

COMPTON WATER ASSOCIATION
Board of Directors and Business Meeting
Held at Compton School, Compton Arkansas
February 14, 2017 - 7:00 p.m.

Mitch Jones called meeting of February 14, 2017 Compton Water Association to order. Roger Jones called roll to determine if a Quorum is present. Members present: Mitch Jones, Roger Jones, Karl Lehr and Veronica Clark. Quorum established.

REPORTS:

MINUTES: Katrina Davidson

DIRECTORS REPORT: Katrina Davidson

BOOKKEEPER REPORT: Katrina Davidson

WATER OPERATOR REPORT: Wayne Hartlerode

A motion was made by Roger Jones to accept the reports into the minutes. Karl Lehr seconded the motion.
All in favor; motion carries.

Topic: Motion on hiring/acquiring information for an Attorney.

Karl: When the question came up on the Attorney, we did not know the terms, or what he was going to charge or anything else, and so what I asked was this a motion to hire him or a request to go forward and get more information, I was told it was a request to get more information, it looks from here like it was different. That money was set aside to hire him which was not my understanding. The minutes appear to say that Roger Jones made a motion to set aside funds to hire an attorney to respond to AG complaints. I just wanted clarification and if we found out information.

Roger: Have we retained an attorney?

Veronica: Not to my knowledge.

Karl: Did we find out what his terms were?

Veronica: Not to my knowledge.

Roger: When we need that the funds have been voted that they will be available. Is there anything more in that motion?

Veronica: No. One thing that needs to be when a complaint is filed it has to be responded to, you will have a response before the AG and they will make a decision on what has been presented. That is why they need to be responded to. We responded within the 10 days saying we would be seeking legal council to respond on our behalf, that is what they are waiting for. None of us can respond on behalf of this Board, it has to be someone that understands why we do what we do and what the laws say about how we practice business here.

Roger: Do we know when this is going to come?

Veronica: We have 3 before them now, we have not hired a lawyer to respond to this and we need to.

Sharon Woods: No, Mrs. Veronica you do not need to. I have talked to Misty Thatch several times; all you have to do is present the information. She said you do not need an attorney.

Veronica: Mrs. Sharon in response to you we did ask if a non profit corporation could respond individually and what we were told if Mitch chooses to respond it is from his personal position.

Roger: Who responds then, I'm not an attorney, how can I...

Sharon Woods: Yall just send them the information is what she said, you don't need an attorney.

Karl: In a court of law (something inaudible) its probably advisable but it is not needed, so Mitch could in fact as president or chairman respond on behalf of a corporation to an agency. You cant show up in court to represent us, but as far as an agency and a true litigation there is no problem.

Veronica: Then it falls down to who is going to take responsibility to present the correct stuff. As Board members we have discussed that in the past, and we thought it wiser that someone with legal background do that instead of one of us. But that is something that the Board can discuss, if someone wants to respond to the AG, that can be discussed.

Roger: I'm certainly not going to, that's not under my purview in any way, I'm not a lawyer and no qualified to answer the AG in any way, if someone feels comfortable with that, Karl do you feel comfortable with representing us to the AG?

Karl: At this point I suspect what is happening is a representation of facts, which can be done by any lay person, when you make legal arguments that is when you run into concern but at this point it is my understanding that these actions are complaints to the AG, at this stage are just questions of fact, members sending complaints and we respond with facts, whether its the secretary or the Board

together, somebody draft something together, and then if you want which I fully understand the whole Board approving it and then authorizing it, Mitch, on behalf of the Board, and to me as long as it is all done in good faith....

Mitch: You draft it us and we will submit it but we will need it checked off by someone with legal, but if you would like to draft the response up we will view it

Roger: I'll sign it

Veronica: I'll pass on the drafting but I don't mind to review.

Roger: So Karl do you want to do that? What kind of effort are we talking about here?

Veronica: The effort needs to be thorough and it needs to be taken seriously, not that anyone is not doing that, but it needs to be presented in a way that you are looking down the road because whatever you put before them can be used for or against you down the road.

Roger: If we go down this road it will come to our review, we will have to careful in our review of it.

Mitch: Let's do that

Veronica: He is very detailed so be very clear on what you ask him to do, that's why we want him here is because he is very detailed. I'm passing on it.

Karl: I don't really have the facts and I would actually be working on whatever has been drafted before assuming whatever has been mentioned or drafted before responds to the complaints, which I suspect they do, it's just a matter of working the words or playing with the wording.

Roger: They are going to have all the information you need

Karl: Like you were saying I'm not acting on my own

Roger: And we cant lets be very clear none of us can act on our own within this Board in any way or any other actions either, we cant act on our own

OLD/UNFINISHED BUSINESS:

Topic: No old/unfinished business

NEW BUSINESS:

Topic: Approval of funds for Boil Order signs

Veronica: We had a customer on highway 21 that didn't drive by our well house and we had to get some notification for Hwy 21 and Bradshaw Mt. because those people over there don't have any idea that we are on a boil order if they aren't driving by the well house and they don't always see the notifications, we try to call, we do the automatic alert on the website, there are people on 21 that don't have access to internet and their cell phones don't work in places, we had to do something to publicly notify.

Mitch: There are 5 additional signs and the cost is \$ 270

Doyle Root: Where will the signs be at?

Veronica: One will be on 21 across, we were going to ask if we could put one on your corner there.

Doyle Root: That will be fine with me.

Veronica: And then one on end of Bradshaw Mt

A question was asked on when a boil order is needed, Wayne responded. (Tape makes conversation mostly inaudible)

Roger Jones made a motion for the approval of funds for the Boil Order Signs. All in Favor. Motion Carries

Topic: Changing of Banks

Katrina: I got 2 different bids one from Arvest and one from Anstaff. Anstaff would charge \$65 a month and allow us to use the remote deposit machine. Arvest had several fees and a \$700 expense to get the remote machine and also a charge for each Bankdraft that would go through.

Karl: Are we changing banks or adding.

Katrina: Changing. Explains the error made by Equity during the changeover.

Veronica: When Community First sold out to Equity we experienced a barrage of problems. Working with software provider to be able to receive Automatic drafts. Equity is struggling with the change. Discussing the ability and rational to change bank, they are not able to do what we are needing them to do. It's serious enough that the Board needs to discuss changing banks.

Roger: Does this other Bank save money over Equity?

Katrina: Equity is saying now that they have taken over there will be fees applied.

Karl: Would there be any value in a second bank as a backup?

Veronica: I thought about that (tape malfunction) we do 2 signature required, its closely monitored inside the bank, but if you have a reason to open up for discussion I cant see a why we would need to do that.

Karl: Discussed 1986 bank failure, that's why I am suggesting or mentioning another account

Veronica: The way we function the money just sits there except for the checking account

Roger: I just think it needs to be cleaner and in one place, having multiple banks does not look good on the outside look in.

Veronica: It doesn't, cause when we took this over in 2010 when we actually got into the records and the books, which were mostly missing, we couldn't tell where the money was at. When we found it we didn't find what we hoped to find. (TAPE INAUDIBLE) From her, Katrina's, location she can access the bank because of the two locations, in Jasper and Harrison. We have so many safety checks in place with the money, the point it can be looked at easily from 1 point all 4 accounts.

Roger: Do you want to go ahead and vote on this right away?

Veronica: Personally I think yes. She will do all the leg work on it.

Roger Jones made a motion that we change CWA banking to Anstaff Bank, Karl Lehr seconded the motion.
All in favor, motion carries.

REQUEST TO BE ON AGENDA

1. Katrina read a letter from Allen and Georgina Thrasher stating their appreciation to CWA and the Board.
2. Dempsey Gibbins gave his account on the Aspludh leak and informed lack of communication on behalf of the CWA employees. The Board discussed ways to better improve communication and decided on an emergency call number on the phone message system. Mr. Gibbins did not dispute that he was at fault but did not agree on ALL the water that flowed out being his responsibility. The Board agreed to waive half of the water loss fee in order to work with Mr. Gibbins on the responsibility of the water that was lost. This was acceptable to Mr. Gibbins.

Motion was made by John Henderson to adjourn, second by Roger Jones; all in favor, motion carries.

Mitch Jones, President

February 14, 2017

Roger Jones, Treasurer

February 14, 2017

2:07 PM
 02/14/17
 Accrual Basis

Compton Water Association, Inc.
Profit & Loss
 January 1 through February 14, 2017

| | Jan 1 - Feb 14, 17 |
|---------------------------------------|--------------------|
| Ordinary Income/Expense | |
| Income | |
| FEES CHARGED | |
| Miscellaneous Revenue | 75.00 |
| Water Meter Sets | 1,200.00 |
| Reconnect Fees | 75.00 |
| Total FEES CHARGED | 1,350.00 |
| Water Revenue | |
| Misc Fees | 54.88 |
| Penalty | 542.99 |
| Safe Water | 141.16 |
| Sales Tax | 2,760.44 |
| Water Sales | 34,622.54 |
| Total Water Revenue | 38,122.01 |
| Total Income | 39,472.01 |
| Gross Profit | 39,472.01 |
| Expense | |
| CONTRACT LABOR | |
| Katrina Davidson | 1,800.00 |
| Justin Robinson Meter Reader | 450.00 |
| Wayne Hartlerode Water Operator | 2,000.00 |
| Wayne Hartlerode Backhoe | 275.00 |
| CONTRACT LABOR - Other | 2,377.50 |
| Total CONTRACT LABOR | 6,902.50 |
| EQUIPMENT | |
| Equipment Purchase | 574.82 |
| Other Repairs | 707.47 |
| Total EQUIPMENT | 1,282.29 |
| Facilities and Equipment | |
| Building Rent | 51.06 |
| Total Facilities and Equipment | 51.06 |
| Interest Expense | 399.13 |
| Operations | |
| Advertising | 629.48 |
| Postage, Mailing Service | 468.61 |
| Supplies | 233.18 |
| Telephone, Telecommunications | 208.85 |
| Utilities, Electric, Gas | 699.43 |
| Total Operations | 2,239.55 |
| S W BOONE Water | 14,000.00 |
| SALES TAX | |
| Arkansas State Tax | 1,762.59 |
| Boone County | 1.48 |
| Carroll County | 7.64 |
| Madison County | 94.47 |
| Newton County | 310.57 |
| Total SALES TAX | 2,176.75 |
| VEHICLE | |
| Fuel | 314.52 |
| Maintenance | 54.50 |
| Total VEHICLE | 369.02 |
| Total Expense | 27,420.30 |
| Net Ordinary Income | 12,051.71 |

Compton Water Association, Inc.
Balance Sheet
 As of February 14, 2017

| | Feb 14, 17 |
|---------------------------------------|------------------|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| CFB 72245 Depreciation Checking | 2,940.97 |
| CFB 8350 Checking | -5,325.55 |
| CFB 72187 Meter Dep Checking | 14,751.05 |
| CFB 72161 Loan Res. Checking | 1,334.87 |
| Water Revenue; Water Sales | -3,639.22 |
| Total Checking/Savings | 10,062.12 |
| Accounts Receivable | |
| Accounts Receivable | 2,388.20 |
| Total Accounts Receivable | 2,388.20 |
| Total Current Assets | 12,450.32 |
| TOTAL ASSETS | 12,450.32 |
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Other Current Liabilities | |
| Water Meter Acct Deposit | 14,450.00 |
| Total Other Current Liabilities | 14,450.00 |
| Total Current Liabilities | 14,450.00 |
| Long Term Liabilities | |
| ARKANSAS NATURAL RESOURCES | |
| Arkansas Natural Resources 1 | 51,231.00 |
| Arkansas Natural Resources 2 | 18,986.00 |
| Total ARKANSAS NATURAL RESOURCES | 70,217.00 |
| USDA Rural Development 01 | 34,652.25 |
| USDA Rural Development 04 | 1,197.53 |
| USDA Rural Development Loan 05 | 17,166.15 |
| USDA Rural Development Debt 09 | 105,083.59 |
| Total Long Term Liabilities | 228,316.52 |
| Total Liabilities | 242,766.52 |
| Equity | |
| Opening Balance Equity | -401,833.02 |
| Unrestricted Net Assets | 159,465.11 |
| Net Income | 12,051.71 |
| Total Equity | -230,316.20 |
| TOTAL LIABILITIES & EQUITY | 12,450.32 |

DISTRIBUTION EFFICIENCY SUMMARY

| | Gallons | Percent |
|------------------------------|-----------|---------|
| Water Supplied to System | 1,512,670 | 100.0% |
| Water Sold to Customers | 1,117,000 | 73.8% |
| Utility Use (fire, flushing) | 20,000 | 1.3% |
| Water Lost | 375,670 | 24.8% |
| Average Use Per Account | 3,569 | |
| Accounts Using Water | 313 | |

SUMMARY BY SERVICE

| | Water | Sewer | Trash | Other1 | Other2 | Other3 | Sales Tax |
|---------|-----------|-------|-------|--------|--------|--------|-----------|
| Charges | 25,588.60 | 0.00 | 0.00 | 101.70 | 55.00 | 0.00 | 2,049.00 |
| Count | 339 | 0 | 0 | 339 | 55 | 0 | 338 |
| Average | 75.48 | 0.00 | 0.00 | 0.30 | 1.00 | 0.00 | 6.06 |

ACCOUNTS RECEIVABLE ANALYSIS

| | | | |
|------------------------------------|-----------|------------|-----|
| Balance Due on December 2016 Bills | | 32,848.16 | 352 |
| Credit Balances | -475.36 | | |
| Debit Balances | 33,323.52 | | 4 |
| Payments | | | 348 |
| Adjustments | | -27,783.43 | 321 |
| Balance after Payments and Adj | | -512.84 | 5 |
| Current | | 4,551.89 | 42 |
| 30 to 60 Days Old | 1,705.80 | | 17 |
| 60 to 90 Days Old | 930.76 | | 7 |
| Over 90 Days Old | 359.61 | | 7 |
| Penalty Charges | 1,555.72 | | 11 |
| Charges for Services | | 401.93 | 47 |
| Balance Due | | 27,794.30 | 339 |
| | | 32,748.12 | |



Compton Water Association, Inc.

DIRECTOR'S REPORT

January 2017 Billing cycle

800-227-5128

Printed Friday, January 27, 2017 @ 14:43

DISTRIBUTION EFFICIENCY SUMMARY

| | Gallons | Percent |
|------------------------------|-----------|---------|
| Water Supplied to System | 2,461,500 | 100.0% |
| Water Sold to Customers | 1,294,000 | 52.6% |
| Utility Use (fire, flushing) | 150,010 | 6.1% |
| Water Lost | 1,017,490 | 41.3% |
| Average Use Per Account | 4,313 | |
| Accounts Using Water | 300 | |

SUMMARY BY SERVICE

| | Water | Sewer | Trash | Other1 | Other2 | Other3 | Sales Tax |
|---------|-----------|-------|-------|--------|--------|--------|-----------|
| Charges | 27,670.30 | 0.00 | 0.00 | 100.80 | 52.00 | 0.00 | 2,218.23 |
| Count | 336 | 0 | 0 | 336 | 52 | 0 | 335 |
| Average | 82.35 | 0.00 | 0.00 | 0.30 | 1.00 | 0.00 | 6.62 |

ACCOUNTS RECEIVABLE ANALYSIS

| | | |
|-----------------------------------|------------|-----|
| Balance Due on January 2017 Bills | 32,748.12 | 353 |
| Credit Balances | -424.77 | 4 |
| Debit Balances | 33,172.89 | 349 |
| Payments | -27,665.78 | 325 |
| Adjustments | 209.39 | 3 |
| Balance after Payments and Adj | 5,291.73 | 51 |
| Current | 2,182.59 | 26 |
| 30 to 60 Days Old | 1,013.49 | 9 |
| 60 to 90 Days Old | 411.42 | 5 |
| Over 90 Days Old | 1,684.23 | 11 |
| Penalty Charges | 582.92 | 71 |
| Charges for Services | 30,041.33 | 336 |
| Balance Due | 35,915.98 | |

January 21, 2017

Allen and Georgina Thrasher
PO Box 828
Compton, AR 72624

Compton Water Association
ATTN: Mitch Jones
PO Box 825
Compton, AR 72624

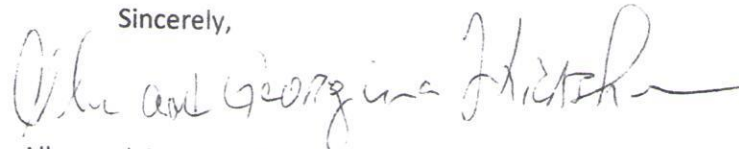
Dear Chairman Jones, Board Members and Employees,

We are scheduled to be out of town at your next board meeting, so we are taking this means to express our appreciation for your volunteer service on behalf of the Compton Water Association. Please read this letter at your February 14 meeting.

We are grateful and indebted to you, the CWA Board and employees, for supplying wholesome water to our home. Thank you for ably and responsibly guiding the CWA through this difficult period in our history. Like all CWA members we wish our water could cost less; and we believe in your efforts to improve future costs. We recognize that mistakes made prior to your administration led to the recent price increase.

Count us among the grateful CWA members who support your volunteer service. You are examples of good citizenship in our local democracy.

Sincerely,

A handwritten signature in cursive script that reads "Allen and Georgina Thrasher". The signature is written in dark ink and is positioned above the printed name.

Allen and Georgina Thrasher