

COMPTON WATER ASSOCIATION
Monthly Meeting Minutes
Held at Compton School, Compton Arkansas
September 14, 2010

Allen Armer called the meeting to order after John Berry, Secretary/Treasurer established there was a quorum. In attendance: Allen Armer, President; John Berry, Secretary/Treasurer; Alexa Davis, Board Member. Also present: Veronica Oitker, Bookkeeper

REPORTS:

MINUTES: All Board Members received and read the Minutes from the August meeting; Allen Armer called for any changes, none stated then called for a motion to approve the minutes, John Berry so moved, Alexa Davis second, motion carried to accept Minutes.

BOOKKEEPER: A P & L Statement was given to each Board Member by Bookkeeper with some explanation. Also submitted was Directors Report showing gallons used and sold as well as the water loss percentage. It was noted that past due accounts were reduced as a result of water disconnects and collections. Both reports were submitted to the minutes.

SECRETARY/TREASURER REPORT: John reported that our debt to SW Boone is now down to \$76,000.00 with all diligence being given to reduce the balance. Regarding water leaks, John reported that several water leaks had been handled and that he and Bobby had gone out at midnight on a leak detection and located within a mile and a quarter a leak on Bradshaw Mountain, though it's not large, it will be addressed. John also reported that the power company drilled into large lines on Plumlee and they were repaired quickly. John also reported that SW Boone sent us brown water and we had to flush approx 100,000 gallons to clean system. Also the boil order on Plumlee Road is lifted.

UNFINISHED BUSINESS:

Lease: Regarding the Compton Community Building, Mike Armer discussed the pending lease agreement between them and Compton Water Assn; he wanted to add to the lease that the building be used for monthly CWA water meetings only and to clarify who would be responsible for water overages or leaks should they occur at Compton Community Building. It was agreed the lease be retyped with these items added or amended and submitted to John Berry who would deliver it to Compton Community Building.

Notary Public report: Allen had left messages for Mr. Clark trying to find out if he was a notary and there was no response from him, Allen said he would continue to try to visit with him otherwise there was no reason to continue on with trying to locate a local Notary.

White Truck: Allen asked if there was a cost submitted by Gaither Mountain Ironworks on the price of changing the racks from the white truck to the gray truck. John said he hadn't been able to get with them because of schedule and that he would keep trying to get the information.

Joy Lonadier: Allen reported that Joy volunteered to be a Board Member however there remains a question as to her ability to remain on the Board; he asked John what the status of this was and John discovered that Joy wasn't a water member of Compton Water Association, she doesn't have ownership in the property in which she resides therefore she is not able to continue as an active Board Member. (Motion) Allen asked for a motion to rescind her position on the Board; motion was made by John Berry second by Alexa Davis, motion carries. Further, John will get in touch with her when she returns from her trip and update her on these changes.

NEW BUSINESS:

Plumlee Community Building: Allen reminded the Board of Plumlee Community Building's request in July to receive no charge water because of their status as a Community Building. He restated that Compton Water chose to have their meeting at Compton Community Building because meetings had been historically held there and this Board chose to continue with the location as a meeting place and that was the reason they received no water charge however, we were converting this arrangement to a landlord/tenant relationship thereby eliminating the Community Building from receiving free water; he also added that we had taken the matter before Bill Rowland of USDA and we were advised to not give free water to any association or member. Mike Armer from Plumlee Community Building first apologized for having a delinquent bill until this matter could be resolved. Second he stated his position on behalf of Plumlee's Board and requested once again that we reconsider giving no charge water to this building; he indicated this building did have community service status because of the cemetery and it's need for a building to have funerals of which there is no charge; also the Plumlee Building has no income and it operates solely off of donations, it's free to the public for funerals and weddings or any function the public would like to have there; he also stated they were operating at a loss and had been for some time and they needed some help. Allen asked the water members present if they would like to express opinion about the Plumlee's request and the Board's decision to continue to charge them a normal water fee. The majority of the people there thought it not necessary to provide Plumlee Community Building with free water. John Berry stated once again that we are governed by ARWA and USDA and they continue to advise that no free water be granted to anyone. Mike Armer asked that the water not be disconnected and that late fees be waived, both were granted. (Motion) Allen Armer asked for a motion on Plumlee's request for no charge water 3 times and no motion was made, therefore the previous decision which the Board made to give no free water to any member would stand.

Joe Truilio: Mr. Truilio, a water member, wanted to establish who owns the water meter and connections, Mr. Berry stated that the water meter belongs to Compton Water and the setting belongs to the property owner. In addition Mr. Truilio declared his property was rented and he wanted his tenant to be able to have the water bill in their name instead of his and that he was not responsible for their water charges. Allen Armer established what the conditions and responsibilities of a membership belong to Mr. Truilio and that a water membership could not be transferred to a tenant because a tenant is not the property owner. Allen stated this matter had been taken to the regulatory agencies over Compton Water and they confirmed that a tenant is not considered a water member until or unless the warranty deed is transferred in their name. Mr. Truilio became argumentative with the Board and did not agree with it's interpretation of the By Laws; therefore Allen Armer called the discussion closed, no motion was necessary upon Mr. Truilio's request. Mr. Truilio did indicate he would return at the next regular meeting with a contract to purchase from his tenant.

Board Nominations: Allen asked if any nominations had been submitted from the Boards annual petition for Board Members. It was stated that John Berry had been nominated and accepted and that Paul Scroggins had been nominated and declined in writing.

Dennis Sternberg Email: Allen asked John Berry to submit a report on an email he received from Dennis Sternberg of Arkansas Rural Water Assn. on the subject of when to pull a meter for delinquency or non use (email is also attached to these minutes). Mr. Sternberg made some suggestions that were contrary to what the Board had voted on prior, discussion was had and Allen called for a motion to correct the situation. (Motion) Allen asked for a motion to pull the meters by the 25th of the same month following the due date of the water bill, John Berry so moved, second by Alexa Davis, motion carries.

In addition, when a customer requests that their water be shut off for an indefinite amount of time then the meter should be pulled. Mr. Sternberg stated that it is against the law for a water member to shut off or to tamper with the meter in any way and that every water user be required to put a shut off valve on their side of the meter should they want to turn off the water for whatever time frame they desire, otherwise there would be a fee to replace the meter. Discussion was had on the Board's prior decision to give an annual complimentary shutoff for a water member who is in good standing because it violates the laws of Arkansas which dictate the operations of a public utility; Alexa made a motion to repeal previous decision, second by John Berry, motion carries.

IRS: Allen refreshed the Board on the matter of 2008 and 2009 Taxes not being completed and Leila Hutton had been visited by John Berry to get her to continue with the preparation of the income taxes for those years. Leila Hutton seems to be avoiding contact with John and not in keeping with her verbal commitment to complete the taxes and because of the deadlines from the IRS Allen turned the matter over to our attorney Gail Inman-Campbell and asked her to originate some communication with the IRS on our behalf. Allen submitted an email he sent to the IRS stating our financial situation, our pending criminal investigation and the avoidance issues we were having with our accountant Leila Hutton and is hoping for a response from them (email copy submitted with these minutes).

Open Questions: Allen asked if there were any questions from the water members who were in attendance and one asked about the pending criminal investigation; Allen gave a general update that is to the best of his knowledge it was going forward but that this Board couldn't discuss it in detail.

Motion to Adjourn: Allen asked for a motion to adjourn, made by Alexa Davis, second by John Berry, motion carried.



Allen Armer, President

10/12/2010

Date



John Berry, Secretary/Treasurer

10-12-2010

Date

Compton Water Association, Inc.
Balance Sheet
As of September 27, 2010

	Sep 27, 10
ASSETS	
Current Assets	
Checking/Savings	
CFB 8350 Checking	22,591.21
CFB 72187 Meter Dep Checking	4,939.73
CFB 72161 Loan Res. Checking	2,000.00
Total Checking/Savings	29,530.94
Total Current Assets	29,530.94
TOTAL ASSETS	29,530.94
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
USDA Rural Development Loan	5,652.00
Total Accounts Payable	5,652.00
Other Current Liabilities	
Road Bond	-1,000.00
Southwest Boone Water Assoc	-12,900.00
Water Meter Acct Deposit	85.00
Total Other Current Liabilities	-13,815.00
Total Current Liabilities	-8,163.00
Long Term Liabilities	
ARKANSAS NATURAL RESOURCES	
Arkansas Natural Resources 1	74,825.00
Total ARKANSAS NATURAL RESOURCES	74,825.00
Total Long Term Liabilities	74,825.00
Total Liabilities	66,662.00
Equity	
Opening Balance Equity	-75,009.64
Unrestricted Net Assets	-11,648.72
Net Income	49,527.30
Total Equity	-37,131.06
TOTAL LIABILITIES & EQUITY	29,530.94

Compton Water Association, Inc.
Profit & Loss
 January 1 through September 14, 2010

Jan 1 - Sep 14, 10

Ordinary Income/Expense	
Income	
Investments	465.19
Reconnect Fees	375.00
Water Sold	160,971.72
Total Income	<u>161,811.91</u>
Gross Profit	161,811.91
Expense	
CONTRACT LABOR	
Abe Phillips	1,000.00
Bill Mcelhaney	240.00
Bill Olsen	6,750.00
Bob Bartlett	375.00
Bobby Hudson	4,700.00
Brad Olsen	-2,266.21
C. J. Barron	552.00
Darin Jackson	400.00
Joyce Sattler	2,400.00
Luke Atkinson	144.00
Tim Fletcher	1,076.73
Tom Gandy	1,350.00
Veronica Oitker	4,400.00
Total CONTRACT LABOR	<u>21,121.52</u>
Contract Services	
Arkansas Dept of Health	594.00
Arkansas One Call	102.60
Arkansas Rural Water Assn.	475.00
Legal Fees	749.10
Total Contract Services	<u>1,920.70</u>
EQUIPMENT	
Computer	1,560.85
Leak Repairs	5,021.79
Mower	195.66
Other Repairs	496.62
Total EQUIPMENT	<u>7,274.92</u>
Facilities and Equipment	
Rent	410.00
Total Facilities and Equipment	<u>410.00</u>
Operations	
Books, Subscriptions, Reference	28.00
Postage, Mailing Service	1,600.75
Printing and Copying	124.28
Supplies	366.36
Telephone, Telecommunications	1,304.12
Utilities, Electric, Gas	2,656.87
Water Works Computer Program	2,828.00
Operations - Other	191.62
Total Operations	<u>9,100.00</u>
Other Types of Expenses	
Bank Service Fees	286.40
Dues	30.00
Insurance - Liability, D and O	711.00
Other Costs	110.00
Total Other Types of Expenses	<u>1,137.40</u>
Road Bond Deposit	1,000.00
S W BOONE Water	86,205.31

Compton Water Association, Inc.
Profit & Loss
January 1 through September 14, 2010

	<u>Jan 1 - Sep 14, 10</u>
SALES TAX	
Arkansas State Tax	1,519.70
Boone County	1.02
Carroll County	5.06
Madison County	89.29
Newton County	296.57
SALES TAX - Other	9,231.13
Total SALES TAX	<u>11,142.77</u>
VEHICLE	
Fuel	2,307.84
Insurance	932.76
Maintenance	1,522.44
Total VEHICLE	<u>4,763.04</u>
VOID CHECKS	<u>-876.84</u>
Total Expense	<u>143,198.82</u>
Net Ordinary Income	18,613.09
Other Income/Expense	
Other Expense	
Ask My Accountant	-44.00
Total Other Expense	<u>-44.00</u>
Net Other Income	<u>44.00</u>
Net Income	<u><u>18,657.09</u></u>

DISTRIBUTION EFFICIENCY SUMMARY

	Gallons	Percent
Water Supplied to System	2,239,860	100.0%
Water Sold to Customers	1,701,000	75.9%
Utility Use (fire, flushing)	30,000	1.3%
Water Lost	508,860	22.7%
Average Use Per Account	5,383	
Accounts Using Water	316	

SUMMARY BY SERVICE

	Water	Sewer	Trash	Other1	Other2	Other3	Sales Tax
Charges	24,825.50	0.00	0.00	100.50	0.00	0.00	1,878.67
Count	335	0	0	335	0	0	335
Average	74.11	0.00	0.00	0.30	0.00	0.00	5.61

ACCOUNTS RECEIVABLE ANALYSIS

Balance Due on September 2010 Bills	35,499.14	339
Credit Balances	-182.59	4
Debit Balances	35,681.73	335
Payments	-32,638.71	324
Adjustments	6.12	12
Balance after Payments and Adj	2,866.55	42
Current	786.39	29
30 to 60 Days Old	449.93	5
60 to 90 Days Old	359.67	1
Over 90 Days Old	1,270.56	7
Penalty Charges	577.72	80
Charges for Services	26,804.67	335
Balance Due	30,248.94	