

MT. SHERMAN WATER ASSOCIATION
P.O. BOX 356
JASPER, AR 72641
(870) 861-5580

Dear Directors:

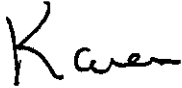
Enclosed please find the transaction report, board minutes, and director's report for the month of May 2005.

I have collected on the bad debt of Monica Self and have filed a release deed at the Newton County Clerk's Office.

Our annual board meeting will need to be held directly after our regular board meeting. A notice was sent on the back of the water bills informing all our customers.

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

Thank You,



Karen Edgmon, Billing Clerk
Mt. Sherman Water Association

Transaction Report

5/1/05 Through 5/31/05

Date	Num	Description	Memo	Category	Clr	Amount
BALANCE 4/30/05						17,412.51
5/5/05	DEP			Water Sales		1,502.64
5/9/05	3427	Arkansas One Call	June	Dues and Subscriptions		-11.40
5/9/05	3428	Jim Culver/ Buffalo River R...		Contract Labor		-100.00
5/9/05	3429	Karen Edgmon		Contract Labor		-731.50
5/9/05	3430	Karen Edgmon		Rent		-60.00
5/10/05	DEP			Water Sales		1,325.83
5/13/05	DEP			Water Sales		260.00
5/13/05	DEP			Water Sales		1,353.47
5/16/05	EFT	F H A		Loan		-1,020.00
5/18/05	DEP			Water Sales		846.60
5/18/05	3431	Newton County Clerk's Office	release lein Self Property	Bad Debt		-8.00
5/18/05	3432	Dept. Of Finance & Adm.		Sales Tax		-533.00
5/20/05	DEP			Water Sales		136.52
5/20/05	DEP			Water Sales		1,115.71
5/23/05	3433	Family Dollar Store	envelopes	Supplies, Bus		-6.54
5/24/05	DEP			Water Sales		1,032.21
5/24/05	EFT	Tri Co. Telephone		Utilities:Telephone		-33.42
5/24/05	EFT	Tri Co. Telephone		Utilities:Telephone		-29.03
5/26/05	EFT	14.38		Utilities:Gas & Electric		-14.38
5/26/05	EFT	Carroll Electric		Utilities:Gas & Electric		-51.78
5/26/05	EFT	Carroll Electric		Utilities:Gas & Electric		-972.76
5/27/05	3434	Jasper Post Office	postage	Postage and Delivery		-148.00
5/30/05	3435	Ivan Reynolds	reimburse	Contract Labor		-1,100.00
5/30/05	3436	Jim Culver/ Buffalo River R...		Contract Labor		-100.00
5/31/05	DEP			Interest Inc		3.40
5/31/05	DEP			Water Sales		890.70
TOTAL 5/1/05 - 5/31/05						3,547.27
BALANCE 5/31/05						20,959.78
TOTAL INFLOWS						8,467.08
TOTAL OUTFLOWS						-4,919.81
NET TOTAL						3,547.27

Mount Sherman Water Association – MEETING MINUTES

Scribe:	Odie J. Watts	
Date:	May 9, 2005	Time: 5:32PM – 6:22 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
*	Reynolds, Ivan – WATER OPERATOR	446-5352
*	Stivers, Betty – BOARD MEMBER	446-5744
*	Szabrowicz, Ben – BOARD MEMBER	446-6007
#	Voshell, Calvin – BOARD MEMBER	446-2270
*	Watts, Odie – SECRETARY	861-5848

Customers and Guests:

Key	Board Meeting Attendees:
	No guests or customers 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 5:32 PM
2. Meeting Minutes	The minutes from the April 11, 2005 meeting were approved at written. Motion to approve the minutes – Betty Stivers. Second by Koby Lee. No Abstentions.
3. Financial and Water Association Director's Report	The financial report for the period April 1 through April 30, 2005 was presented by Karen Edgmon: ▪ Reported nothing significant in this month's financial report. ▪ Noted that insurance premium for Board protection was paid last month. ▪ Recorded a 23.5% water loss rate. Jim Bowen requested Ivan Reynolds to investigate the cause. Jim Bowen further requested Ivan Reynolds work with Karen Edgmon at least 2 times per month to determine water loss rates so any problems may be detected sooner. (ACTION ITEM) ▪ Motion to approve the reports – Koby Lee. Second by Betty Stivers. No Abstentions.
4. Water Operator's Report	Ivan Reynolds presented the Water Operator's report. ▪ Expecting to install a meter for the Rocolles. Advised the deal had fallen through and that no meter should be installed. ▪ Reported that a discussion with Orlon Kilgore had taken place regarding the MSHA property. SEE DISCUSSION ON THE SUBJECT UNDER NEW BUSINESS. ▪ Reported Everett Hays has requested his name be removed from the account of the people currently living at his old address. Board agreed to change the names on the account. ▪ Reported Sam Freeman called to report a leak at his meter. He had dug it up so the meter setter was replaced to ensure no leakage after the hole was filled. ▪ Reported Bill Sloss bought the Leeser place and the Buffalo Outdoor Adventures Canoe Rental. Service will be changed to reflect the new owner. ▪ Reported a meter has been installed for Jesse Edgmon. ▪ Reported that plans for the Demuth extension are at the Arkansas Dept of

Mount Sherman Water Association – MEETING MINUTES

Agenda	Main Points, Conclusions/Discussions, Decisions
	Health for review and should be back by the next Board meeting. Jim Bowen indicated he has a copy of the letter the Arkansas Dept of Health sent back. SEE DISCUSSION OF THAT LETTER UNDER NEW BUSINESS. Motion to approve Operator's Report – Koby Lee. Second by Ben Szabrowicz. No Abstentions.
5. Old Business	▪ Action Item 2: IN WORK: Ivan indicated the marking of meter boxes is a work in progress. ▪ Action Item 12: ON HOLD. Tree removal from the MSWA property is still awaiting property boundary dispute settlement. A meeting will be organized by Ivan Reynolds with the Kilgore heirs to begin the boundary settlement process. Ivan Reynolds will organize the meeting for a date yet to be set. Jim Bowen and other Board Members will be in attendance. ▪ Action Item 13: ON HOLD. Since the property issues are left to be resolved no trees will be removed and no fencing will be installed around the MSWA property. ▪ Action Item 17: ON HOLD. The Demuth extension project is pending the Engineering Report and approval by the Arkansas Department of Health. Jim Bowen has a copy of the letter from the Arkansas Department of Health to the Project Engineer. The letter stipulates all the items that must be completed before work can proceed on the project. Jim Bowen indicated he would take on the task to obtain copies of the Engineering Report and the Report by the Arkansas Department of Health (ACTION ITEM). Jim Bowen inquired as to who hired the engineer for the project and who was paying for their services. Ivan Reynolds reported that he and his partner had hired the engineer and that the project owners would be paying for the engineering services. Jim Bowen indicated that the Board must have copies of all the reports concerning the project and that all the stipulations of the Arkansas Department of Health must be complied with before the Board would approve the project. ▪ Action Item 20: CLOSED. Karen Edgmon researched the cause of the reported 13% increase in the cost of maintenance between 2003 and 2004 as reported by the USDA. Karen's assessment was that the increase was legitimately reported and that the increased maintenance cost should be stable from 2004 to 2005. ▪ Action Item 21: CANCELED. A new action item was opened to address the boundary dispute now taking place regarding the MSWA property. See Action Item below. ▪ Action Item 22: CLOSED. The new Operating Policy has been written and should be passed out at the June meeting. Jim Bowen requested Karen Edgmon calculate the MSWA cost per 1,000 gallon and add that to the Operating Policy in the appropriate places. Also requested Karen Edgmon include the MSWA cost in the determination of water loss per 1,000 gallons. (ACTION ITEM) ▪ Action Item 23: CLOSED. The position paper was written and signed by the Board members. The position paper was read into the minutes at the last meeting of the Water Alliance. ▪ Action Item 24: CLOSED. Odie Watts developed the Inventory Control System and loaded it to the MSWA computer. The system ready to put into use after all the data entry work is complete.
6. New Business	▪ Ivan Reynolds reported he had talked to Orion Kilgore and he stated that his brothers made a deal the Lytle James on the boundary disputes. However, there still seems to be some dispute outstanding. The Board agreed that Odie Watts will write a letter to all parties involved in the boundary dispute inviting them to the June meeting in an attempt to resolve the dispute before any legal action is initiated to resolve the matter. (ACTION ITEM). ▪ Jim Bowen requested Ivan Reynolds work with the Board to ensure all the reports, both from the Project Engineer and the Arkansas Department of Health, are available to the Board for approval. Jim Bowen volunteered to get the reports on his next trip to the Department of Health offices. (ACTION ITEM).

Mount Sherman Water Association – MEETING MINUTES

Agenda	Main Points, Conclusions/Discussions, Decisions
	Karen Edgmon requested meter readings from Ivan Reynolds by the 24th of May since she has to go out of town. Ivan agreed to provide the meter readings earlier than usual. No action item was created as Karen and Ivan will work together on this schedule.
7. Adjournment	Meeting adjourned at 6:22 PM.
8. Next Meeting	NOTE MEETING START TIME: The next meeting is scheduled for June 13, 2005 at 5:30 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. As of meeting on 5/9/05 Ivan reported the work was still in progress.	Ivan Reynolds	12/13/04	IN WORK
AI 12	11/8/04	Coordinate with Roger Faulk on tree removal. See related Action Items 18 and 21.	Ben Szabrowicz	12/13/04	ON HOLD
AI 13	11/8/04	Get 2 – 3 estimates for completing the fencing of property after tree removal. See related Action Items 18 and 21.	Ben Szabrowicz	12/13/04	ON HOLD
AI 17	3/14/05	Develop plans and agreements regarding the Dick DeMuth project and present them to the Board for approval. (See above discussion under "Water Operator's Report"). Present the proposal to the Board during the May 9, 2005 meeting complete with all the required stipulations which are outlined in the meeting minutes from the March 14, 2005 meeting. As of 6/9/05 the Board is awaiting action from the Project Engineering and reports from both the Engineer and the Arkansas Department of Health.	Ivan Reynolds	5/9/05	ON HOLD
AI 20	4/11/05	Contact USDA and determine how they calculated the 13% increase in expenses between 2003 and 2004 as they reported in their letter which was handed out to the Board during the April 11, 2005 meeting. Also question the USDA on the meaning of the date: Thursday, February 6, 2003 which appeared on the letter passed out to the Board on 4/11/05. Otherwise, the letter received by the Board is undated.	Karen Edgmon	5/9/05	CLOSED
AI 21	4/11/05	Organize a meeting with the Kilgore heirs to discuss, and hopefully resolve, the boundary issues surrounding the MSHA property. Notify Jim Bowen of the meeting time and place.	Ivan Reynolds	5/9/05	CLOSED
AI 22	4/11/05	Incorporate all the revisions to the MSHA Operating Policy that were discussed during the April 11, 2005 meeting and prepare a final draft to the Board at the May 9, 2005 meeting for approval.	Odie Watts	5/9/05	CLOSED

Mount Sherman Water Association – MEETING MINUTES

Item No.	Opened Date	Description	Assigned To	Target Date	Status
AI 23	4/11/05	Prepare a position paper on the Water Alliance project implementation plan and have all the Board Members of the MSWA sign the paper before it is presented to the Alliance.	Jim Bowen	5/9/05	CLOSED
AI 24	4/11/05	Develop and inventory control system so Ivan Reynolds and Karen Edgmon can control and monitor equipment and supplies owned by the MSWA.	Odie Watts	5/9/05	CLOSED
AI 25	4/11/05	Develop a new "Boil Order" phone tree and pass it to the Board for approval	Karen Edgmon	6/13/05	OPEN
AI 26	5/9/05	Calculate water loss rates at least 2 times per month so problems can be detected and corrected sooner.	Karen Edgmon and Ivan Reynolds	6/13/05	OPEN
AI 27	5/9/05	Obtain copies of the Demuth Project report from the project engineer and the Arkansas Department of Health. Present the reports to the Board for approval.	Jim Bowen	6/13/05	OPEN
AI 28	5/9/05	Calculate the production cost per 1,000 gallons of water so that costs can be used to adjust customer bills in accordance with the MSWA Operating Policy. Include the cost to be charged to the customer in the Operating Policy at the appropriate places. Also, on the "Director's Report" report the cost of water loss based on the production cost per 1,000 of water.	Karen Edgmon	6/13/05	OPEN
AI 29	5/9/05	Write letters to Edward Kilgore, Ronnie Kilgore, Lytle James, and Jim Culver inviting them to the Board meeting on June 13. Purpose of the letter is to try to resolve the property boundary dispute.	Odie Watts	6/13/05	OPEN

MT. SHERMAN WATER ASSOCIATION

Director's Report

For the Month of May 05

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DISTRIBUTION EFFICIENCY SUMMARY

	Gallons	Percent
Water Supplied to System	1,651,400	100.0%
Water Sold to Customers	1,218,480	73.8%
Utility Use (fire, flushing)	0	0.0%
Water Unaccounted For (lost)	432,920	26.2%
Average Use Per Account	4,048	

SUMMARY BY SERVICE

	Water	Sewer	Fire Dues	Trash	Other	Sales Tax
Charges	8462.46	0.00	0.00	0.00	75.75	591.23
Average	28.11	0.00	0.00	0.00	0.25	1.73
Active	301	0	0	0	301	341
Inactive	41	342	342	342	41	1

ACCOUNTS RECEIVABLE ANALYSIS

	Amount	Accounts
Balance Due BOM (begin/Month)	9,819.61	300
Credit Balances BOM	(178.98)	8
Debit Balances BOM	9,998.59	292
Payments	8,067.16	294
Charges for Services	9,129.44	
Penalty Charges	232.17	34
Adjustments	3.49	2
Total Delinquent EOM (end/month)	1,168.50	20
Delinquent EOM (30-60 days)	381.18	10
Delinquent EOM (60-90 days)	277.58	5
Delinquent EOM (over 90)	509.74	5
Credit Balances EOM	(186.38)	5
Debit Balances EOM	11,303.93	298
Balance Due EOM	11,117.55	303
Disconnections	3	
Disconnected & Uncollected	0.00	
New Customers Added	2	