

Jerry Neal  
4428 Hilltop Rd  
Ewing, Ky. 41039  
Dec. 5, 2005  
606-267-4331

Mr Bob Amato + PSC Case No. 2005-00462

Mr Amato I talked with you about three weeks ago about my re-appointment to West Fleming water Board. That all six of the wanted to re-appoint me, but Judge Larry Foxworth would not recommend me so this appointment will have to be made by the PSC

The reason he wont re-appoint me is that I'm a Democrat. I dont think politics should pay a part only what's best for the people.

The water district is being run very effectonally during my time on the board & as Churman part of the time. We went from little money to nine hundred dollars in the bank at present time.

We could possibly have the cheapest & best quality water in the state. Our rates are \$11.60 for first 2000 gallon. 3.30 per 1000 for next 5000 gal & 1.85 for all over 10,000, per 1000. Our meter hook on's are \$425.00.

If Larry Ingram were to be appointed, the person the Judge recommended, the of the fire Commissioners would live within 1/4 mile of Ewing. Our district runs 8 to 11 miles from Ewing to Hilltop, Peck Ridge, Craintown & Sherburn. Every community would not be represented.

I just don't feel that it fair not to be re-appointed because of politics.

If you have any questions please call me. 606-267-4331

Enclosed find memos of several meetings and two years audits. As you can see our meetings run real well

Thank You  
Jerry Neal  
Chairman W.F.W.D

WESTERN FLEMING COUNTY WATER DISTRICT  
MINUTES FROM BOARD MEETING  
NOVEMBER 16, 2005

MEETING CALLED TO ORDER BY JERRY NEAL, CHAIRMAN

MOTION MADE BY JIM HUSTON AND SECOND BY BILLY MCINTYRE TO  
ACCEPT MINUTES FROM LAST MEETING.

OLD BUSINESS:

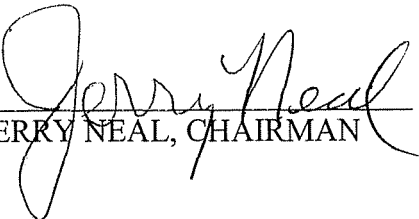
1. WATER LOSS THIS MONTH WAS 734,740 GALLONS.

NEW BUSINESS:

1. LARRY DEARING CAME TO DISCUSS CLYDE THOMAS PROPERTY. AFTER MUCH DISCUSSION AND CONCERNS ABOUT THE EIGHT INCH LINE AND THE CONCRETE PIT AND THE FACT THAT CLYDE WANTS TO SALE THE LOT FOR BUILDING PURPOSES. A MOTION WAS MADE BY VERNON BARTON AND SECOND BY JIM HUSTON TO GIVE THE LAND BACK TO CLYDE WITH THE STIPULATION THAT ALL EXISTING EASEMENTS STAY AS IS AND ANY EXPENSE OF WATER LINE BEING MOVED WILL BE AT THE LAND OWNERS COST NOT WFCWD. VOTE WAS UNANIMOUS. PAT PRICE WILL FIX THE DEED AND LARRY DEARING WILL RELAY THE DISCISION TO CLYDE THOMAS.
2. MARK FRYMAN ADDRESSED THE BOARD ABOUT THE PROBLEM HE IS HAVING WITH HIS WATER. SAID THE PROBLEM STARTED IN MAY WITH DIRTY WATER AND CAUSING PROBLEMS WITH HIS WATER LINES. HAS BEEN WOKEN UP DURING THE NIGHT BY LOUD NOTICE CAUSED FROM HIS HOT WATER HEATER. THIS HAS HAPPENED SEVEN OR EIGHT TIMES NOW. HE WANTS TO BE NOTIFIED WHEN THE LINES ARE GOING TO BE FLUSHED AND HE WILL TURN THINGS OFF IN HIS HOUSE. VERNON SUGGESTED THAT HE PUT A CHECK VALVE IN HIS HOUSE TO HELP WITH THE PROBLEM. COMMISSIONERS ASSURED MARK THAT THE NEXT TIME THE LINES ARE FLUSHED THAT JOHNNY WILL CONTACT HIM OR TURN HIS METER OFF. AS FAR AS THE QUALITY OF THE WATER HE IS NOT SATISFIED AND STILL HAS TO BUY WATER TO DRINK.
3. JUNE KOEHLER HAD SOME CONCERNS ABOUT THEIR WATER AND FRED WILL GET BACK WITH HIM.

5. BILLY ED SAID THEY WERE HAVING A PROBLEM WITH ONE OF THE PUMPS AND THE FIRST COMPANY HE TOOK IT TO DID'NT FIX IT AND HE TOOK IT TO KY. SERVICE, IT IS FIXED AND BILLY WILL PICK UP THIS WEEK. BILLY ALSO SAID THE MCL'S AND HHÁ'S ARE GOOD THIS MONTH.
6. COMMISSIONERS DISCUSSED THE BLACK TOPPING AT WATER PLANT AND THE OFFICE PARKING LOT. NEED TWO OR THREE BIDS AND MICHAEL HUNT WILL BE GETTING THESE.
7. VERNON BARTON WILL TRY TO START NEXT WEEK ON THE BUILDING FOR THE GENERATOR.
8. JERRY WILL CHECK WITH JOHNNY JAMES ABOUT TANK FOR WATER PLANT.
9. JERRY SAID ELWOOD HOWE WANTS TO MEET NEXT WED. AUGUST 31<sup>ST</sup> AT 4:00 P.M. AT THE WATER OFFICE, TO DISCUSS THE BUILDING NEXT DOOR.
10. WE RECEIVED AN APPLICATION FROM BUFFALO TRACE AREA DEVELOPMENT FOR GRANT MONEY TO BE USED FOR CONSTRUCTION, RECONSTRUCTION, RENOVATION, DEBTS AND ETC.. THE COM MISSIONERS ALL AGREED TO SEND APPLICATION IN FOR 1. BASIN 2. UPGRADE RIVER PUMPS 3. (7) FLUSH HYDRANTS 4. BUILDING FOR GENERATOR 5. RENOVATING BUILDING NEXT TO OFFICE.
11. NEXT MEETING WILL BE SEPTEMBER 21<sup>ST</sup> AT 7:00 P.M.

MEETING ADJOURNED AND COMMISSIONERS WENT INTO EXECUTIVE SESSION.

  
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JERRY NEAL, CHAIRMAN

  
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VERNON BARTON, SECRETARY

WESTERN FLEMING COUNTY WATER DISTRICT  
MINUTES FROM BOARD MEETING  
MARCH 23, 2005

MEETING CALLED TO ORDER BY JERRY NEAL, CHAIRMAN

MOTION MADE BY FRED ROSE AND SECOND BY JIM HUSTON TO ACCEPT MINUTES FROM LAST MEETING.

OLD BUSINESS:

1. WATER LOSS LAST MONTH WAS 1,337,590 GALLONS.

NEW BUSINESS:

1. JERRY ATTENDED A MEETING IN CARLISLE CONCERNING THE CITY OF CARLISLE NEEDING TO SALE MORE WATER TO OTHER WATER DISTRICTS.
2. HAD TO ISSUE A BOIL WATER ADVISORY FOR ELIZAVILLE AND HILLTOP ON MARCH 22<sup>ND</sup> DUE TO RONNIE GRAY HITTING THE 6 INCH LINE WHILE DIGGING FENCE POST. THIS IS THE SECOND TIME HE HAS DONE THIS WITHOUT NOTIFYING THE OFFICE AHEAD OF TIME.
3. COMMISSIONERS ALL AGREED THAT WE NEED TO PUT ARTICLE IN NEWSPAPER AGAIN THIS YEAR ABOUT ANYONE DIGGING OR BULLDOZING MUST CALL THE WATER OFFICE FIRST. WILL RUN THIS TWICE A MONTH FOR TWO MONTHS.
4. REVIEWED BAD DEBT LIST AND 40 DISCONNECT NOTICES WILL BE SENT OUT.
5. VERNON SAID HE HAD SEVERAL CUSTOMERS THIS MONTH WITH HIGH USAGE.
6. BILLY ED SAID EVERYTHING WAS LOOKING GOOD AT THE WATER PLANT. HE ALSO ASKED COMMISSIONERS ABOUT A GENERATOR FOR THE WATER PLANT AND THEY TOLD HIM TO GET SOME ESTIMATES AND LET THEM KNOW.
7. JOHNNY WANTED TO KNOW ABOUT THE METER ON THE EVANS PROPERTY. ROSEMARY WAS TOLD THAT A NEW METER WOULD BE PUT IN FOR THEIR PROPERTY, SINCE THAT PROPERTY HAS BEEN SPLIT. COMMISSIONERS ALL AGREED FOR JOHNNY TO PUT IN ANOTHER METER.
8. NEXT MEETING WILL BE APRIL 20<sup>TH</sup> AT 7:00P.M.

MEETING ADJOURNED AND COMMISSIONERS WENT INTO EXECUTIVE SESSION.

  
JERRY NEAL, CHAIRMAN

  
VERNON BARTON, SECRETARY

RECEIVED  
DEC 06 2005  
PUBLIC SERVICE  
COMMISSION

WESTERN FLEMING COUNTY WATER DISTRICT  
MINUTES FROM BOARD MEETING  
APRIL 20, 2005

MEETING CALLED TO ORDER BY JERRY NEAL, CHAIRMAN

BOB STURDIVANT WITH QUEST WENT OVER HOW THE CONSTRUCTION WAS GOING AT THE WATER PLANT. THE DEADLINE NOW IS JUNE 14<sup>TH</sup>. MOTION MADE BY BILLY MCINTYRE AND SECOND BY VERNON BARTON TO NOT DO THE WIRING AT THIS TIME FOR THE GENERATOR DUE TO THE COST BEING 30,000.00. FRED ROSE OPPOSED. BOB ALSO DISCUSSED THE LINE TO THE HIGH SCHOOL AND HE TALKED TO JEFF REYNOLDS AND THE SPECS SHOW THAT IT NEEDS TO BE AT LEAST AN 8 INCH LINE TO HAVE ENOUGH FLOW FOR FIRE PROTECTION. AFTER MUCH DISCUSSION VERNON BARTON REQUESTED THAT THEY GET WITH GRANT WILSON WHO IS IN CHARGE OF THE HIGH SCHOOL PROJECT AND DO ANOTHER TEST, THEN THE COMMISSIONERS WILL DECIDE IF THE LINE NEEDS TO BE LAYED. BOB SAID THEY NEED THE TOTALS FROM THE AUDIT BEFORE THEY CAN GIVE AN AMOUNT FOR THE NEW WATER RATES. ROBERT MONTGOMERY IS WORKING ON THE AUDIT NOW.

JERRY STEVENS AND MARK BEATTY WITH UTILITY SERVICES EXPLAINED HOW MASTER METERS WORK WITH THE AUTOMATIC READ METERS. THEIR ESTIMATE TO DO THE ENTIRE SYSTEM WAS 208,000.00.

COMMISSIONERS ALL AGREED NOT TO READ THE MINUTES FROM LAST MEETING.

OLD BUSINESS:


1. WATER LOSS LAST MONTH WAS 1,038,834 GALLONS.

NEW BUSINESS:

1. JOHNNY OR BILLY ED WILL CHECK ON PRICE OF EQUIPMENT FOR THEM TO TEST THE MASTER METERS INSTEAD OF DYER METER SERVICE DOING THE TEST.
2. COMMISSIONERS ATTENDED A MEETING ON TUESDAY AND ONE TOPIC WAS SYSTEM FLUSHING AND THEY RECOMMEND NOW THAT THIS BE DONE AT LEAST FOUR TIMES A YEAR AND THEY ALSO RECOMMEND THAT THERE NOT BE ANY DEAD END LINES. THEY

ALSO WANT MORE SAMPLES TAKEN. JOHNNY WILL FLUSH THE SYSTEM IN MAY AFTER THE REGIONAL WATER IS TURNED ON.

3. DISCUSSED THE ELECTRIC BILL AND THE RISING FUEL ADJUSTMENT CHARGE. RECC DOES NOT KNOW HOW LONG THIS WILL LAST.
4. MOTION MADE BY VERNON BARTON AND SECOND BY JIM HUSTON FOR SHELBY BROWN TO PAINT THE INSIDE OF THE FAIRVIEW TOWER. HIS ESTIMATED JOB COST IS \$3,350.00. JOHNNY WILL CALL SHELBY SO HE CAN ORDER THE PAINT AND HE WILL DO THE JOB THE FIRST WEEK OF MAY. COMMISSIONERS ALSO WANT HIM TO PAINT THE BOTTOM OF THE PECK'S RIDGE TOWER.
5. MOTION MADE BY JIM HUSTON AND SECOND BY VERNON BARTON TO RAISE THE COST OF A NEW METER FROM 425.00 TO 525.00. VOTE WAS UNANIMIOUS.
6. VERNON GAVE JOHNNY TWO CUSTOMERS THAT NEED METER REPLACED OR REGULATOR CHANGED.
7. BILLY ED SAID CONSTRUCTION WAS GOING GOOD AT THE WATER PLANT. HE QUESTIONED IF IT WAS POSSIBLE TO USE THE PECKS RIDGE TOWER BACK THIS WAY TO KEEP THE WATER TURNED OVER.
8. COMMISSIONERS ARE ALSO CONCERNED ABOUT GETTING A NEW CONTRACT WITH NICHOLAS COUNTY.
9. NEXT MEETING WILL BE MAY 18<sup>TH</sup> AT 7:00 P.M.
10. MEETING WAS ADJOURNED AND COMMISSIONERS WENT INTO EXECUTIVE SESSION.

  
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JERRY NEAL, CHAIRMAN

  
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VERNON BARTON, SECRETARY

WESTERN FLEMING COUNTY WATER DISTRICT  
MINUTES FROM BOARD MEETING  
MAY 25, 2005

RECEIVED  
DEC 06 2005  
PUBLIC SERVICE  
COMMISSION

MEETING CALLED TO ORDER BY JERRY NEAL, CHAIRMAN

ROBERT MONTGOMERY REVIEWED THE AUDIT FOR 2004 AND SAID EVERYTHING LOOKED GOOD.

MOTION MADE BY FRED ROSE AND SECOND BY VERNON BARTON TO ACCEPT THE MINUTES FROM LAST MEETING.

OLD BUSINESS:

1. WATER LOSS LAST MONTH WAS 2,306,200 GALLONS.
2. BILLY ED WILL CHECK ON PRICE FOR EQUIPMENT TO TEST THE MASTER METERS.

NEW BUSINESS:

1. COMMISSIONERS ALL AGREED TO CHARGE FLEMING CO. WATER ASSOC. 1.86 THE SAME AS REGIONAL IS CHARGING FOR THE WATER THEY ARE STILL TAKING AT TILTON.
2. NEED TO CALL ROB AND FIND OUT WHEN THE NEXT CONSTRUCTION MEETING WILL BE.
3. DISCUSSED THE WATER FLOW AT FLEMING CO. HIGH SCHOOL AND THEY DID ANOTHER TEST TODAY AND THERE IS NOT ENOUGH FLOW RATE TO MEET THEIR REQUIREMENTS. THEREFORE ANOTHER TEST WILL BE DONE ON FRIDAY MAY 27<sup>TH</sup> BY PROFESSIONALS TO SEE WHAT THEY GET. IF THE TEST STILL DOES NOT PASS THE COMMISSIONERS AGREED TO LAY THE LARGER LINE TO MAKE IT SAFE FOR THE SCHOOL.
4. FORTY-FIVE DISCONNECTS NOTICES WERE SENT OUT THIS MONTH.
5. VERNON REVIEWED HIS LIST AND HE HAD SEVERAL WITH HIGH USAGE OR LEAKS, GILBY CRAWFORD, DANNY JONES, JENNIFER DAVIS AND LARRY FURNISH.
6. JOHNNY SAID THE BROWN TOWER, WHICH IS OUT OF SERVICE IS LEAKING.
7. BILLY ED SAID HE HAD A MOTOR TO GO BAD AT THE RIVER, SO HE HAD TO REPAIR IT. HE ALSO HAD INFORMATION ON A USED GENERATOR THAT WFCWD COULD BID ON. IT'S A 1981 DETROIT DIESEL 550 AND THE DEADLINE FOR BIDS IS JUNE 8<sup>TH</sup>. COMMISSIONERS ALL AGREED FOR BILLY ED AND SOME OF THE COMMISSIONERS WILL GO LOOK AT IT NEXT WEEK, BEFORE PUTTING IN A BID.



8. NEXT MEETING WILL BE JUNE 15<sup>TH</sup> AT 7:00 P.M.
9. MEETING ADJOURNED AND COMMISSIONERS WENT INTO EXECUTIVE SESSION.

EXECUTIVE SESSION:

1. COMMISSIONERS REVIEWED THE TREASURER'S REPORT AND APPROVED THE BILLS.
2. COMMISSIONERS AGREED FOR MOLLY TO TAKE A VACATION DAY ON JUNE 9<sup>TH</sup>.

  
JERRY NEAL, CHAIRMAN

  
VERNON BARTON, SECRETARY

WESTERN FLEMING COUNTY WATER DISTRICT  
MINUTES FROM BOARD MEETING  
JUNE 15, 2005

RECEIVED  
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PUBLIC SERVICE  
COMMISSION

MEETING CALLED TO ORDER BY JERRY NEAL, CHAIRMAN

ROB WILLIAMS WITH QUEST WENT OVER COST REPORT AND CHANGE ORDERS. VERNON BARTON MADE MOTION TO ACCEPT CHANGE ORDER FOR FINISH HARDWARE AT CHLORINE ROOM AND AUTOMATIC TRANSFER SWITCH FOR GENERATOR, SECOND BY JIM HUSTON. ROB SAID DEADLINE IS JULY 15<sup>TH</sup> FOR PROJECT TO BE FINISHED.

MOTION MADE BY JIM HUSTON AND SECOND BY VERNON BARTON TO ACCEPT MINUTES FROM LAST MEETING.

OLD BUSINESS:

1. WATER LOSS LAST MONTH WAS 970,293 GALLONS.

NEW BUSINESS:

1. ED VICE SAID HIS WATER PRESSURE IS GOING UP AND DOWN SO JOHNNY IS GOING TO PUT REGULATOR ON TO SEE IF THAT WILL HELP.
2. COMMISSIONERS ALL AGREED THAT PETEY EVANS NEEDS TO GET HIS LAWN MOWER OUT OF THE BUILDING, SO THEY CAN START RENOVATING AND STORING PARTS IN IT.
3. COMMISSIONERS WILL MEET AT WATER PLANT TOMORROW AT 7:30 A.M. TO LOOK AT SITE TO POUR CONCRETE AND BUILD BUILDING FOR GENERATOR.
4. COMMISSIONERS ALL AGREED THAT IF ANY CHURCH WANTS A FIRE HYDRANT THEY PAY \$1250.00 AND WFCWD WILL PAY THE DIFFERENCE. ELIZAVILLE CHURCH HAS ALREADY ASKED ABOUT ONE.
5. A TRUCK ON PECK'S RIDGE GOT BLUE PAINT SPECS ON IT WHILE SHELBY BROWN WAS PAINTING THE TOWER. COMMISSIONERS AGREED TO GET MIKE THOMPSON TO BUFF THE TRUCK AND GET THE PAINT OFF.
6. 47 DISCONNECT NOTICES WERE SENT OUT.

7. VERNON REVIEWED HIS LIST AND HAD A FEW LEAKS, NOEL DORSEY, DON OVERLY AND JOYCE TURNER.
8. NEXT MEETING WILL BE JULY 20<sup>TH</sup> AT 7:00P.M.

MEETING ADJOURNED AND COMMISSIONERS WENT INTO EXECUTIVE SESSION.

1. REVIEWED TREASURER'S REPORT.
2. COMMISSIONERS AGREED TO PAY \$100.00 ON BILLY ED'S FINE HE GOT GOING TO LOOK AT GENERATOR.
3. COMMISSIONERS APPROVED MOLLY'S VACATION IN JULY.
4. COMMISSIONERS DID NOT AGREE WITH THE ADDITIONAL 11,000.00 THAT QUEST IS REQUESTING, BUT IS WILLING TO NEGOTIATE.
5. MOTION MADE BY JIM HUSTON AND SECOND BY VERNON BARTON TO ADJOURN MEETING.

  
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JERRY NEAL, CHAIRMAN

  
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VERNON BARTON, SECRETARY

WESTERN FLEMING COUNTY WATER DISTRICT  
MINUTES FROM BOARD MEETING  
JULY 20, 2005

RECEIVED  
DEC 06 2005  
PUBLIC SERVICE  
& COMMISSION

MEETING CALLED TO ORDER BY JERRY NEAL, CHAIRMAN.

DON ADAMS AND JIM VERGNE WERE PRESENT TO HELP ANSWER QUESTIONS ABOUT THE REGIONAL WATER AND WHAT THEY ARE DOING AND GOING TO DO TO IMPROVE THE WATER. THEY ARE USING SEAQUEST TO TREAT THE HARDNESS OF THE WATER AND WILL BE INCREASING THIS IF APPROVED BY FRANKFORT. SEVERAL UPSET CUSTOMERS WERE HERE TO VOICE THEIR COMPLAINTS AND CONCERNS TO WHAT IS BEING DONE TO FIX THIS PROBLEM WITH THE WATER. IT HAS DONE DAMAGE TO DISHWASHERS AND ICE MAKERS. DANIEL SUIT SAID IF WE DON'T GET THE PROBLEM FIXED THAT THEY CAN STOP THE RATE INCREASE THAT WFCWD IS GOING TO ASK FOR. TO HELP SOLVE THIS PROBLEM WFCWD IS GOING TO HAVE TO DO MAJOR FLUSHING TO HELP CLEAN THE LINES OUT. ATTACHED IS A LIST OF ALL THOSE IN ATTENDANCE.

MIKE DENHAM STOPPED BY TO LET EVERYONE KNOW THAT HE IS GOING TO TRY TO GET THE 170,000 FOR THE AUTOMATIC READ METERS IN JANUARY. HE IS ALSO GOING TO TRY TO GET BACK THE MONEY THAT WAS SUPPOSE TO GO TO WFCWD, TO DO ANOTHER PROJECT AT THE WATER PLANT. MIKE ALSO DISCUSSED INDUSTRIAL GROWTH IN FLEMING CO., THE SEWAGE PROJECT IN EWING AND THE ELK CREEK LAKE. AS FOR THE LAKE, THE STATE HAS THE MONEY BUT THE FEDERAL GOVERNMENT DOES'NT AND IT PROBABLY WON'T HAPPEN.

MOTION MADE BY FRED ROSE AND SECOND BY JIM HUSTON TO ACCEPT MINUTES FROM LAST MEETING.

OLD BUSINESS:

1. WATER LOSS LAST MONTH WAS 1,158,236 GALLONS. BILLY ED SAID HE USED PROBABLY HALF OF THAT TO FLUSH THE FILTERS AT WATER PLANT.
2. CLYDE THOMAS IS ASKING THAT THE LAND BE DEEDED BACK TO HIM. SINCE TWO COMMISSIONERS WERE ABSENT, THEY WILL DISCUSS AT THE NEXT MEETING IN AUGUST.

NEW BUSINESS:

1. REVIEWED THE EVALUTION THAT ELWOOD HOWE DID ON JUNE 21<sup>ST</sup> CONCERNING THE OFFICE AND PARKING LOT. WFWD NEEDS TO PUT HANDICAPP RAMP ON OTHER SIDE AND BLACK TOP THE PARKING LOT. ALSO NEED TO PUT UP HANDICAPP SIGNS.
2. 46 DISCONNECT NOTICES WERE SENT OUT THIS MONTH.
3. VERNON HAD TWO METERS THAT NEEDED FIXED. TIMMY PERKINS NEEDS MORE PRESSURE AT THE CREEK, NEED TO CHECK REGULATOR. JOHN FERN NEEDS A RISER PUT IN HIS METER.
4. JOHNNY SAID HE HAS FINISHED THE JOB IN THE VALLEY AND WILL START WORKING ON THE HILLSIDE ON BUCHANAN ROAD. THEN WILL FINISH THE CLĒAN UP AT OLD MEXICO ROAD.
5. BILLY ED SAID EVERYTHING IS LOOKING GOOD AT THE WATER PLANT WITH THE CONSTRUCTION JOB. WILL NEED TO PUT A METER IN AT THE PLANT FOR THE GENERATOR. CONCRETE HAS BEEN POURED AND THE GENERATOR IS SITTING ON IT. JUST NEED BUILDING BUILT AROUND IT NOW.
6. NEXT MEETING WILL BE AUGUST 24<sup>TH</sup> 7:00P.M. AT THE WATER PLANT.

MEETING ADJOURNED AND COMMISSIONERS WENT INTO EXECUTIVE SESSION.

  
JERRY NEAL, CHAIRMAN

  
VERNON BARTON, SECRETARY

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PUBLIC SERVICE  
COMMISSION

WESTERN FLEMING COUNTY WATER DISTRICT  
MINUTES FROM BOARD MEETING  
AUGUST 24, 2005

MEETING CALLED TO ORDER BY JERRY NEAL, CHAIRMAN

GROVER MONEY WAS PRESENT TO DISCUSS FLUSH HYDRANTS THAT THE FIRE DEPARTMENT GOT A GRANT FROM RC&D COUNSEL TO PUT A HYDRANT IN AT COWAN. GROVER SAID THAT BUFFALO TRACE AREA DEVELOPMENT DISTRICT HAS GRANTS THAT WE CAN APPLY FOR HYDRANTS.

MOTION MADE BY JIM HUSTON AND SECOND BY VERNON BARTON TO ACCEPT MINUTES FROM LAST MEETING.

OLD BUSINESS:

1. WATER LOSS LAST MONTH WAS 924,630 GALLONS.
2. COMMISSIONERS ALL AGREED THAT THE MOTION WHICH WAS MADE ON FEB. 23, 2005 CONCERNING THE LAND AT CLYDE THOMAS STANDS.

NEW BUSINESS:

1. MOTION MADE BY VERNON BARTON AND SECOND BY JIM HUSTON TO ACCEPT THE BID ON THE WIRING AT WATER PLANT. BILLY ED WILL CALL ROB WILLIAMS AND LET HIM KNOW THIS WAS APPROVED.
2. JERRY SAID THAT BRIAN CLARK CALLED HIM UPSET ABOUT HIS WATER. STERLING PRICE IS ALSO UPSET ABOUT HIS WATER AND THE PROBLEMS IT HAS CAUSED AT HIS HOUSE. VERNON MADE A SUGGESTION THAT A CERTAIN AREA GET THE REGIONAL WATER ONLY AND STOP TURNING IT ON AND OFF. THIS IS PROBABLY CAUSING MORE PROBLEMS.
3. 49 DISCONNECT NOTICES WERE SENT OUT ON 16<sup>TH</sup>.
4. REVIEWED VERNON'S LIST AND CLELL VICE HAS A METER THAT HAS STOPPED WORKING. BILLY STORY HAS BUILT A FLOWER BED OVER HIS METER AND HE CAN'T READ IT NOW. COMMISSIONERS WANT A LETTER WRITTEN AND SENT TO BILLY STORY TO UNCOVER THE METER BEFORE NEXT MONTHS READING.

WESTERN FLEMING COUNTY WATER DISTRICT  
MINUTES FROM BOARD MEETING  
SEPTEMBER 21, 2005

RECEIVED  
DEC 06 2005  
PUBLIC SERVICE  
COMMISSION

MEETING CALLED TO ORDER BY JERRY NEAL, CHAIRMAN

BOB WITH QUEST DISCUSSED THE GRANT THAT HE APPLIED FOR ON BEHALF OF WFCWD, FOR NEW LINE FROM RIVER TO PLANT AND NEW SETTLEIN BASIN.

ROB WITH QUEST DISCUSSED HOW THE PROJECT WAS GOING, BLACK TOP PARKING LOT AT WATER PLANT, AND NEW PUMPS AT RIVER. ROB WILL CALL THE PUMP COMPANY AND SEE IF THEY CAN DO SOMETHING TO HELP.

OLD BUSINESS:

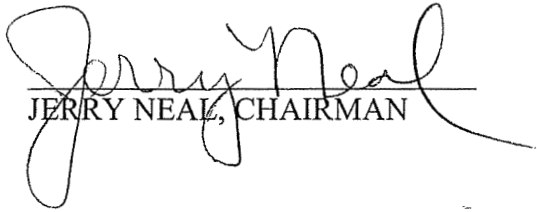
1. WATER LOSS THIS MONTH WAS 591,280 GALLONS.
2. THE APPLICATION FOR THE CEGG GRANT WAS SUBMITTED WITH THE HELP OF QUEST ON SEPT. 15<sup>TH</sup>.

NEW BUSINESS:

1. BILLY ED IS TO PURCHASE A WEED EATER FOR THE WATER PLANT AND CHECK ABOUT A MOWER.
2. MOTION MADE BY FRED ROSE AND SECOND BY BILLY MCINTYRE TO OFFER QUEST 5500.00 INSTEAD OF 11,000.00.
3. JOHNNY WALLINGFORD STOPPED BY THE OFFICE AND WANTED TO ASK THE COMMISSIONERS IF THE FIELD CAN BE LEVELED DOWN WHERE THE WATER LINE WAS PUT IN ON THE COWAN FARM. REALLY ROUGH AND HARD TO DRIVE THRU IT. JOHNNY IS TO TAKE CARE OF THIS PROBLEM.
4. JOHNNY IS TO WORK ON WATER LINE ON HILLSIDE ON BUCHANAN ROAD AND METCALF MILL ROAD.
5. REVIEW BAD DEBT LIST. 43 DISCONNECT NOTICES SENT OUT.
6. VERNON SAID THE METER AT BILLY WAYNE STORY'S WAS NOT UNCOVERED, SO HE HAD TO DIG IT OUT AND UNCOVER THE METER SO HE COULD READ IT THIS MONTH. A LETTER WAS SENT OUT TO THE STORY'S ON SEPTEMBER 2<sup>ND</sup>.
7. BILLY ED IS TO CHECK ABOUT MOTOR FOR PUMPS AT RIVER. HE IS TO BUY ONE IF HE DOES NOT HEAR FROM ROB WILLIAMS IN 10 DAYS.

8. NEXT MEETING WILL BE OCTOBER 19<sup>TH</sup>.

MEETING ADJOURNED AND COMMISSIONERS WENT INTO EXECUTIVE SESSION.

  
JERRY NEAL, CHAIRMAN

  
VERNON BARTON, SECRETARY



WESTERN FLEMING COUNTY WATER DISTRICT  
MINUTES FROM BOARD MEETING  
OCTOBER 19, 2005

RECEIVED

DEC 06 2005

PUBLIC SERVICE  
COMMISSION

MEETING CALLED TO ORDER BY JERRY NEAL, CHAIRMAN

MOTION MADE BY FRED ROSE AND SECOND BY VERNON BARTON TO  
ACCEPT MINUTES FROM LAST MEETING.

OLD BUSINESS:

1. WATER LOSS THIS MONTH WAS 2,766,390 GALLONS.
2. QUEST ACCEPTED THE OFFER OF 5500.00 INSTEAD OF 11,000.00.
3. VERNON BARTON MADE MOTION TO HOLD UP ON THE BLACK  
TOPPING AT THE WATER PLANT AND OFFICE PARKING LOT UNTIL  
SPRING, SECOND BY JIM HUSTON.

NEW BUSINESS:

1. MICHAEL ROME'S PROPERTY OWNER ON MT. TABOR RD. WAS  
PRESENT TO DISCUSS THE WAER LINE HE IS PUTTING IN FOR FOUR  
LOTS. COMMISSIONERS TOLD HIM THAT IT HAS TO BE A TWO INCH  
LINE AND EACH HOUSE WILL HAVE ITS OWN METER. JOHNNY WILL  
MEET WITH MICHAEL ON FRIDAY OCT. 21<sup>ST</sup> TO LOOK THE PROJECT  
OVER.  
MARK THOMAS ADDRESSED THE BOARD ABOUT LOTS THAT HE IS  
SELLING ON HILLTOP RD. SHOULD BE 14 TOTAL AND HE WANTED  
TO KNOW WHAT HE NEEDED TO DO. COMMISSIONERS AGREED  
THAT HE WILL NEED A THREE INCH LINE. JOHNNY WILL MEET  
WITH MARK THIS WEEK-END.
2. 45 DISCONNECT NOTICES WERE SENT OUT THIS MONTH.
3. VERNON REVIEWED HIS LIST AND HE HAD SEVERAL WITH LARGE  
LEAKS THIS MONTH. NEEDS JOHNNY TO CHECK JOHN HARDIN'S  
METER, JODY GRAY'S METER AND THE SIX INCH LINE ON STERLING  
PRICE'S FARM IN EWING IS EXPOSED.
4. BILLY ED PUT IN PUMP LAST FRIDAY AND IT BROKE THE CIRCUIT.  
TUESDAY SOMEONE CAME AND TOOK THE MOTOR BACK TO  
LEXINGTON. THIS IS THE 5<sup>TH</sup> TIME SINCE JUNE THAT IT HAS BROKE  
DOWN. BILLY WILL CHECK WITH STAFFER PUMP IN INDIANA AND  
TRY TO GET MORE INFORMATION. MOTION MADE BY JIM HUSTON

AND SECOND BY FRED ROSE TO BUY NEW PUMP. BILLY SAID THE GENERATOR IS STILL NOT HOOKED UP YET, BUT WILL GET IT DONE BEFORE WINTER.

5. JOHNNY SAID TWO HOT TAPS WERE MADE TODAY AT DANNY DOYLE'S AND DANIEL SUIT'S. DISCUSS THE PROBLEM AT RAYBURN NICKELL'S PROPERTY AND JOHNNY AND JERRY TESTED THE WATER AND SAID IT IS A SPRING, NOT A LEAK. FREDDIE ASKED THAT ERNIE KNIPP'S LINE BE FLUSHED AGAIN.
6. JERRY SUGGESTED THAT PAT PRICE BE PRESENT AT THE MONTHLY MEETING, SO A MOTION WAS MADE BY JIM HUSTON AND SECOND BY BILLY MCINTYRE. LETTER WAS SENT TO PAT INFORMING HIM OF THIS DECISION. JERRY ALSO STATED THAT REGIONAL IS NOT USING SEAQUEST NOW BUT WILL START BACK IN JANUARY.
7. NEXT MEETING WILL BE NOV. 16<sup>TH</sup> AT 7:00 P.M.

MEETING WAS ADJOURNED AND COMMISSIONERS WENT INTO EXECUTIVE SESSION.

MOTION MADE BY VERNON BARTON AND SECOND BY FRED ROSE TO REIMBURSE CUSTOMERS WITH DAMAGE DONE TO APPLICANCES, HOT WATER HEATERS AND CLOTHES DUE TO THE REGIONAL WATER AND THEN THIS AMOUNT WILL BE DEDUCTED FROM THE MONTHLY REGIONAL BILL.

COMMISSIONERS ALL AGREED TO REIMBURSE JOHNNY GULLEY \$150.00 FOR HELP TO FIX LEAK.

\_\_\_\_\_  
JERRY NEAL, CHAIRMAN

\_\_\_\_\_  
VERNON BARTON, SECRETARY

WESTERN FLEMING COUNTY WATER DISTRICT  
MINUTES FROM BOARD MEETING  
FEBRUARY 23, 2005

MEETING CALLED TO ORDER BY JERRY NEAL, CHAIRMAN

MARK KISSEL AND JIM BAKER FROM NATIONAL WATERWORKS EXPLAINED HOW THEIR SYSTEM WORKS FOR THE AUTOMATIC READ METERS. THEY CAN REACH ½ MILE OR MORE, ARE WATER PROOF AND HAS AUDIO AND VISUAL ON LAP TOP. START UP PACKAGE INCLUDES ALL SOFTWARE, EQUIPMENT AND 95 UNITS FOR \$20,350.00. EACH ADDITIONAL UNIT WILL COST 145.19. THESE ARE BADGER METERS.

ROB WILLIAMS WITH QUEST SAID THE CONTRACTORS ARE SENDING HIM LETTERS OF DELAYS AND ADDITIONAL COST. ROB WILL HANDLE THESE AND ASK THAT ANY COMMUNICATION THAT WE MIGHT HAVE WITH THE CONTRACTORS TO LET QUEST HANDLE IT. AS ROB SEES IT RIGHT NOW THE PROJECT WILL NOT BE COMPLETED ON TIME. THE NEXT PROGRESS MEETING WILL BE MARCH 9<sup>TH</sup> AT 10:00 AT WATER PLANT.

MOTION MADE BY FRED ROSE AND SECOND BY VERNON BARTON TO ACCEPT MINUTES FROM LAST MEETING.

OLD BUSINESS:


1. WATER LOSS LAST MONTH WAS 2,512,900 GALLONS.
2. VERNON BARTON MADE MOTION TO KEEP THE LAND AT CLYDE THOMAS'S FOR WFCWD AND FRED ROSE SECOND. VOTE WAS UNANIMOUS.

NEW BUSINESS:

1. REVIEWED BAD DEBT LIST AND 33 DISCONNECT NOTICES WILL BE SENT OUT.
2. VERNON OVERLY SAID THAT LARRY HERRINGTON QUESTION HIM ABOUT WHOSE METER IT WAS THAT IS ON THE PROPERTY HE JUST BOUGHT ON METCALF MILL ROAD AND HE TOLD HIM IT BELONGED TO MARY NEAL'S PROPERTY. COMMISSIONERS SAID THAT WOULD BE BETWEEN LARRY AND THE PERSON HE BOUGHT THE PROPERTY FROM.

3. BILLY ED THINKS WE MAY HAVE A LEAK, SO JOHNNY WILL GO AROUND AND CHECK THE LINES.
4. JOHNNY MET WITH THE FIRE DEPARTMENT TODAY ABOUT FIRE HYDRANT IN THE DISTRICT.
5. NEXT MEETING WILL BE MARCH 23<sup>RD</sup> AT 5:00.

MEETING ADJOURNED AND COMMISSIONERS WENT INTO EXECUTIVE SESSION.

  
\_\_\_\_\_  
JERRY NEAL, CHAIRMAN

  
\_\_\_\_\_  
VERNON BARTON, SECRETARY

WESTERN FLEMING COUNTY WATER DISTRICT  
MINUTES FROM SPECIAL BOARD MEETING  
FEBRUARY 9, 2005

MEETING CALLED TO ORDER BY JERRY NEAL, CHAIRMAN

THOSE PRESENT: ROB WILLIAMS, ROGER HANEY, ESTILL HOWARD, STEVE BORNHORST, FRED ROSE, JAMES HUSTON, AND JERRY NEAL.

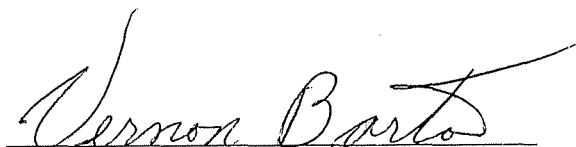
ROB WITH QUEST ADDRESSED THE BOARD AND GAVE A PROGRESS REPORT ON HOW THE PROJECT WAS GOING. THE PROJECT SHOULD BE COMPLETED BY MAY 2005.

FRED ROSE HAD A PROBLEM WITH A VENT THAT WAS REMOVED AND NOT PUT BACK IN, WHICH ALLOWED HEAT TO ESCAPE AND CAUSED THE ELECTRIC BILL TO GO UP THIS PAST MONTH. CONTRACTORS SAID THEY WERE UNAWARE OF THE PROBLEM BUT WOULD GET IT FIXED. FRED ALSO ASKED ABOUT THE GENERATOR.

WILL TRY TO HAVE A PROGRESS MEETING ONCE A MONTH AND WILL TRY TO MEET AT THE WATER PLANT.

MEETING ADJOURNED

  
JERRY NEAL, CHAIRMAN

  
VERNON BARTON, SECRETARY

WESTERN FLEMING COUNTY WATER DISTRICT  
MINUTES FROM BOARD MEETING  
JANUARY 19, 2005

MEETING CALLED TO ORDER BY JERRY NEAL, CHAIRMAN

BOB WITH QUEST DISCUSSED THE PROGRESS BEING MADE AT THE WATER PLANT. THE SURROUNDING WALLS ARE ALL POURED, BUT THE WEATHER HAS SLOWED THE PROGRESS DOWN. BOB GAVE A PAY REQUEST FOR THE CONTRACTORS TOTALING 59,715.00. WILL HAVE TO USE WFCWD MONEY BEFORE THE KIA MONEY. FRED EXPRESSED HIS CONCERNS ABOUT A VENT THAT WAS REMOVED, BUT NOTHING PUT BACK IN ITS PLACE AND IT WAS CAUSING HEAT LOSS. BOB WILL CHECK INTO THIS MATTER. BILLY ED ASKED BOB WHAT WOULD BE INVOLVED IN GETTING A RETAINMENT WALL AROUND THE LIQUID CHEMICAL TANK. BOB WILL CHECK WITH BRENT TIPPEY AND GET BACK WITH US. BOB ALSO ASKED ABOUT THE LINE FROM REGIONAL TO THE HIGH SCHOOL. JOHNNY IS GOING TO TAP INTO THE 6 INCH LINE AT THE HIGH SCHOOL AND SEE HOW MUCH PRESSURE THEY HAVE, BEFORE LAYING THE 12 INCH LINE. BOB STATED THAT THEY FEEL THE 12 INCH LINE NEEDS TO BE LAYED IN ORDER TO HAVE ENOUGH PRESSURE FOR FIRE PROTECTION. THIS PROJECT HAS TO BE DONE BEFORE AUGUST 2005.

MOTION BY FRED ROSE AND SECOND BY VERNON BARTON TO ACCEPT MINUTES FROM LAST MEETING.

OLD BUSINESS:

1. WATER LOSS LAST MONTH WAS 1,724,268 GALLONS.
2. JOHNNY GULLEY IS DOING THE JOB AT THE REGIONAL LINE. HE IS NOT SURE OF THE COST, BUT WILL DO IT LOWER THEN JR TILTON'S ESTIMATE OF 28,000.00
3. IT WILL COST AROUND 10,000.00 TO RUN THE LINE TO GARY & JANIE BUZZARD UNLESS MORE CUSTOMERS WANT TO BE PUT ON THE LINE. SO FAR ONLY ONE OTHER PERSON HAS SAID HE WOULD LIKE TO HAVE WATER.
4. LAURA JEFFERSON SAID THAT THE MONEY NEEDS TO BE USED THIS YEAR (2005) THAT WFCWD WAS GIVEN TO REPLACE OLD LINES AND ETC. KEVIN CORNETT IS HANDLING THE HOME LAND SECURITY

FUNDS AND HE SAID THEY WERE GIVEN A TWO DAY NOTICE TO SUBMIT A PLAN FOR 2005 MONEY AND NO ONE HAD TIME TO DO THAT. SO HE WILL WORK WITH BILLY ED AND JOHNNY THIS YEAR TO FILL OUT THE PROPER PAPER WORK FOR WFCWD TO GET MONEY FOR THIS IN 2006.

NEW BUSINESS:

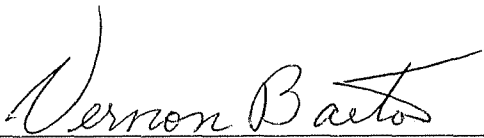
1. VERNON BARTON MADE MOTION AND JIM HUSTON SECOND TO GIVE A \$25.00 DONATION TO FLEMING COUNTY HIGH SCHOOL PROJECT PROM. VOTE WAS UNANIMOUS.
2. COMMISSIONERS ALL AGREED THAT WE DO NOT NEED TO CARRY ERRORS AND OMISSIONS INSURANCE ON NOTARY.
3. VERNON BARTON AGREED TO SERVE ANOTHER TERM AS COMMISSIONER AND FISCAL COURT HAS BEEN NOTIFIED.
4. COMMISSIONERS CHOICE NOT TO HAVE A CONTRACT WITH MICRO-COMM AT THE WATER PLANT.
5. REVIEWED BAD DEBT LIST AND 40 DISCONNECT NOTICES WILL BE SENT OUT.
6. BILLY ED AND JOHNNY BOTH FEEL THAT THE BROWN TOWER CAN NOT BE USED TO HELP IN ANYWAY. BILLY ED WENT OVER THE 2004 SANITARY SURVEY THAT WAS CONDUCTED ON SEPTEMBER 14 AND AGAIN ON DECEMBER 15<sup>TH</sup> AT THE WATER PLANT. THERE WAS THREE NON-SIGNIFICANT DEFICIENCIES NOTED.
  1. THE FAIRVIEW WATER TANK OVERFLOW PIPING HAS NO SCREEN OR FLAP VALVE.
  2. THE OCCASIONAL DISCHARGES FROM THE SPENT BACKWASH HOLDING LAGOONS ARE NOT MONITORED PER THE GENERAL KPDES PERMIT FOR WATER TREATMENT FACILITIES.
  3. THE LIQUID BULK CHEMICALS DO NOT HAVE CONTAINMENT OR DAY TANKS.BILLY ED WILL SEND LETTER TO CORRECT THESE PROBLEMS BEFORE MARCH 21, 2005.
7. NEXT MEETING WILL BE FEBRUARY 23<sup>RD</sup> AT 5:00P.M.
8. JERRY AND BILLY WAYNE WENT TO THE WATER PLANT AND THEY FEEL THAT THE PLANT NEEDS A GOOD CLEANING AND THE STORAGE ROOM ESPECIALLY. BILLY ED AGREED AND SAID THAT STORAGE WAS A PROBLEM FOR THEM. VERNON SUGGESTED THAT ONCE THE RENOVATION IS COMPLETE, THEN THEY WILL DISCUSS A STORAGE BUILDING.
9. COMMISSIONERS ALL AGREED THAT DECEMBER WILL BE THE MONTH THAT THEY MAKE A DECISION ON HEALTH INSURANCE AND RAISES FOR EMPLOYEES EACH YEAR.

JANUARY 19, 2005

MEETING ADJOURNED AND COMMISSIONERS WENT INTO EXECUTIVE SESSION.

1. JIM HUSTON MADE MOTION AND BILLY MCINTYRE SECOND TO APPROVE ALL BILLS.
2. CLYDE THOMAS IS REQUESTING HIS LAND BACK AND COMMISSIONERS WILL DISCUSS AT NEXT MEETING.
3. FRED ROSE MADE MOTION TO PAY 316.18 ON EMPLOYEE HEALTH INSURANCE EACH MONTH AND ALSO TO GIVE 3.3% EMPLOYEE RAISE THIS YEAR AND VERNON BARTON SECOND THE MOTION AND VOTE WAS UNANIMOUS.
4. THE BOARD APPOINTED JERRY NEAL TO REPRESENT WFCWD ON THE GFCRW BOARD. MOTION MADE BY JIM HUSTON AND SECOND BY BILLY MCINTYRE. VOTE WAS UNANIMOUS.
5. COMMISSIONERS AGREED TO PAY PATTY GULLEY \$6.00 AN HOUR FOR 14 HOURS THAT SHE WORKED WHILE MOLLY WAS IN THE HOSPITAL.
6. WILL TALK ABOUT RETIREMENT WHEN WE HEAR BACK FROM THE STATE.

  
\_\_\_\_\_  
JERRY NEAL, CHAIRMAN

  
\_\_\_\_\_  
VERNON BARTON, SECRETARY



WESTERN FLEMING COUNTY WATER DISTRICT  
MINUTES FROM BOARD MEETING  
DECEMBER 15, 2004

MEETING CALLED TO ORDER BY JERRY NEAL, CHAIRMAN

BOB GAVE PROGRESS REPORT ON THE WATER PLANT PROJECT AND WORK IS GOING BETTER NOW. CONTRACTOR GOT A SLOW START DUE TO THE RAIN. BOB TURNED IN THREE PAY REQUEST THAT THE BOARD MEMBERS ALL AGREED TO PAY. HE ALSO TURNED IN AN INVOICE FOR HIGH SERVICE PUMPS. BOB WILL HELP PUT TOGETHER INFORMATION TO HELP US GET GRANT MONEY FOR FUTURE PROJECTS.

GROVER MONEY ADDRESSED THE BOARD, CONCERNING A \$5,000.00 MATCHING GRANT TO PURCHASE FIRE HYDRANTS FOR THE EWING AREA. MOTION MADE BY FRED ROSE AND SECOND BY JIM HUSTON TO GIVE 1250.00 TO HELP MATCH THIS GRANT.

OLD BUSINESS:

1. JR TILTON ESTIMATE ON THE CONCRETE TANK AT REGIONAL LINE IS 28,000. JOHNNY WILL GIVE AN ESTIMATE HIMSELF AT THE NEXT MEETING.
2. PUT BACK ON NEXT MONTH ABOUT GARY & JANIE BUZZARD WATER LINE.
3. BUBBY MCINTYRE WILL PUT FENCE UP FOR 13.00 A ROD AT THE WATER PLANT.

NEW BUSINESS:

1. BOB WILL SEE WHAT HE CAN COME UP WITH IN KEEPING THE WATER RATES LOW.
2. MOTION MADE BY FRED ROSE AND SECOND BY BILLY MCINTYRE TO RENT A ROOM TO GENE EVANS ON A MONTHLY BASIS.
3. REVIEWED BAD DEBT LIST AND 48 DISCONNECT NOTICES WILL BE SENT OUT.
4. NEXT MEETING WILL BE JANUARY 19<sup>TH</sup> AT 5:00P.M.
5. VERNON GAVE A LIST OF METERS HE CAN NOT READ AND THEY NEED TO BE CHANGED OUT.
6. JOHNNY SHUT OFF THE WATER NEXT DOOR IN THE BUILDING THAT WFWD BOUGHT, SO THE WATER WOULD NOT FREEZE. JOHNNY AND BILLY ED TALKED ABOUT USING THE BROWN'S TOWER FOR


STORAGE. JOHNNY SAID THE PECK'S RIDGE TOWER NEEDS TO BE PAINTED. JOHNNY ALSO SAID CHARLES HUNT WANTS WATER ON HIS FARM IN EWING. MOTION MADE BY FRED ROSE AND SECOND BY JIM HUSTON TO PUT WATER ON HIS FARM.

7. STEVE BUCHANAN CAME TO ADDRESS THE BAORD ABOUT ANOTHER LEAK HE HAD THIS YEAR. HAD ALREADY RECEIVED AN ADJUSTMENT IN THE FALL AND COMMISSIONERS AGREED TO DO ANOTHER ADJUSTMENT TO HELP HIM.
8. NEED TO CALL BOB AND ASK IF THE 6 INCH LINE TO THE HIGH SCHOOL WILL PROVIDE ENOUGH WATER PRESSURE. QUEST RECOMMENDATION IS TO LAY 12 INCH LINE TO THE HIGH SCHOOL.

MEETING ADJOURNED AND COMMISSIONERS WENT INTO EXECUTIVE SESSION.

MOTION MADE BY FRED ROSE AND SECOND BY JIM HUSTON TO APPROVE TREASURER'S REPORT.

MOTION MADE BY VERNON BARTON AND SECOND BY JIM HUSTON THAT THE WATER DISTRICT PAY 80% OF EMPLOYEE INSURANCE.

  
\_\_\_\_\_  
JERRY NEAL, CHAIRMAN

  
\_\_\_\_\_  
VERNON BARTON, SECRETARY

WESTERN FLEMING COUNTY WATER DISTRICT  
MINUTES FROM BOARD MEETING  
NOVEMBER 17, 2004

MEETING CALLED TO ORDER BY JERRY NEAL, CHAIRMAN

RYAN WITH QUEST GAVE PROGRESS REPORT ON WATER PLANT PROJECT. THE CONTRACTOR HAS GOTTEN OFF TO A SLOW START, BUT THINGS ARE BACK ON TRACK NOW. NEEDED TO GET APPROVAL ON SIGN AND ALL AGREED THAT IT LOOKED OKAY. RYAN WILL COME BY ONE DAY WITH COLOR SPECS TO MATCH EVERYTHING AT WATER PLANT. HE WILL ALSO COME TO THE DECEMBER MEETING AND WILL DO PAY REQUEST THEN.

OLD BUSINESS:

1. WATER LOSS WAS DOWN TO 648,722 GALLONS.
2. JR TILTON WILL BE GETTING BACK WITH JOHNNY WITH ESTIMATE ON TOTAL COST TO DO CONCRETE TANK AT REGIONAL LINE. VERNON WILL STOP BY AND REMIND JR ALSO.
3. ROBBIE MITCHELL WILL DO FENCING AT WATER PLANT FOR 14.00 AND BILLY WAYNE IS GOING TO CHECK WITH BUDDY MCINTYRE, BECAUSE HE DOES IT FOR 12.00. DISCUSS AGAIN AT NEXT MEETING.

NEW BUSINESS:

1. NICHOLAS COUNTY SCHOOLS WANT TO KNOW IF WFCWD WILL PAY FOR AD TO PUT ON WATER BOTTLES? COMMISSIONERS WANT TO KNOW IF WFWD SERVES THE SCHOOL AND IF SO WHAT THE COST WILL BE.
2. GARY & JANIE BUZZARD WANT TO KNOW WHAT IT WOULD COST TO RUN WATER 1 MILE OR A LITTLE MORE ON ENERGY RD IF THEY WERE TO COME BACK HERE AND BUILD A HOUSE? COMMISSIONERS WANT JOHNNY TO GO OUT AND MEASURE THE LINE AND SEE IF ANYONE ELSE THAT HAS PROPERTY ON THAT ROAD WOULD WANT WATER ALSO. DISCUSS AGAIN AT NEXT MEETING.
3. GETTING ESTIMATES FROM DIFFERENT COMPANIES CONCERNING AUTOMATIC READ METERS. WORKING WITH LAURA JEFFERSON TO GET GRANT TO PAY FOR THE METERS. WILL TRY TO HAVE MORE INFORMATION AT NEXT MEETING.

4. WENT OVER LIST OF CUSTOMERS WITH DAMAGE DUE TO REGIONAL WATER AND COMMISSIONERS WANT AN ESTIMATE FROM THEM BY NEXT MEETING TO REVIEW AND GIVE A REASONABLE DISCOUNT TO THOSE CUSTOMERS FOR THEIR PROBLEMS.
5. 58 DISCONNECT NOTICES WERE SENT OUT THIS MONTH.
6. VERNON HAD SEVERAL METERS THAT NEED TO BE CHANGED OUT, CHECKED AND RECOVERED. ALSO SO THE HIGH SCHOOL WANTS THE OLD METER AND METER WELL OUT SO THEY CAN FILL IT IN.
7. BILLY ED SAID PUMPING IS DOWN RIGHT NOW AND THE PUMP AT THE RIVER IS BACK AND WORKING GOOD IT HAD A CRACK IN IT. THE HAA'S AND THM'S ARE ALL GOOD THIS QUARTER. HAD GREG RAWLINGS TO FIX THE COMPUTER IN THE NEW FILTER ROOM SO IT'S UP AND RUNNING. HAVE'NT GOT THE GENERATOR HOOKED UP YET BUT WILL SOON.
8. JOHNNY SAID HE HAS BEEN FLUSHING SEVERAL TIMES HERE LATELY.
9. NEXT MEETING WILL BE DEC. 14<sup>TH</sup> AT 7:00P.M.

MEETING ADJOURNED AND COMMISSIONERS WENT INTO EXECUTIVE SESSION.

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JERRY NEAL, CHAIRMAN

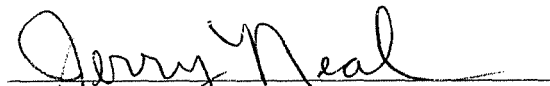
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VERNON BARTON, SECRETARY

4. THE CHRISTMAS DINNER WILL BE ON SAT. DECEMBER 18<sup>TH</sup> AT BLUELICKS AT 6:30. FREDDIE WILL BE IN CHARGE OF GAME AND PRIZES.
5. NEXT MEETING WILL BE DECEMBER 15<sup>TH</sup>.
6. VERNON WENT OVER HIS LIST AND THE FOLLOWING CUSTOMERS HAVE LEAKS, JIMMY HUMPHRIES, BILL PERRAUT, JOHN ROSS AND SUSAN GRAY. VERNON CHECKED ON TILTON METER AND THERE IS A DIFFERENCE OF ABOUT 11,000. HE ALSO WANTED TO KNOW ABOUT KEVIN BOLING AND JERRY SAID TO SEND HIM A BILL AND MAKE HIM ACTIVE AGAIN.
7. JOHNNY TOLD THE COMMISSIONERS ABOUT THE LEAK AT THE WATER PLANT AND THAT FLEMING CO. AND BUFFALO TRAIL HAVE BOTH BEEN SHUT OFF UNTIL THE TOWERS CAN FILL UP AGAIN. JOHNNY ALSO TOLD THE COMMISSIONERS THAT HE IS GETTING A PERMIT TO DO AN ENTRANCE ON THE DORSEY PROPERTY WHICH THEY AGREED TO LET WFWD PUT GRAVEL FOR AN ENTRANCE TO THE REGIONAL TANK. JOHNNY DISCUSSED THE NEW METER HE PUT IN FOR SOUTHERN MASON BECAUSE WE CAN NOT READ THE OLD METER DUE TO WATER STAYING IN IT ALL THE TIME. WITH THE NEW METER THERE IS A DIFFERENCE OF 56,000 GALLONS AND THE COMMISSIONERS WANT TO START USING THE NEW METER. THEREFORE WE NEED TO SEND NOTE TO SOUTHERN MASON EXPLAINING THE CHANGE.
8. THE ELECTRIC BILL WAS HIGHER THIS MONTH AND JERRY WANTS A TOTAL OF THE LAST TWO MONTHS TO SEE WHAT THE PROBLEM IS.

MEETING ADJOURNED AND COMMISSIONERS WENT INTO EXECUTIVE SESSION.

MOTION MADE BY VERNON BARTON AND SECOND BY BILLY MCINTYRE TO ACCEPT TREASURER'S REPORT.

  
JERRY NEAL, CHAIRMAN

  
VERNON BARTON, SECRETARY

**GREATER FLEMING COUNTY  
REGIONAL WATER  
COMMISSION**

**REPORT OF AUDIT**

**DECEMBER 31, 2003**

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# ROBERT E. MONTGOMERY

CERTIFIED PUBLIC ACCOUNTANT

MEMBER: K.S.C.P.A.  
A.I.C.P.A.

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(606) 784-4451  
(606) 784-8224 (FAX)

## INDEPENDENT AUDITOR'S REPORT

To The Board of the  
Greater Fleming County Regional Water Commission  
Flemingsburg, Kentucky

I have audited the accompanying financial statements and the Kentucky Infrastructure Authority Grant of the Greater Fleming County Regional Water Commission as of and for the two years ended December 31, 2003. These financial statements are the responsibility of the management of Greater Fleming County Regional Water Commission. My responsibility is to express an opinion on these financial statements based on my audit.

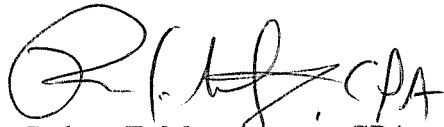
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of Greater Fleming County Regional Water Commission as of December 31, 2003, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 22, 2004, on my consideration of Greater Fleming County Regional Water Commission's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.



My audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "R. E. Montgomery, CPA". The signature is stylized and cursive.

Robert E. Montgomery, CPA  
November 22, 2004

GREATER FLEMING COUNTY REGIONAL WATER COMMISSION  
STATEMENT OF FINANCIAL POSITION  
December 31, 2003

**ASSETS**

Current Assets:	
Cash and cash equivalents	\$ 6,314
Prepaid Expenses	<u>1,004</u>
Total current assets	7,318
Fixed Assets:	
Land	520,715
Construction-in-Progress (Note 2)	<u>1,199,397</u>
Total Assets	<u><u>\$ 1,727,430</u></u>

**LIABILITIES**

Current Liabilities:	
Accounts Payable	\$ 811
Accrued Interest	4,896
Line of Credit Payable	897,589
City of Flemingsburg Contract	<u>309,107</u>
Total current liabilities	1,212,403
Notes Payable (Note 3)	<u>357,500</u>
Total Liabilities	<u><u>1,569,903</u></u>

NET ASSETS

**NET ASSETS**

Contributed Capital - Other	358,000
Unrestricted	<u>(200,473)</u>
Total Net Assets	<u>157,527</u>
Total Liabilities and Net Assets	<u><u>\$ 1,727,430</u></u>

See Notes to Financial Statements

GREATER FLEMING COUNTY REGIONAL WATER COMMISSION  
STATEMENT OF ACTIVITIES  
Two Years Ended December 31, 2003

	<b>Unrestricted</b>
Increase in Net Assets	
Revenue and other support	
Hay Sale	\$ 590
Total Increase in Net Assets	590
Decrease in Net Assets	
Expenses	
Advertising	3,130
Interest	63,159
Insurance	3,019
Easements	448
Permits	143
Repairs & Maintenance	2,428
Travel	1,064
Dues	700
Office and Postage	4,261
Meetings	910
Survey	1,025
Property Taxes	242
Professional Fees	17,106
Total Decrease in Net Assets	97,635
Change in Net Assets	(97,045)
NET ASSETS, beginning of period	(103,428)
NET ASSETS, end of period	\$ (200,473)

GREATER FLEMING COUNTY REGIONAL WATER COMMISSION  
STATEMENT OF CASH FLOWS  
Two Years Ended December 31, 2003

CASH FLOW FROM OPERATING ACTIVITIES

Decrease in net assets	\$ (97,045)
Adjustments to reconcile increase in net assets to net cash used by operating activities	
Decrease (Increase) in Operating Assets	
Prepaid Expenses	(478)
Increase (Decrease) in Operating Liabilities	
Accounts Payable	(9,948)
Accrued Interest	4,454

NET CASH USED BY OPERATING ACTIVITIES (103,017)

CASH FLOW FROM INVESTING ACTIVITIES

Sales (Purchases) of Assets	
Land	(74)
Construction-in-progress	<u>(706,277)</u>

NET CASH USED BY INVESTING ACTIVITIES (706,351)

CASH FLOW FROM FINANCING ACTIVITIES

Cash (Used) or provided by:	
Contributed Capital - Other	358,000
Note Payable	<u>406,696</u>

NET CASH PROVIDED BY FINANCING ACTIVITIES 764,696

NET INCREASE IN CASH AND EQUIVALENTS (44,672)

CASH AND EQUIVALENTS, beginning of year 50,986

CASH AND EQUIVALENTS, end of year \$ 6,314

Supplemental disclosure:

Interest paid during 2002 and 2003 amounted to \$ 63,159.

GREATER FLEMING COUNTY REGIONAL WATER COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Greater Fleming County Regional Water Commission was created pursuant to the provisions of KRS 74.440 to 74.520 for the purpose of furnishing a supply of treated water under pressure into the water distribution systems of Fleming County Water Association, Inc., the City of Flemingsburg, and the Western Fleming County Water District.

The accompanying financial statements of the Greater Fleming County Regional Water Commission have been prepared on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when incurred.

(a) Property, Plant and Equipment

Property, plant and equipment purchased are recorded at cost. Depreciation of buildings and equipment is provided on a straight-line basis over the estimated useful lives of the assets. The Commission had no depreciable assets as of December 31, 2003.

(b) Investments

All investments are carried at cost and are required to be collateralized by direct obligations of the United States, FDIC insured, or invested in direct obligations of the United States. Investments consist of certificates of deposits.

(c) Income Tax Status

Income of the water commission appears to be exempt from tax under Internal Revenue Code Section 501(c). Accordingly, the financial statements include no provisions for income taxes.

(d) Accounts Receivables

The Commission charges all uncollected accounts directly against current earnings. The reserve for uncollectible accounts at December 31, 2003 is 0.

(e) Cash and Equivalents

The Commission defines cash and equivalents to include cash on hand, cash in bank, and certificates of deposits.

(f) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

**2. CONSTRUCTION-IN-PROGRESS**

The Commission is undertaking a project to install approximately 20 miles of water lines to service their four entities: Fleming County Water Association, Inc., the City of Flemingsburg, the Western Fleming County Water District. The cost of this project will be approximately \$16,000,000 and will be financed through grants and loans primarily from the Rural Development Association and Kentucky Infrastructure Authority.

GREATER FLEMING COUNTY REGIONAL WATER COMMISSION  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2003

**3. LONG-TERM DEBT**

The following is a summary of notes outstanding for the years ended December 31: Long term debt is guaranteed by the line of credit through Community Trust Bank until water supply project is operational.

<u>Note</u>	<u>Outstanding</u> <u>2003</u>
<b>Note-Kentucky Infrastructure Authority</b>	
Loan - \$375,500	
Date 12-19-01 in semi-annual installments of interest only until Project Bid	
Interest at 1.8%	<u>\$ 357,500</u>
Total	<u>\$ 357,500</u>

The annual requirements to amortize all notes and leases outstanding as of December 31, 2003, are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	15,914	6,041	21,955
2005	15,877	6,077	21,954
2006	16,164	5,790	21,954
2007-2010	67,632	20,186	87,818
2011-2015	91,650	18,121	109,771
2016-2020	100,241	9,531	109,771
2021-2024	<u>50,022</u>	<u>1,295</u>	<u>51,317</u>
	<u>\$357,500</u>	<u>\$67,041</u>	<u>\$424,541</u>

**4. SHORT-TERM OBLIGATIONS**

The following notes are set up as a line of credit and are renewable on October 26, 2004. Each is secured by 3 tracts of land 104.682 Acres, 84.789 Acres, and 20.197 Acres located on Sand Hill Rd. Sand Hill, Lewis Co., Kentucky.

**Note-Community Trust Bank**

Loan – 500,000	
Date 10-26-03 in annual installment	
Matures 10-26-04	
Interest at Prime plus .50%	\$451,589

GREATER FLEMING COUNTY REGIONAL WATER COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003

**Note-Peoples Bank of Fleming County**

Loan – 500,000	
Date 10-26-03 in annual installment	
Matures 10-26-04	
Interest at Prime plus .50%	\$446,000

Greater Fleming County Regional Water Commission entered into an agreement with the City of Flemingsburg to pay the City a sum of \$400,000 in exchange for a commitment to purchase a minimum of 250,000 gallons of water a day from the Commission. As of December 31, 2003 the Commission owes \$309,107 to the City of Flemingsburg. These funds will be due to the City upon completion of the project and are considered short term.

**GREATER FLEMING COUNTY REGIONAL WATER COMMISSION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended December 31, 2003

<u>FEDERAL GRANTOR PROGRAM</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH GRANTOR'S NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. DEPARTMENT OF AGRICULTURE PASS-THROUGH PROGRAMS FROM:			
FARMERS HOME ADMINISTRATION			
GRANT PROGRAM:			
KENTUCKY INFRASTRUCTURE AUTHORITY 2020 GRANT	66.458	N/A	358,000
			<u>\$ 358,000</u>

See accompanying notes to schedule of expenditures of federal awards.



GREATER FLEMING COUNTY REGIONAL WATER COMMISSION  
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Greater Fleming County Regional Water Commission and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B – PASS THROUGH PROGRAMS

Greater Fleming County Regional Water Commission District received funds passed through the Commonwealth of Kentucky Infrastructure Authority

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided</u>
KIA 2020 grant	66.458	\$358,000

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT  
AUDITING STANDARDS***

To the Board of the  
Greater Fleming County Regional Water Commission  
Flemingsburg, Kentucky

I have audited the financial statements and Kentucky Infrastructure Authority Grant of Greater Fleming County Regional Water Commission as of and for the two years ended December 31, 2003, and have issued my report thereon dated November 22, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

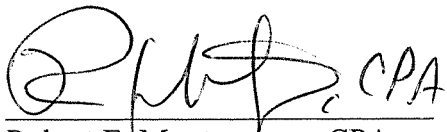
As part of obtaining reasonable assurance about whether Greater Fleming County Regional Water Commission's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Greater Fleming County Regional Water Commission's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design of operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no

matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "R. E. Montgomery, CPA". The signature is written in a cursive style with a horizontal line underneath the name.

Robert E. Montgomery, CPA  
November 22, 2004

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To The Board of the  
Greater Fleming County Regional Water Commission  
Flemingsburg, Kentucky

Compliance

I have audited the compliance of the Greater Fleming County Regional Water Commission with the types of compliance requirements described in the *U.S. Office Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the two years ended December 31, 2003. Greater Fleming County Regional Water Commission's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Greater Fleming County Regional Water Commission's management. My responsibility is to express an opinion on the Greater Fleming County Regional Water Commission's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Greater Fleming County Regional Water Commission's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide legal determination of the Greater Fleming County Regional Water Commission's compliance with those requirements.

In my opinion, the Greater Fleming County Regional Water Commission complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2003.

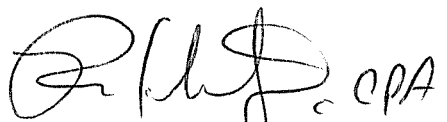
Internal Control Over Compliance

The management of the Greater Fleming County Regional Water Commission is responsible for establishing and maintaining effective internal control over compliance

with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Greater Fleming County Regional Water Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program begin audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, the board of commissioners, management, and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "R. E. Montgomery, CPA". The signature is written in a cursive style and is positioned above a horizontal line.

Robert E. Montgomery, CPA  
November 22, 2004

**WESTERN FLEMING COUNTY  
WATER DISTRICT**

**REPORT OF AUDIT**

**DECEMBER 31, 2004**

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**ROBERT E. MONTGOMERY**

CERTIFIED PUBLIC ACCOUNTANT

MEMBER: K.S.C.P.A.  
A.I.C.P.A.

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INDEPENDENT AUDITOR'S REPORT

To The Board of Commissioners of the  
Western Fleming County Water District  
Ewing, Kentucky

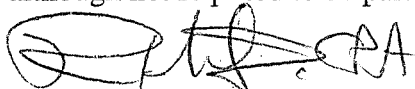
I have audited the accompanying balance sheets of the Western Fleming County Water District as of December 31, 2004 and 2003, and the related statements of revenues and expenses, changes in retained earnings and cash flows for years then ended. These financial statements are the responsibility of the management of Western Fleming County Water District. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of Western Fleming County Water District as of December 31, 2004, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated May 25, 2005, on my consideration of Western Fleming County Water District internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

The district has not presented the management's discussion and analysis that Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.



Robert E. Montgomery, CPA  
May 25, 2005



**WESTERN FLEMING COUNTY WATER DISTRICT**  
**BALANCE SHEETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

<b>ASSETS</b>	<u>2004</u>	<u>2003</u>
<b><u>CURRENT ASSETS</u></b>		
Cash (Note 2)	\$ 1,062,631	\$ 1,055,919
Accounts Receivable (net of allowance for doubtful accounts of \$2,133 and \$2,377 at December 31, 2004 and 2003.)	56,224	32,946
Prepaid Insurance	<u>7,375</u>	<u>9,426</u>
<b><u>Total Current Assets</u></b>	<b><u>1,126,230</u></b>	<b><u>1,098,291</u></b>
<b><u>RESTRICTED ASSETS</u></b>		
Cash (Note 3)	<u>401,180</u>	<u>244,744</u>
<b><u>Total Restricted Assets</u></b>	<b><u>401,180</u></b>	<b><u>244,744</u></b>
<b><u>PROPERTY AND EQUIPMENT</u></b>		
Land	20,074	20,074
Transmission and Distribution Plant	6,146,265	5,837,991
Building, Office Furniture and Equipment	<u>72,158</u>	<u>67,713</u>
<b><u>Total Property, Plant and Equipment</u></b>	<b>6,238,497</b>	<b>5,925,778</b>
Less: Accumulated depreciation	<u>(2,338,599)</u>	<u>(2,224,950)</u>
<b><u>Net Property, Plant and Equipment</u></b>	<b><u>3,899,898</u></b>	<b><u>3,700,828</u></b>
<b><u>OTHER ASSETS</u></b>		
Bond Issuance Costs	14,000	
Less: Amortization	<u>(933)</u>	
	<u>13,067</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 5,440,375</u></b>	<b><u>\$ 5,043,863</u></b>

See accompanying notes to the financial statements.

**WESTERN FLEMING COUNTY WATER DISTRICT**  
**BALANCE SHEETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

**LIABILITIES, CONTRIBUTED CAPITAL AND RETAINED EARNINGS**

	2004	2003
<b><u>CURRENT LIABILITIES</u></b>		
Accounts Payable	\$ 14,131	\$ 17,839
Accrued Taxes	4,271	3,783
Accrued Interest Payable	29,359	26,511
Current Portion of Long-term Debt	50,400	28,500
<b><u>Total Current Liabilities</u></b>	<b>98,161</b>	<b>76,633</b>
<b><u>LONG-TERM DEBT</u></b>		
Bonds Payable (Note 5)	2,116,581	1,882,669
<b><u>Total Liabilities</u></b>	<b>2,214,742</b>	<b>1,959,302</b>
<b><u>CONTRIBUTED CAPITAL AND RETAINED EARNINGS</u></b>		
Customer Tap-ons	371,350	354,825
Contributed Capital - Other	2,616,375	2,573,675
Retained Earnings	237,908	156,061
<b>Total Contributed Capital and Fund Balance</b>	<b>3,225,633</b>	<b>3,084,561</b>
	<b>\$ 5,440,375</b>	<b>\$ 5,043,863</b>

See accompanying notes to the financial statements.

**WESTERN FLEMING COUNTY WATER DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN**  
**RETAINED EARNINGS**  
**FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

	2004	2003
OPERATING INCOME	\$ 682,065	\$ 606,409
Water Operating Revenues		
OPERATING EXPENSES		
Chemicals	82,359	74,908
Contract Service - Accounting	2,550	2,350
Contract Service - Other	35,320	28,348
Depreciation	113,649	115,850
Insurance	33,796	35,668
Materials and Supplies	25,579	47,440
Office Supplies	9,553	8,900
Telephone & Utilities	4,598	4,021
Miscellaneous	1,677	353
Payroll Taxes	11,393	10,927
Purchased Power	59,853	52,766
Amortization	933	12,000
Salaries - Commissioners	13,200	128,538
Salaries - Employees	133,532	128,538
OPERATING EXPENSES	527,992	522,069
NET OPERATING INCOME (LOSS)	154,073	84,340
NONOPERATING INCOME (EXPENSES)		
Interest Income	20,729	25,768
Interest Expense	(92,955)	(93,577)
NET INCOME (LOSS)	81,847	16,531
RETAINED EARNINGS - BEGINNING OF YEAR	156,061	139,530
RETAINED EARNINGS - END OF YEAR	\$ 237,908	\$ 156,061

**WESTERN FLEMING COUNTY WATER DISTRICT**

**STATEMENTS OF CASH FLOWS**

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

2004	2003	
\$ 154,073	\$ 84,340	Net Income/(Loss)
		Adjustments to reconcile Operating
		Income to Net Cash Provided by
		Operating Activities:
114,582	115,850	Depreciation and Amortization
(23,278)	964	Decrease (Increase) in Current Assets
2,051	(1,312)	Accounts Receivable
(3,708)	3,447	Other Receivables & Prepaid Insurance
3,336	132	Increase (Decrease) in Current Liabilities
		Accounts Payable
		Accrued Expenses
247,056	203,421	<b>CASH PROVIDED BY OPERATIONS</b>
		<b>CASH FLOW FROM INVESTING ACTIVITIES</b>
20,729	25,768	Interest Income
		<b>CASH PROVIDED BY INVESTING</b>
20,729	25,768	<b>CASH FLOW FROM CAPITAL AND RELATED</b>
		<b>FINANCING ACTIVITIES</b>
		Cash (Used) or provided by:
(308,274)	(569,257)	Investment in Utility Plant
255,812	447,375	(Debt Reduction)/Proceeds
(4,445)	(3,750)	Investment in Office Equipment
(92,955)	(93,577)	Interest Expense on Debt
(156,436)	(28,736)	Decrease/(Increase) in Restricted Cash
42,700	98,374	Increase in Contributed Capital
16,525	7,810	Customer Contributions
(14,000)	(4,575)	Bond Issuance Costs
-	-	Investment in Land
(261,073)	(146,336)	<b>CASH USED BY CAPITAL AND RELATED</b>
		<b>FINANCING ACTIVITIES</b>
(261,073)	(146,336)	PRIOR PERIOD ADJUSTMENT TO
		RETAINED EARNINGS
6,712	82,853	<b>NET INCREASE (DECREASE) IN CASH</b>
1,055,919	973,066	<b>CASH AT BEGINNING OF PERIOD</b>
\$ 1,062,631	\$ 1,055,919	<b>CASH AT END OF PERIOD</b>

Supplemental Disclosures:

Interest paid was \$ 92,955 and \$ 93,577 in 2004 and 2003 respectively.

See accompanying notes to the financial statements.

WESTERN FLEMING COUNTY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Western Fleming County Water District have been prepared on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when incurred.

(a) Property, Plant and Equipment Property, plant and equipment purchased are recorded at cost. Depreciation of buildings and equipment is provided on a straight-line basis over the estimated useful lives of the assets. The estimates of useful lives used in computing depreciation are as follows:

ESTIMATED LIFE (YEARS)	Building & Improvements	Water Plant	Water Distribution Systems	Meters
33				
33				
40-50				
20				

(b) Investments All investments are carried at cost and are required to be collateralized by direct obligations of the United States, FDIC insured, or invested in direct obligations of the United States. Investments consist of certificates of deposits.

(c) Income Tax Status Income of the water district is exempt from tax under Internal Revenue Code Section 115. Accordingly, the financial statements include no provisions for income taxes.

(d) Customer Contribution Following a common industry practice, all tap-on and meter installation fees have been capitalized and recorded as contributed capital

(e) Estimates The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

(f) Cash and Cash Equivalents Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. Fair value approximates carrying amounts.

2. CASH

Cash for purposes of the cash flows statements does not include restricted cash. Following is a summary of cash at December 31, 2004 and 2003:

WESTERN FLEMING COUNTY WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

2004 2003

Interest Bearing Checking Accounts	\$ 1,409,534	\$ 1,249,234
And certificate of deposit	54,277	51,429
Non-Interest Bearing Checking Accounts	\$ 1,463,811	\$ 1,300,663
Less: Restricted Cash for Construction	401,180	244,744
And Bond Reserves	\$ 1,062,631	\$ 1,055,919

3. RESTRICTED ASSETS

The restricted assets in the accompanying financial statements are restricted as to use by bond ordinances (Note 5). A schedule of restricted assets at December 31, 2004 follows:

DESCRIPTION	2004	2003
RESTRICTED CASH	\$ 54,277	\$ 51,429
With Paying Agents	82,465	60,134
Bond Reserves	90,545	26,005
Construction Account	113,093	51,815
Bond Sinking Fund	60,800	55,361
Depreciation Reserves	\$ 401,180	\$ 244,744
Total		

4. NET WORKING CAPITAL

Current Assets	\$ 1,126,230	\$ 1,097,798
Current Liabilities	81,161	76,633
Net Working Capital	\$ 1,045,069	\$ 1,021,165

5. LONG-TERM DEBT

The following is a summary of revenue bonds of the district at December 31, 2004. Substantially all assets and revenues are pledged as collateral for the following debt:

	2004	2003
1969 Serial	\$ 445,000	\$ 108,981
1980 FHA	560,000	347,000
1988 FHA	341,000	274,000
1997 FHA	675,000	628,000
2003 FHA	500,000	495,000
2004 KY Rural Water	314,000	314,000
Rate		
Issue		
Original		

Less Current Maturities	(50,400)	(28,500)
	\$ 2,166,981	\$ 1,911,169

WESTERN FLEMING COUNTY WATER DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2004

Bond principal is due on January 1. Interest is due on January 1 and July 1.

Long-term debt will mature as follows:

Principal	Total
50,400	2005
87,920	2006
94,522	2007
96,654	2008
944,675	2009-2019
620,810	2020-2028
272,000	2029-2037
<u>\$ 2,166,981</u>	

Depreciation fund and bond reserve funds that are required by the 1969 and 1980 bond indentures, are fully funded, and are held as time deposits and certificates of deposit by Farmers Deposit Bank-Ewing Branch at Ewing, Kentucky. The depreciation fund required by the 1988 bond indenture requires that a deposit of \$170 be deposited monthly. As of December 31, 2004, the 1988 depreciation reserve fund had a balance of \$51,400. The 2004 bond indenture requires a bond reserve fund be set-up with the regions bank. This account is set-up and had a balance of \$21,812 as of December 31, 2004.

**FDIC AND COLLATERALIZED DEPOSITS WITH FINANCIAL INSTITUTIONS**

The amount of collateral, bank balance, and the District's carrying balances in all financial institutions as of December 31, 2004 are summarized below.

Collateral and FDIC Insurance	Carrying Balance	Bank Balance	Community Trust Bank	Checking and Savings Certificates of Deposits	TOTAL
\$ 1,550,714	\$ 1,463,811	\$ 1,463,811	614,433	849,378	\$ 1,463,811
			849,378		

All securities pledged as collateral are unregistered and held by the safekeeping department of another bank.

In planning and performing my audit, I considered the Western Fleming County Water District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design of operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no

Internal Control Over Financial Reporting

As part of obtaining reasonable assurance about whether Western Fleming County Water District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Compliance

I have audited the financial statements of Western Fleming County Water District as of and for the year ended December 31, 2004, and have issued my report thereon dated May 25, 2005. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

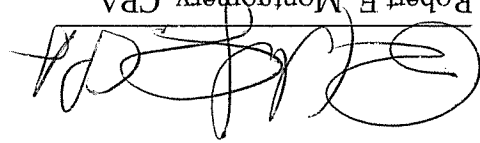
To the Board of Commissioners of the  
Western Fleming County Water District  
Ewing, Kentucky

**WESTERN FLEMING COUNTY WATER DISTRICT  
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH LAWS AND  
REGULATIONS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS**



matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Commissioners, the Public Service Commission of Kentucky, Fleming County Fiscal Court and Rural Development and is not intended to be and should not be used by anyone other than these specified parties.

  
Robert E. Montgomery, CPA  
May 25, 2005