

Granite Oaks Water Users Association

Board Meeting Minutes

Meeting of June 23, 2021

Approved July 28, 2021

THOSE PRESENT

BOARD MEMBERS

Contract Staff

Jim Bricker - President
Ken Nelson, Vice President -absent
John James, Treasurer
Daryl Mathern, - Secretary
Ron Weber – Board Member

Bob Busch, Manager, GOWUA
Allen Kaplan – Accountant
Cheryl Ibbotson – Ariz Utility Billing Solutions
Derek Scott- A Quality Water Co.-Operator

1. The meeting was convened at 9:00 am at 371 Garden Street, Prescott, by President Jim Bricker.

2. Approval of Minutes of Previous Meetings

Meeting of May 26, 2021

Jim Bricker noted a grammatical correction on page 3.

Motion: Daryl Mathern moved to approve the minutes of May26 as corrected. Ron Weber seconded. Motion passed.

3. Reports:

3a. Financial Report

Allen Kaplan reported that year to date water sales were up about 17k from last year and expensed are 6.5k less than a year ago. Depreciation was 11.6k, higher than a year ago due to the change in the depreciation schedule. Net income was 10.6k is considerably more than last year's loss of 113.4k at this point.

adjustments to depreciation have been made for the year ending December 2020, resulting in an additional \$27,753 of depreciation. The is due to the rate schedule prescribed by the ACC. This resulted a loss of \$12, 998 vs a net income of \$14,588. Current month revenue is up 3.5k from last year even though 200k less gallons were sold than a year ago. Cash balance is up to 221k, an increase of 10k from April.

John James reported that the balance in the Operations account is #11,336 and the balance in the Corporate account is \$113,694. He said he still needs on more Board Member to sign to open the new account.

3b. Operator's Report

Derek Scott The Operator's reported that the County is cleaning the ditches throughout the subdivision and have marked the streets in numerous places. He stated that the Deerfield well is not cycling properly and will contact Empire Cat today. He reported that he is holding off, on weed mowing because it is so dry. Once it rains a bit, he will begin mowing. He reported that MAP sampling will be done today. He will sound the wells today.

Bob Busch asked about the status of the VFD installation project. Derek responded that the equipment is still in transit.

3c. Wallace Report

Cheryl Ibbottson reported that everything is going well. She received nine Proxy's for the Annual Meeting.

She reported that the one customer discussed earlier was disconnected. The bill was paid and service was reconnected.

3d. Manager's Report

Bob Busch reported that he is continuing to follow up on backflow testing. He is working with the customer with the new well on Holy Oaks about installing a backflow prevention unit. The customer says he will have it in place in the next 6 weeks. Bob reported that a notice about the annual CCR will be included with this month's bill, stating that the report is available on the website or by calling the billing office.

4. Old Business

4a. Action Items – All were completed.

Action Item: John James will investigate whether the funds can be added to the existing account or if a new account will be needed. Completed.

Action Item: Bob Busch will investigate the impact of depreciation in setting the 2020 rate case and report to the Board. Bob Busch read a copy of the email sent to Board Members:

The 2020 rate case was finalized using an anticipated annual revenue of \$260,000, which was expected to produce about \$12,500 of annual income – after depreciation. The amount of depreciation included in the calculation was \$47,688. The depreciation amount for 2021 and going forward is expected to exceed \$62,000. That level of depreciation (assuming the expected revenue and other expenses remain as projected) will result in a negative annual operating income, ie a net annual operating loss.

If that is the case, the Company may want to consider another rate case before the one required in 2025.

There followed a short discussion about the effect of depreciation on net income. There will likely be a positive cash flow even though there is an operating loss.

5. New Business

5a. Agenda for the Annual Meeting.

The meeting will be held at the new Hilton Hotel on Montezuma, on Saturday, July 31st at 9:00 AM. there was a discussion about what should be included: Reports from Accountant, President, Operator, Manager with Q&A. Jim Bricker commented that we have sometimes had a guest speaker. There was some discussion about having water

conservation handouts available. There was a discussion about including an explanation of how the leak alerts work.

There was a discussion about possible speakers for the annual meeting. Cheryl commented that one of the systems she handles had a consultant prepare a report on the condition of the aquifer. The study cost about \$3,500.

Daryl Mathern asked about the unaccounted for water amounts this year vs last year. Derek commented that he will be inspection valves and fire hydrants soon to ensure none are leaking.

Meeting was adjourned at approximately 9:35 am.

Next meeting is scheduled for Wednesday, July 28, 2021 at a Wingspace, 371 Garden Street in Prescott.

Minutes transcribed by Bob Busch

Submitted By:

Secretary