. Since the reports concerning participation fees (required by Government Code 66013) were produced, the *public* has shown that the reports are inaccurate and that they do not agree with the AWA annual audits. Even though the AWA Board knew the audit could not be reconciled with the 66013 reports months ago, they still have not been reconciled.

Restricted reserves are so called because they may only be expended for certain activities, and those activities are specified by the financial studies that determine the appropriate amount paid for improvements by operations and restricted funds. Without knowing what funds are actually available, it is almost impossible that the Board will approve funding in a fully lawful manner.

Among other discrepancies, the 66013 reports show that a loan was made from the AWS replacement reserve account when there was insufficient funds to cover the loan. That bad loan was made because AWA made no accounting of the restricted funds. Yet the Board is currently considering another loan from reserves. RPA believes that loaning the funds without first knowing the account balances is irresponsible.

Restricted funds are collected as the 'buy-in' portion of participation fees. Those funds are collected to be used for either repairs on the existing infrastructure or to reimburse the ratepayers that paid for that infrastructure. The budget proposes to bill ratepayers from operating funds so that the participation fees collected for those projects can be used on projects to expand the systems. RPA believes that is fundamentally unfair to ratepayers.

On behalf of RPA, I urge you to first get AWA finances in order and then adopt a budget that efficiently meets the needs of existing ratepayers.

Sincerely,

A handwritten signature in black ink that reads "Bill Condrashoff". The signature is written in a cursive style with a large, sweeping flourish at the end.

Bill Condrashoff