MT. SHERMAN WATER ASSOCIATION
P.O. BOX 356
JASPER, AR 72641

October 6, 2004

Dear Directors:

Enclosed please find the transaction report for September, board minutes, directors report and financial information.

Our certificate of deposits are currently worth $83556.74.

Enclosed is the proposed 2005 budget. We must approve and send a copy of our board minutes showing approval to Farmer's Home Administration.

If you have any questions before the meeting please feel free to give me a call.

Thank You,

Karen

Karen Edgmon
Billing Clerk
Mt. Sherman Water Association

Transaction Report

9/1/04 Through 9/30/04

Date	Num	Description	Memo	Category	Clr	Amount
		BALANCE 8/31/04				12,836.70
9/2/04	3344	Walmart	cartridge fax machine	Supplies, Bus		-38.38
9/3/04	DEP			Regional Water Association		100.00
9/7/04	DEP			Water Sales		83.39
9/7/04	DEP			Water Sales		849.37
9/7/04	3345	Arkansas House	rent for regional meeting	Regional Water Association		-40.00
9/10/04	DEP			Water Sales		2,806.72
9/14/04	DEP			Water Sales		1,274.70
9/15/04	EFT	F H A		Loan		-1,020.00
9/16/04	DEP			Water Sales		1,151.69
9/17/04	3346	Dept. Of Finance & Adm.		Sales Tax		-509.00
9/22/04	DEP			Water Sales		1,904.23
9/22/04	EFT	Tri Co. Telephone		Utilities:Telephone		-33.36
9/22/04	EFT	Tri Co. Telephone		Utilities:Telephone		-40.07
9/23/04	DEP			Water Sales		1,374.14
9/23/04	3347	Karen Edgmon	+ mileage regional water	Contract Labor		-777.92
9/23/04	3348	Karen Edgmon		Rent		-60.00
9/24/04	DEP			Water Sales		306.01
9/24/04	EFT	Carroll Electric		Utilities:Gas & Electric		-11.70
9/24/04	EFT	Carroll Electric		Utilities:Gas & Electric		-63.70
9/24/04	EFT	Carroll Electric		Utilities:Gas & Electric		-980.77
9/24/04	3349	Ivan Reynolds		Contract Labor		-1,100.00
9/24/04	3350	Arkansas House	rent for regional meeting	Regional Water Association		-40.00
9/29/04	DEP			Water Sales		319.00
9/30/04	DEP			Interest Inc		1.95
9/30/04	3351	Jasper Post Office	(16.28) regional water asso...	Postage and Delivery		-106.00
		TOTAL 9/1/04 - 9/30/04				**5,350.30**
		BALANCE 9/30/04				18,187.00

TOTAL INFLOWS	10,171.20
TOTAL OUTFLOWS	-4,820.90
NET TOTAL	**5,350.30**

Scribe:	Odie J. Watts		
Date:	**September 13, 2004**	**Time:** 5:58 PM – 6:25 PM	

Board Members:

Key	**Board Member Attendees:** Key: * Attended, # Absent	Phone
*	Bowen, Jim – BOARD PRESIDENT	446-2171
*	Edgmon, Karen – BOOKKEEPER	861-5641
*	Lee, Koby – BOARD MEMBER	861-5158
*	Reynold, Ivan – WATER OPERATOR	446-5352
*	Stivers, Betty – BOARD MEMBER	446-5744
#	Szabrowicz, Ben – BOARD MEMBER (On Vacation)	446-6007
*	Voshell, Calvin – BOARD MEMBER	446-2270
*	Watts, Odie – SECRETARY	861-5848

Customers and Guests:

Key	**Board Meeting Attendees:**	
	Mike Rocole, water system customer attended meeting.	

Minutes and Business Discussions:

Agenda	Main Points, Conclusions/Discussions, Decisions
1. Call to Order	Meeting called to order by Jim Bowen, President at 5:58 PM
2. Meeting Minutes	The minutes from the August 9, 2004 meeting were approved at written. Motion to approve the minutes – Betty Stivers. Second by Calvin Voshell. No Abstentions.
3. Financial and Water Association Director's Report	The financial report for the period August 1 through August 31, 2004 was approved as presented by Karen Edgmon. Motion to approve the reports – Koby Lee. Second by Calvin Voshell. No Abstentions. ▪ Had 1 non-payment. Karen will call to discuss the matter with the customer. Karen Edgmon presented the Water Association Director's Report. Motion to approve – Calvin Voshell. Second by Koby Lee. No Abstentions.
4. Water Operator's Report	Ivan Reynolds presented the Water Operator's report. ▪ Complaint of low pressure from Larry Lager. Changed meter by no change in pressure. Recommended changing pressure regulator. ▪ Leak repaired by Josia Cooper but meter still indicates another leak in system. ▪ Checked complaint from Barbara Hurd about size of her bill. She has problems with toilet. ▪ Responded to Arkansas One Call in Low Gap area. ▪ Shiloh bid and Low Gap Fire Hydrant bid are still pending ▪ Sent proof of Radium notification along with newspaper article to ADH. Also sent chemical treatment and monthly biological monitoring reports. ▪ Received notice of meeting with Arkansas Dept of Health concerning radium contamination violations. Karen distributed notice to board members. ▪ Ivan indicated he is scheduled to go into the hospital and will not be able to read the meters next month.
5. Old Business	▪ Action Item 2: Ivan indicated the marking of meter boxes is a work in progress. ▪ Action Item 3: Ivan is keeping the item open pending final estimates. Parts are on order for the fire hydrant at Low Gap. ▪ Action Item 4: Complete and CLOSED. ▪ Action Item 6: Complete and CLOSED. Ivan brought a photo display of hydrant locations which will be displayed at the Mt. Sherman VFD main station. The display

Agenda	Main Points, Conclusions/Discussions, Decisions
	was well received. Very professional and informative.
6. New Business	▪ A note from Jim Bowan: The Ozark Mountain Regional Water Alliance has met and of the 12 engineering firm respondents 3 have been selected. On 9/25/04 member of the Alliance will hold a meeting to make the final selection from the 3 finalists. In addition, Jim indicated Congressman Boozman's office has been contacted about funding but no action is expected until after the November elections. ▪ Karen Edgmon distributed a draft letter she wrote in response to the Arkansas Department of Health Order and Notice of Hearing. The letter was approved by the board and will be sent to Mr. Quattlebaum at the Department of Health. ▪ Since Ivan will be not be able to read meters for September, 2004 billing the bills will be estimated. Jim asked Karen to indicate on the bills that the amount due has been estimated **(Action Item)** ▪ Inquiry was made to Ivan from Mike Rocole about when the water pressure problem might be corrected at the house in Low Gap that he is leasing. Ivan indicated he would take care of notifying the contractor and the problem would be corrected before September 15, 2004 **(Action Item).**
7. Adjournment	Meeting adjourned at 6:25 PM.
8. Next Meeting	The next meeting is scheduled for **October 11, 2004 at 6:00 PM** at the Mt. Sherman Volunteer Fire Department main station.

Action Items for Discussion and Update at Next Meeting:

Item No.	Opened Date	Description	Assigned To	Target Date	Status
AI 2	7/12/04	Obtain enamel paint and begin marking each meter box. Reported on 8/9/04 that action was postponed due to rain. Reported on 9/13/04 that work is in progress	Ivan Reynolds	10/11/04	**IN WORK**
AI 3	8/9/04	Obtain 2nd estimates to replace the water line on Shiloh near J.E. Edgmon's and install a fire hydrant at Low Gap. Indicated on 9/13/04 that estimates are pending. Parts are on order for the fire hydrant at Low Gap.	Ivan Reynolds	10/11/04	**OPEN**
AI 7	9/13/04	Indicate on next billing that bills are being estimated.	Karen Edgmon	10/11/04	**OPEN**
AI 8	9/13/04	Contact contractor about correcting the water pressure problem at the house Mike Rocole is leasing in Low Gap.	Ivan Reynolds	10/11/04	**OPEN**

MT. SHERMAN WATER ASSOCIATION
Director's Report
For the Month of September 04
Printed: 09/29/04 06:05

DISTRIBUTION EFFICIENCY SUMMARY

	Gallons	Percent
Water Supplied to System	1,430,560	100.0%
Water Sold to Customers	1,284,090	89.8%
Utility Use(fire,flushing)	0	0.0%
Water Unaccounted For(lost)	146,470	10.2%
Average Use Per Account	4,224	

SUMMARY BY SERVICE

	Water	Sewer	Fire Dues	Trash	Other	Sales Tax
Charges	8729.45	0.00	0.00	0.00	76.25	601.33
Average	28.72	0.00	0.00	0.00	0.25	1.78
Active	304	0	0	0	304	338
Inactive	35	339	339	339	35	1

ACCOUNTS RECEIVABLE ANALYSIS

	Amount	Accounts
Balance Due BOM (begin/Month)	11,576.00	304
Credit Balances BOM	(56.72)	5
Debit Balances BOM	11,632.72	299
Payments	9,986.46	288
Charges for Services	9,407.03	
Penalty Charges	197.19	33
Adjustments	33.76	5
Total Delinquent EOM (end/month)	697.63	19
Delinquent EOM (30-60 days)	410.25	11
Delinquent EOM (60-90 days)	172.09	4
Delinquent EOM (over 90)	115.29	4
Credit Balances EOM	(86.08)	3
Debit Balances EOM	11,313.60	302
Balance Due EOM	11,227.52	305
Disconnections	1	
Disconnected & Uncollected	0.00	
New Customers Added	0	

Check Register

Soil & Water
10/6/2004

Date	Num	Transaction		Payment	C	Deposit	Balance
2/17/2004	DEP					1,400.00	2,460.19
3/31/2004	DEP					0.65	2,460.84
		cat:	Interest Inc				
4/13/2004	DEP					1,000.00	3,460.84
5/13/2004	DEP					1,000.00	4,460.84
6/8/2004	DEP					1,000.00	5,460.84
6/30/2004	DEP					1.54	5,462.38
		cat:	Interest Inc				
7/13/2004	DEP					1,000.00	6,462.38
8/19/2004	DEP					1,000.00	7,462.38
8/30/2004	DEP					2.56	7,464.94
		cat:	Interest Inc				

Check Register

Depreciation Account
10/6/2004

Date	Num	Transaction	Payment	C	Deposit	Balance
2/17/2004	DEP	cat: Transfer			4,000.00	27,240.19
2/18/2004	EFT	To CD # 6102001697 cat: Transfer	10,000.00			17,240.19
3/31/2004	DEP	cat: Interest Inc	7.63			17,232.56
4/13/2004	DEP	cat: Transfer			2,000.00	19,232.56
5/13/2004	DEP	cat: Transfer			2,000.00	21,232.56
6/8/2004	DEP	cat: Transfer			2,000.00	23,232.56
6/30/2004	DEP	cat: Interest Inc			7.67	23,240.23
7/13/2004	DEP	cat: Transfer			2,000.00	25,240.23
8/4/2004					15.26	25,255.49
8/19/2004	DEP				2,000.00	27,255.49
9/30/2004	DEP	cat: Interest Inc			9.78	27,265.27

Form RD 442-2
(Rev 9-97)

UNITED STATES DEPARTMENT OF AGRICULTURE
STATEMENT OF BUDGET, INCOME AND EQUITY

Schedule 1

Name: Mt Sherman Water Association

Address: P O Box 356 Jasper AR 72641

For the ______ Months ended ______

[1]	PRIOR YEAR Actual [2]	ANNUAL BUDGET BEG Jan 2004 END Dec 31 2004 [3]	CURRENT YEAR Actual Data Current Quarter [4]	Year to date [5]	Actual YTD (Over) Under Budget Col 3 - Col 5 = 6 [6]
OPERATING INCOME					
1 Water Sales		105000.00			
2 Installation		2080.00			
3 Interest		600.00			
4					
5 Miscellaneous					
6 Less Allowances and Deductions					
7 Total Operating Income (Add lines 1 though 6)		107680.00			
OPERATING EXPENSES					
8 Wages		22014.00			
9 Maint & Chemical		16000.00			
10 Misc		800.00			
11 Office Exp.		1000.00			
12 Utilities		14000.00			
13 Ins.		1500.00			
14 Sys Maint		20000.00			
15 Interest FmHA		12240.00			
16 Depreciation Soil Wtr		6000.00			
17 Total Operating Expense (Add Lines 8 through 16)		93554.00			
18 NET OPERATING INCOME (LOSS) (Line 7 less 17)		14126.00			
NON-OPERATING INCOME					
19					
20					
21 Total nonoperating Income (Add lines 19 and 20)		14126.00			
22 NET INCOME (LOSS) (Add lines 18 and 21)					
23 Equity Beginning of Period					
24					
25					
26 Equity End of Period (Add lines 22 through 23)					

Budget and Annual Report Approved by Governing Body

Quarterly Reports Certified Correct

Secretary ______ Date ______ Appropriate Official ______ Date ______

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is0575-0015. The time required to complete this information estimated to average 2 1/2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and rewiewing the collection of information.

Schedule 2

PLEASE COMPLETE ALL OF THIS FORM

PROJECTED CASH FLOW

For the Year BEG. ______ END. ______

A.	Line 22 from Schedule 1, Column 3 NET INCOME (LOSS)	
	Add	
B.	Items in Operations not Requiring Cash:	
	1. Depreciation (line 16 schedule 1)	
	2. Others:	
C.	Cash Provided From:	
	1. Proceeds from FmHA loan/grant (Balance FmHA Interest Acct)	
	2. Proceeds from Others	
	3. Increase (decrease) in Accounts Payable etc.	
	4. Decrease (increase) in Accounts Receiveable, etc.	
	5. Other:	
	6.	
D.	Total all A,B,C Items	$0.00
E.	Less: Cash Expended for:	
	1. Construction, Equipment, New Capital (loan & grant funds)	
	2. Replacement and additions to existing property, plant, equipt.	
	3. Principal Payment FmHA Loan (Included Line 15)	
	4. Principal Payment Other Loans (Included Line 14)	
	5. Other:	
	6. Total E1 through 5	$0.00
	Add	
F.	Beginning Cash Balances	
G.	Ending Cash Balances (Total of D minus E6 Plus F)	$0.00

Item G Cash Balances Composed of:		(Current Year)	Budget Year)
Construction Account	Savings	27265.37	
Revenue Account	C D'S	83556.74	
Debt Payment Account	Savings	7464.94	
O&M Account	Checking	16265.03	
Reserve Account	Saving Bonds -	25231.00	
Funded Depreciation Accountt			
Other:			
Total (Agrees with Item G)		$159783.08	$