

Granite Oaks Water Users Association  
**Board Meeting Minutes**  
January 26, 2012

**Approved 3/28/2012**

**BOARD MEMBERS**

Jim Peoples, President Ken Mino, Vice President John James, Treasurer John Monroe, Secretary Gerry Tumey, Director Gene Zutell, Director Dave Kramer, Director (absent)
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**THOSE PRESENT**

Contract Staff

Bob Busch, MDI Taxes & Acctg Bruce Eldredge, MDI Taxes & Acctg Allan Kaplan, Accountant
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The meeting was convened at 8:00am by Jim Peoples. Six board members were present: Dave Kramer was absent.

**1, Minutes of Previous Meeting**

Jim Peoples asked if there were any comments or corrections to the Minutes of the November 30m 2011 meeting. There was one correction. John Monroe should be listed as "Secretary".

**Motion: John James moved to approve the minutes of the Meeting of November 30<sup>th</sup> as corrected. Ken Mino seconded. Motion carried.**

**2. Financial Report**

Allan Kaplan reported that for the year 2011, we were about \$10,000 under budgeted revenue and about \$12,000 over for expenses. The main items in the expense category were the late insurance billing in January and maintenance & repairs done in 2011. Interest income was slightly over budget, but less than previous. For the total year 2011, net income was about \$26,000, about \$18,000 less than 2010. The budget for 2012, the forecast net income is about \$21,700.

By quarter, the expenses were relatively flat. MDI had four months of billing in first quarter (only two the previous quarter). In line item 620, Tank painting and Gentec expense accounted for increases in second quarter. In fourth quarter approximately \$529 of bad debt was written off, which goes against water sales revenue for the quarter.

The Balance Sheet, \$4,000 of assets were added. There is an Accounts Payable due to the December APS bill not arriving until January. Line item 252, Deferred Credits, there was a refund of Advances in Aid of Construction in November of \$1,705. There was a turnover of about 30 customers during the year, with no new meter deposits.

Ken Mino asked about the receivables shown on the balance sheet. Allan explained that since GOWUA is a cash basis reporting company, and revenue is put on the books as accounts receivable when billed, the last month of the year billing is backed out for the final P&L report.

Jim Peoples asked if the Advances in Aid of Construction were only made when a new home is constructed. Allan responded that new meter deposits go to Contributions in Aid of Construction. Bob explained that Account 252, Advances in Aid of Construction are for new meter installations, and that those charges are refunded to the customer over a 10 year period. Account 271, Contributions in Aid of Construction are the amounts for plant and infrastructure contributed or gifted to GOWUA by the developer.

Allan reviewed the cash breakdown. The Max Saver account is now up over \$100,000. Interest rates on the CD's are very low. Capital items for the year were just over \$4,000.

Allan reviewed the Cash Flow for the year. Taxes were slightly higher than 2010 due to higher tax rate. Cash received for the year was down about \$2,000 less than last year.

Allan discussed the capital assets purchased since inception. There was a discussion about the old handhelds and RVS software shown on the report. They should be retired in January 2012 coincident with the purchase of the new handhelds.

Bruce Eldredge introduced himself to new board members. He indicated that with the strong cash position of GOWUA, the board should consider developing a plan for replacement or improvement of plant and equipment. Since GOWUA is a non-profit, it should not have a large cash surplus that is not allocated to a plan for use of the funds.

He reported that the transition to Foothills from Summit Bank has not gone smoothly. Information and reports have been difficult to obtain. The ACH (AutoPay) transition has not gone smoothly. MDI was forced to complete the details on the final weekend, at the very last minute in order to process billing. MDI had difficulty determining whose account was charged with a returned check, as an example. Foothills Bank does not have a provision for notifying the Treasurer when a minimum balance is reached on the Operating Account (as was available with Summit). Also, since Foothills only has a branch in Prescott, deposits are only made once per week.

Bruce responded to questions about banks and deposits and elaborated on the need for a plan for use of the cash funds. After thanking the Board, he left the meeting.

John James reported that the Operating Account had a balance of \$40,292 as of yesterday, and the Corporate Account had a balance of \$41,100.

*Action Item: Bob will work with Bruce Eldredge to investigate banking options and make a recommendation to the board.*

### **3. Manager's Report**

Bob reported that water use reports for November and December show water loss rates are 4.5% and 1.5%, and are more within the expected range. Bob indicated that the November report needs to be revised because the "previous year" numbers are not correct on the report.

*Action Item: Bob will send the board members a revised Comparison Report for November 2011.*

Bob reported that the two new handhelds arrived in December in time for Fann to use for December meter reading. All seems to have gone well in converting to the new handhelds. The bill for the devices arrived in January, so they will be a January capital expenditure.

There have been a couple of inquiries from potential buyers regarding the possibility of drilling a well and from a well owner about the possibility of connecting.

Allan inquired about new construction in the service area. Bob commented that he was aware of only one new home within the last year to year and a half.

Bob noted that there were only five past due accounts in January, down considerably since December. Allan asked if those listed in December and not on the January report had paid up. Bob reported that if they are not listed on the report, they are current.

Jim Peoples asked what a customer pays for new service. Bob responded that a brand new customer, where there has not been a meter installed, must pay approximately \$250 for a standard size meter installation. The cost is deposited in the Advances in Aid of Construction, and the amount is refunded over a 10 year period.

#### **4. Old Business**

##### **4a. Action Items**

Bob reported that all action items were completed except:

*Action Item: Bill (Weber) will follow-up with the carrier to check on well pollution and contact Bob.*

*Action Item: Bob will schedule GenTech to make the remaining repairs and have the manifold shipped to GOWUA.*

*Action Item; Bob will check with Fann to determine feasibility. (Use of moisture sensor in connection with meter reading to help spot leaks).*

There followed a discussion about "Investment Strategy" suggestions made by Jim Peterson at the last meeting. John James thought Peterson wanted GOWUA to invest in stocks & bonds. Bob commented that Peterson also mentioned that the board policies and bylaws might need to be changed to do that.

Jim Peoples suggested deferring the discussion until after a plan for use of the cash on hand is developed. There was a general discussion about some possibilities use of funds in the future, ie purchase of land, drilling a new well.

John James commented that Jim Peterson's report pointed out the amounts listed in the board policies are too low. He indicated more money is needed in the account to reasonably manage the payment of expenses. He said that in actual practice, the balances in the accounts have been much higher than policy states.

*Action Item: A review and discussion of maximum bank account balances will be put on the agenda for the next meeting. Each board member will review the section of the Policy Book prior to the next meeting.*

##### **4b. 2012 Budget**

Bob indicated that the budget included with the board package included interest income amounts recommended by Allan and updated the Capital Budget.

Bob noted that the expense for insurance should be shown in first quarter rather than 4<sup>th</sup> quarter as shown.

Jim Peoples asked whether an amount should be included for a Capital Improvement Program Study. Bob suggested that \$10,000 be budgeted.

**Motion: John Monroe moved to adopt the budget with the addition of \$10,000 for a Capital Improvement Study. Ken Mino seconded. Motion carried.**

## **5. New Business**

There being no further business to discuss, Jim Peoples asked for a motion to adjourn.

**Motion: Ken Mino moved to adjourn the meeting. John James seconded. Motion carried.**

The meeting was adjourned at approximately 9:00a.m.

**Next meeting: Wednesday, March 25, 2012, 8:00am – Post Oak Site**

Minutes transcribed by Bob Busch

**Submitted By:**

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**Secretary**