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NOV 16 2009

**PUBLIC SERVICE  
COMMISSION**

**HENRY COUNTY WATER DISTRICT NO. 2**

**CASE NO. 2009-00370**

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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NOV 16 2009

PUBLIC SERVICE  
COMMISSION

In the Matter of:

APPLICATION OF HENRY COUNTY )  
WATER DISTRICT NO. 2 FOR AN )  
ADJUSTMENT OF RATES, CONSTRUCT )CASE NO.  
AND FINANCE AND APPROVAL OF A )2009-00370  
SYSTEM DEVELOPMENT CHARGE )

RESPONSE OF HENRY COUNTY WATER DISTRICT NO. 2 TO  
COMMISSIONS STAFF'S INITIAL REQUEST FOR INFORMATION

In response to Staff's initial information request Henry County Water District No.2 ("Henry District") files an original and six copies of the requested information, with a copy to all parties of record. Henry District does not expect to file any testimony with regard to the questions contained in Staff's initial request.

1. Information related to the workpapers, calculations and assumptions are contained in the district's annual and audit report. Adjustments are set out in Henry District's filing.
2. There are no business activities aside from regulated utility activities. As set out in the application, Henry District is a water utility.
3. See CD filed with application and Exhibit 1 herein. Henry District purchased a dozer on a lease to own plan in 2009.
4. A general ledger is contained on a CD filed as part of the application.
5. A cash disbursements ledger is contained on the CD, filed as part of the application.
6. A reconciliation of test-period general ledger expense to the expense in Henry District's annual report is not needed.
7. All audit adjustments are shown in Exhibit 2.
8. A list of all employees on a CD in Microsoft Office Excel format was included in the application. Additional information is contained in Exhibit 4. Employer retirement rates are attached as Exhibit 3. The effective rate for 2009-2010 is included in Exhibit 3.

9. A schedule of all fringe benefits are included on a CD in the application. Additional information is shown in Exhibit 4.
10. Significant expenses related to this filing to date include copies and notebooks purchased for filing the application and for responding to Staff's first information request. The total cost for the previous offsetting improvement charge exceeded \$100,000. Since Henry District has asked Staff for guidance in filing the system development charge in this case, it is anticipated that cost will not exceed \$20,000.
11. Current amortization schedules are shown in Exhibit 5. Additional information is contained on a CD filed as part of the application.
12. A copy of all board meetings and balance sheet for each month is attached as Exhibit 6.

COMMONWEALTH OF KENTUCKY

COUNTY OF HENRY

SUBSCRIBED, AND SWORN TO AND ACKNOWLEDGED before me by  
the said MERLE BREWER, CHAIRPERSON, HENRY COUNTY WATER  
DISTRICT NO.2 this 13 of November, 2009.

  
\_\_\_\_\_  
Notary Public  
My Commission Expires 1-23-2011



3:49 PM  
 06/30/09  
 Accrual Basis

## Henry County Water District #2

### Find Report

#### All Transactions

Type	Date	Num	Name	Account	a	Split	Amount	Balance
Check	04/09/2009	1357	C & H CAPITAL	131-5 Depreciation Account	105	Work In Progress	-8,701.09	-8,701.09
Check	04/09/2009	1357	C & H CAPITAL	105 Work In Progress	131-5	Depreciation Account	8,701.09	0.00
Check	03/09/2009	1356	C & H CAPITAL	131-5 Depreciation Account	105	Work In Progress	-8,701.15	-8,701.15
Check	03/09/2009	1356	C & H CAPITAL	105 Work In Progress	131-5	Depreciation Account	8,701.15	0.00
Check	02/10/2009	1355	C & H CAPITAL	131-5 Depreciation Account	105	Work In Progress	-8,701.15	-8,701.15
Check	02/10/2009	1355	C & H CAPITAL	105 Work In Progress	131-5	Depreciation Account	8,701.15	0.00
Check	01/09/2009	1354	C & H CAPITAL	131-5 Depreciation Account	105	Work In Progress	-8,701.15	-8,701.15
Check	01/09/2009	1354	C & H CAPITAL	105 Work In Progress	131-5	Depreciation Account	8,701.15	0.00
Check	12/15/2008	1353	C & H CAPITAL	131-5 Depreciation Account	105	Work In Progress	-8,701.15	-8,701.15
Check	12/15/2008	1353	C & H CAPITAL	105 Work In Progress	131-5	Depreciation Account	8,701.15	0.00
Check	11/06/2008	1352	C & H CAPITAL	131-5 Depreciation Account	347	Service Equipment	0.00	0.00
Check	11/06/2008	1352	C & H CAPITAL	347 Service Equipment	131-5	Depreciation Account	0.00	0.00
<b>Total</b>							<b>0.00</b>	<b>0.00</b>

3:50 PM  
 06/30/09  
 Accrual Basis

## Henry County Water District #2

### Find Report

#### All Transactions

Type	Date	Name	Account	Split	Amount	Balance
Check	05/05/2009	CNH Capital America, LLC	131-5 Depreciation Account	105 Work In Progress	-8,831.60	-8,831.60
Check	05/05/2009	CNH Capital America, LLC	105 Work In Progress	131-5 Depreciation Account	8,831.60	0.00
<b>Total</b>					<b>0.00</b>	<b>0.00</b>



Henry C. Water District #2  
 ye assistance  
 12 31 08

pg 1 of 6

	1	2	3	4
	① Reverse out 12-31-07 Daniel Gateway ck on drawer			
1	131-1	Cash on Hand		95000
2	433	Impact Fees	95000	
3				
4	② voided ck # 34621 Assesd BACK 2 wrong place 10-22-08			
5	241-11	Ky State Ret w/H	(216859)	781122
6	604-1	Retirement Expense		241536
7	604-1	Employee Benefits		241536
8				
9	③ assist to ye actual			
10	236-2	Retirement Payable	(489271)	312875
11	241-11	Ky State Ret Employee w/H	(255285)	38426
12	604-1	Retirement Expense		274449
13				
14	④ ye actual			
15	243	Trans Held Extra Lines	(120000)	966712
16	433	Impact Fees 5-08 (2)	(4465000)	285000
17	432-3	Cost Contr Line Payback	-0-	54068
18	432-1	Tap on Fees	(3740000)	95000
19	475-1	Misc Interc. Pallets		666600
20	620-1	Materials & Supplies		56044
21				
22	⑤ assist to ye actual			
23	224-1	SRECC Int Loan	(18393859)	193859
24	627-6	Interest - KRWF Series 2006 B		193859
25				
26	⑥ Reverse from ye AP			
27	231	Accounts Payable		6184530
28	682-1	Ed-Plant Repairs		51000
29	615-2	Utilities - Gas office		70169
30	620-2	Service Dept Supplies		1059087
31	633-8	Legal		12800
32	618-2	Plant Supplies		9475
33	75-7	Repairs - Plant - Well		235500
34	620-8	office supplies - office		30018
35	631-4	Cost Service office		39000
36	678-1	Telephone - Cellular		65171
37	679-1	Telephone - Land Lines		47207
38	615-3	Utilities office Water		3069
39	672-1	Water Analysis		92000
40	631-4	Cost Service office Rugs		9060
41	650-8	M. laise		16927
42	616-1	Electric - Plant - Well Field		90683
43	660-8	Advertising		2299336
44	650-5	Bkhar = Truck Fuel		56672
45	615-4	Utilities Sewer - office		173028
46	634-2	Cost Service - Meter Readings		4246
47	620-9	office Supplies - Plant		803739
48	631-8	Engineering Fees		12843
49	631-8	Engineering Fees		638000
50	105	Const - Process		178500
				187000



Henry Co Water District #2  
 ye adjustments  
 12-31-08

		1	2	3	4
	(7) ye actual - see AP-13 file				
1	181-1 Unamortized Debt 2003 SER	7587088	7429468		157620
2	181 Amortized Debt Disc	16770000	16796000	26000	
3	628 Amortization of Debt Disc			131620	
4					
5	(8) ye actual - total CDs	170918661			
6	135 Temporary Cash Investments			1926303	
7	419 Interest				1926303
8					
9	(9) ye actual				
0	419 Interest: Bond Interest		(515477)	214	
1	Revenue Earnings				214
2					
3	(10) ye actual				
4	1-6 KRWF 5 <sup>th</sup> -3 <sup>rd</sup> 2003	(262550520)	(262300000)	250520	
5	21-9 KRWF 5 <sup>th</sup> -3 <sup>rd</sup> 2001 Issue	(60499490)	(60300000)	199490	
6	627-1 Interest 2001 Issue				199490
7	627-2 Int KRWA 2003 Issue				252520
8	685-1 Misc Expense - Wine Fee			2000	
9	(11) Reallocate Interest Expense				
0	627-5 Int Expense on H-L 1998 Issue	28857239	30826800	1969561	
1	627-7 Trustee Fees 350+350	95000	165000	70000	
2	627-6 Int KRWF Series 2006B				2039561
3					
4	(12) ye actual AFICU "U" = C				
5	241-4 Ky Sales Tax		(4658)		26790
6	475-1 Misc Income			26790	
7					
8	(13) ye actual				
9	241-1 Soc Sec Pmt	89073	0		89073
0	241-10 Medicare Pmt	7570	0		7570
1	241-2 Federal W/H	7000	0		7000
2	241-3 Ky State W/H	(22370)	(223570)	200	
3	488-12 Payroll Taxes - Employer			103443	
4					
5	(14) post Nov '08 sales & school tax to G/L				
6	14-1 Acc Rec			698753	
7	241-4 Ky Sales Tax				48831
8	241-5 Henry School Tax				113008
9	241-6 Trimble School Tax				71004
0	241-7 Carroll School Tax				2437
1	241-8 Oldham School Tax				23299
2	241-9 Shelby School Tax				26471
3	241-13 Eminence School Tax				13703
4	(15) ye actual				
5	241-5 Henry School Tax		(549630)		201779
6	241-6 Trimble School Tax		(68447)	17684	
7	241-7 Carroll School Tax		(3632)		14371
8	241-8 Oldham School Tax		(21080)		20722
9	241-9 Shelby School Tax		(25471)		20770
0	241-13 Eminence School Tax		(10894)	10277	
1	475-1 Misc Income			229681	

# Henry C. Water District # 2

ye ADJUSTMENTS

12 31 - 2008

Pg 3-FL

		1	2	3	4	5
<b>(16) ye actual</b>						
1	151	PLANT Material - Supplies - Inventory		7486680	206881	
2	620-1	Materials & Supplies				206881
<b>(17) ye actual</b>						
5	171	Accrued Interest Receivable	2726934	1092176		1634758
6	419	Interest			1634758	
<b>(18) adjust to ye actual</b>						
10	427.4	Interest Expense - Customer Deposits		55512	55512	
11	237-3	Acc Int - Cust Deposit	(110256)	(109073)	1183	
12	235	Customer Deposits	(13736422)	(749951)	5986471	
13	141	Accounts Receivable				6043166
<b>(19) ye actual</b>						
16	141-1	Accts Rec Retained Checks	(318434)	-0-	318434	
17	141-1	Accts Rec -- retained check	200907	82112		118795
18	475-1	Miscellaneous Income				199639
<b>(20) Reclassify Acct</b>						
21	627-9 New	Interest Expense - CNH			46318	
22	105	Cost in Process				1958622
23	304	Distribution Line			1088507	
24	233	Lease Payable - CNH Capital			823797	
25		Henry Co. Hwy. Park Scobie Lane High School Lease Pmt	4335.00 1105.00 2600.00 2845.00	870.15	19586.22	
<b>(21) Assets Traded For new Dozer</b>						
29	345	Eq. Pment				6571200
30	108-6	Allowance for Depn			6571200	
31		Case 580 Dozer Case 450 Dozer Case 580 Dozer	24220.00 14000.00 27492.00			
<b>(22) Reim Due From High School</b>						
35	142	Other Accounts Receivable - Misc			284500	
36	475-1	Misc Income				284500
<b>(23) Reclassify Account</b>						
39	304	System Betterment				900000
40	105	Constructed in Process			900000	
<b>(24) Capital Lease</b>						
43	345	Eq. Pment - Dozer			4210700	
44	233	Lease Payable - CNH Capital				4210700
<b>(25) Reclassify Acct</b>						
47	162-2	Prepaid Maintenance	23996	524833	500837	
48	683-1	Dues & Subscriptions 1150.00				115000
49	631-4	Cont Service Office				25837
50	631-2	Contract Service - PLANT				360000



Henry Co Water District "2"  
ye Adjustments  
12-31-2008

	1	2	3	4
	(32) Reclassfy 8-6-08 Report For this class - paid Johnson Co. (			
1	475-1	Misc Income		
2	675-7	Plant - Well Field Repair	817700	
3				817700
4	(33) per Line Extension worksheet			
5	304	Distribution Lines	3928182	
6	631-8	Engineering Costs		204000
7	620-1	Materials		1668019
8	601-1	Labor		1699498
9	408-12	Payroll Taxes		152973
10	604-1	Retirement Expenses		229431
11	604-1	Employee Benefits - Health Ins		550050
12	650-5	Fuel		580814
13	105	Const in Process	1156603	
14				
15				
16	(34) Donated Line McCarty Lane - see line extension worksheet			
17	304	Distribution Lines	3520000	
18	475-1	Misc Income		3520000
19				
20				
21	(35) Recurs ye liabilities Net Amort 70,227 <sup>25</sup> ; Asset A/P 5840 <sup>00</sup>			
22	105	Const in Process	12862825	
23	231-2	Const		7022725
24	231-2	Const		5840100
25				
26	(36) unbilled Adjust to ye Actual 157,367 <sup>00</sup> ; Net Amort 2885 <sup>00</sup> De For Hcty Sch			
27	142	Other A/R - Unbilled	15736900	466922
28	461-11	Meter Sales - Henry		342319
29	461-12	- Tumbler		52791
30	461-13	- Carroll		1977
31	461-14	- Oldham		15908
32	461-18	- Eminence		8134
33	461-19	- Shelby Co		15908
34	1-2	- Wholesale		29885
35		Final amt 142	15736900 + 288500 = 16021400	
36				
37	(37) ye Actual			
38	141	Acc Receivable	30869934	3033842
39	143	Acc Pay for Unbill acct (3603100)	(4693067)	1089967
40	670-7	BAD Debt Expense		1089967
41	461-11	Meter Sales - Henry		2184366
42	461-12	- Tumbler		333723
43	461-14	- Oldham		91015
44	461-18	- Eminence		60677
45	461-19	- Shelby		121354
46	461-2	- Wholesale		242707
47				
48				
49				
50				

Henry Co Water District #2  
 ye adjustments  
 12 31 - 2008

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		1	2	3	4
	(38) ye actual				
1	609 Depn Expense		80732190	932190	
2	108 Ac Depn/Structures-IMP	(8941190893)	(895485002)		1294109
3	108-3 Acc Depn - New Buildings	(16632191)	(16632189)	002	
4	108-7 Acc Depn/Water Treatment Plant	(5360923)	(3815332)	1545591	
5	108-4 Acc Depn/Meters	(154932689)	(154687691)	244998	
6	108-1 Acc Depn/OTF EQ-P	(16351517)	(16641951)		290434
7	108-5 Acc Depn/Shop Equip	(3402601)	(3231639)	170962	
8	108-6 Acc Depn/Power Equip	(15039294)	(15927907)		888613
9	108-2 Acc Depn/Secur Equip	(20114876)	(20535463)		420587
	(39) Book grants receivable - Construction @ 12/31/08				
3	174 Construction Grants Receivable			34825000	
4	5 Work in Progress			175000	
5	262 Proceeds - Cap Const - Grants				35000000
6	KFA Grants - Water Tank				
7	300,000 + 50,000 = 350,000				
8	1/2% admin fee				

COPY

**PREMIUM COMPARISON**

**Insured:** Henry County Water District  
**Insurer:** RSDIS & Praetorian Insurance  
**Policy Term:** July 29<sup>th</sup> 2008 To July 29<sup>th</sup> 2009

<b>COVERAGE</b>	<b>EXPIRING PREMIUM</b>	<b>RENEWAL PREMIUM</b>
Commercial Property	\$ 3,627.00	\$ 3,661.00
General Liability	\$ 6,274.00	\$ 6,320.00
Management Liability	\$ 2,313.00	\$ 1,915.00
Inland Marine	\$ 1,037.00	\$ 1,270.00
Business Auto	\$ 11,096.00	\$ 11,181.00
Umbrella	\$ 3,206.00	\$ 3,137.00
Taxes	\$ 357.54	\$ 357.35
Total	\$ 27,820.54	\$ 27,841.35 ✓
Workers Compensation	\$ 12,636.00	\$ 14,957.00



Kentucky Employees Retirement System  
County Employees Retirement System  
State Police Retirement System

KENTUCKY RETIREMENT SYSTEMS  
Perimeter Park West  
1260 Louisville Road  
Frankfort, Kentucky 40601



Robert M. Burnside  
Executive Director  
Phone 502-696-8800  
FAX # 502-696-8822  
www.kyret.com

## MEMORANDUM

**TO:** Agencies Participating in the County Employees Retirement System

**FROM:** Robert M. Burnside, Executive Director  
Kentucky Retirement Systems

**DATE:** April 2, 2009

**SUBJECT:** Contribution Rates for Fiscal Year 2009-2010

During the 2009 Regular Legislative Session, the Kentucky General Assembly amended KRS 16.645 to require the KRS Board of Trustees to establish employer contribution rates for the County Employees Retirement System that will phase in to the full actuarially required contribution for the health insurance fund over a ten (10) year period using the 2007-2008 fiscal year employer contribution for health insurance fund as a base employer rate and incrementally increasing the employer rate from fiscal year 2008-2009 through fiscal year 2017-2018. In conformance with the requirements of KRS 16.645, as amended, and as recommended by the System's actuary, the KRS Board met on April 2, 2009 and re-established the CERS employer rates for 2009-2010 as follows:

<b>CERS nonhazardous</b>	16.16%
<b>CERS hazardous</b>	32.97%

These employer contribution rates will become effective July 1, 2009.

Please distribute copies of this memorandum to the individuals responsible for your budget. Employer contribution rates for all systems may be changed if legislation affecting the rates is enacted in upcoming sessions of the Kentucky General Assembly.

**EMPLOYER CONTRIBUTION  
RETIREMENT RATE SCHEDULE**

**2007**  
16.17

**2008**  
13.50

**2009**  
16.16





**2009 Employee Benefits Paid by  
Henry County Water**

<b>Name</b>	<b>Health</b>	<b>Life</b>	<b>Dental</b>
Jimmie Simpson	\$ 756.56	\$ 70.00	\$ 20.55
Barry Woods	\$ 1,113.73	\$ 70.00	\$ 20.55
Bobbey Simpson	\$ 1,113.73	\$ 48.62	\$ 20.55
Matt Jackson	\$ 1,113.73	\$ 47.95	\$ 20.55
Audrey Morgan	\$ 360.78	\$ 52.98	\$ 20.55
Lynda Wilson	\$ 756.56	\$ 49.71	\$ 20.55
Jay Armstrong	\$ 1,113.73	\$ 49.97	\$ 20.55
Gary Johnson	\$ 1,113.73	\$ 54.01	\$ 20.55
Alice Thompson	\$ 360.78	\$ 50.07	\$ 20.55
Jerry Rankin	\$ 1,113.73	\$ 44.71	\$ 20.55
Keith Morris	\$ 360.78	\$ 43.03	\$ 20.55
Trevor Brown	\$ 609.00	\$ 42.42	\$ 20.55
Brandon Beckley	\$ 360.78	\$ 37.57	\$ 20.55
Vickie Carpenter	\$ 360.78	\$ 37.48	\$ 20.55
Lisa Coots	\$ 360.78	\$ 39.87	\$ 20.55
Chris Troxell	\$ 360.78	\$ 32.08	\$ 20.55
Jonica Sea	No Benefits Paid		\$ 20.55
David Frakes	\$ 360.78	\$ 54.59	\$ 20.55

**2008 Employee Benefits Paid by  
Henry County Water**

<b>Name</b>	<b>Health</b>	<b>Life</b>	<b>Dental</b>
Jimmie Simpson	\$ 694.11	\$ 70.00	\$ 19.39
Barry Woods	\$ 1,021.81	\$ 70.00	\$ 19.39
Bobbey Simpson	\$ 1,021.81	\$ 48.62	\$ 19.39
Matt Jackson	\$ 1,021.81	\$ 47.95	\$ 19.39
Audrey Morgan	\$ 331.00	\$ 52.98	\$ 19.39
Lynda Wilson	\$ 694.11	\$ 49.71	\$ 19.39
Jay Armstrong	\$ 1,021.81	\$ 49.97	\$ 19.39
Gary Johnson	\$ 1,021.81	\$ 54.01	\$ 19.39
Alice Thompson	\$ 331.00	\$ 50.07	\$ 19.39
Jerry Rankin	\$ 1,021.81	\$ 44.71	\$ 19.39
Keith Morris	\$ 331.00	\$ 43.03	\$ 19.39
Trevor Brown	\$ 558.73	\$ 42.42	\$ 19.39
Brandon Beckley	\$ 331.00	\$ 37.57	\$ 19.39
Vickie Carpenter	\$ 331.00	\$ 37.48	\$ 19.39
Lisa Coots	\$ 331.00	\$ 39.87	\$ 19.39
Chris Troxell	\$ 331.00	\$ 32.08	\$ 19.39
Jonica Sea	No Benefits Paid		
David Frakes	\$ 331.00	\$ 54.59	\$ 19.39

<b>Name</b>	<b>Title</b>	<b>2008 Rate</b>	<b>2009 Rate</b>	<b>Yrs Employed</b>
Jimmie Simpson	Chief Operating Officer	\$ 35.33	35.77	29
Barry Woods	Superintendent	\$ 27.18	28.43	21
Bobbey Simpson	Field Crew Foreman	\$ 16.57	17.07	15
Matt Jackson	Field Service Representative	\$ 16.27	16.77	16
Audrey Morgan	IVA Certified Operator	\$ 18.51	18.75	11
Lynda Wilson	Office Manager	\$ 17.05	17.39	15
Jay Armstrong	Field Crew Foreman	\$ 17.17	17.69	13
Rick Wheeler	IVA Certified Operator	\$ 18.75	18.75	8 mths
Gary Johnson	Plant Supervisor	\$ 18.98	19.36	11
Alice Thompson	IVA Certified Operator	\$ 17.22	17.57	2
Jerry Rankin	Field Crew	\$ 14.83	15.28	5
Keith Morris	Field Crew	\$ 14.08	14.51	9
Trevor Brown	Field Crew	\$ 13.81	14.23	8
Brandon Beckley	Field Crew	\$ 11.74	12.09	5
Vickie Carpenter	Office Administrative Assistant	\$ 11.70	12.05	4
Lisa Coots	Bookkeeper	\$ 12.66	14.42	4
Chris Troxell	Field Crew	\$ 10.00	10.11	2
Jonica Sea	Office Administrative Assistant	\$ 10.00	10.2	2
David Frakes	IVA Certified Operator	\$ 19.23	19.42	1

### Proposed Salary Package

Employee					2008
Jimmy Simpson					\$ 73,500.00
Barry Woods					\$ 56,541.00
Bobby Simpson					\$ 34,475.00
Matt Jackson					\$ 33,858.00
Audrey Morgan					\$ 38,500.00
Lynda Wilson					\$ 35,473.00
Jay Armstrong					\$ 35,727.00
David Frakes					\$ 40,000.00
Alice Thompson					\$ 35,820.00
Gary Johnson					\$ 39,478.40
Jerry Rankin					\$ 30,851.00
Keith Morris					\$ 29,302.00
Treavor Brown					\$ 28,734.00
Brandon Beckley					\$ 23,424.00
Vickie Carpenter					\$ 24,340.00
Lisa Coots					\$ 26,334.00
Chris Troxell					\$ 20,800.00
Jonica Sea					\$ 15,800.00
Tank Inspection					\$ 4,000.00
Overtime					\$ 25,000.00
On Call Time					\$ 14,000.00
<b>Total</b>					<u>\$ 665,957.40</u>

Employee	Date of Hire			2009
Jimmy Simpson	1/1/1980			74,400
Barry Woods	1/1/1989			59,135
Bobby Simpson	1/1/1996			35,510
Matt Jackson	7/1/1993			34,815
Audrey Morgan	3/1/1998			39,000
Lynda Wilson	1/1/1994			36,180
Jay Armstrong	12/30/1996			36,800
David Frakes	7/1/2008			40,400
Alice Thompson	6/21/2007			36,535
Gary Johnson	7/17/1998			40,270
Jerry Rankin	1/26/2004			31,715
Keith Morris	7/15/2000			30,180
Treavor Brown	7/1/2001			29,600
Brandon Beckley	10/1/2004			24,125
Vickie Carpenter	11/9/2005			25,070
Lisa Coots	5/9/2005			30,000
Chris Troxell	10/29/2007			21,025
Jonica Sea	10/11/2007			16,120
Tank Inspection		COST	4,000	
Overtime		APPROX. COST	25,000	
On Call Time		" "	14,000	

644,000.00

Employer ID	SSN	Name	Began Participating Sept. 1, 2008 Or After	Retired And Reemployed Sept. 1, 2008 Or After	Gross Wages	Installment Payment	Employee Contributions	Employer Contributions
B052	[REDACTED]	ARMSTRONG, J C	491.64	No 17.18 ✓	\$3,312.89	\$0.00	\$165.64	\$447.24
B052	[REDACTED]	BECKLEY, B C	336.01	No 12.09	\$2,059.74	\$0.00	\$102.99	\$278.06
B052	[REDACTED]	BROWN, T A	395.48	No 14.23	\$2,543.64	\$0.00	\$127.18	\$343.39
B052	[REDACTED]	CARPENTER, V S	334.89	No 12.05	\$1,928.00	\$0.00	\$96.40	\$260.28
B052	[REDACTED]	COOTS, L B	400.16	No 14.42	\$2,917.83	\$0.00	\$145.89	\$393.91
B052	[REDACTED]	FRAKES, D	539.72	No 19.42	\$3,961.68	\$0.00	\$198.08	\$534.83
B052	[REDACTED]	JACKSON, M	416.07	No 16.74	\$2,926.74	\$0.00	\$146.34	\$395.11
B052	[REDACTED]	JOHNSON, G J	638.05	No 19.36	\$3,654.20	\$0.00	\$182.71	\$493.32
B052	[REDACTED]	MORGAN, A	521.10	No 18.76	\$0.00	\$0.00	\$0.00	\$0.00
B052	[REDACTED]	MORRIS, S K	403.26	No 14.51	\$2,655.55	\$0.00	\$132.78	\$358.50
B052	[REDACTED]	RANKIN, JR., J L	424.66	No 15.28	\$2,719.62	\$0.00	\$135.98	\$367.15
B052	[REDACTED]	SEA, J E	283.48	No 10.20	\$1,463.70	\$0.00	\$73.19	\$197.60
B052	[REDACTED]	SIMPSON, B W	474.41	No 14.07	\$2,875.22	\$0.00	\$143.76	\$388.15
B052	[REDACTED]	SIMPSON II, J T	994.12	No 35.74 ✓	\$6,393.43	\$0.00	\$319.67	\$863.11
B052	[REDACTED]	THOMPSON, A B	488.31	No 17.57 ✓	\$3,399.88	\$0.00	\$169.99	\$458.98
B052	[REDACTED]	TROXELL, C W	280.98	No 10.11	\$2,051.55	\$0.00	\$102.58	\$276.96
B052	[REDACTED]	WILSON, L B	483.30	No 17.39	\$3,294.62	\$0.00	\$164.73	\$444.77
B052	[REDACTED]	WOODS, B K	790.13	No 28.43 ✓	\$5,808.76	\$0.00	\$290.44	\$784.18
Totals for B052:		Count = 18			\$53,967.05	\$0.00	\$2,698.35	\$7,285.54

	<u>Monthly</u>	<u>Annual</u>
Health	10,725.81	128,709.72
Dental	590.71	7,088.52
Retirement	8646.37	103,756.44
Life	825.06	9,900.72
Salaries -	53,416.60	641,000.00

1:48 PM

07/01/09

## Henry County Water District #2 Payroll Summary January through December 2008

	TOTAL		
	Hours	Rate	Jan - Dec ...
<b>Employee Wages, Taxes and Adjustments</b>			
<b>Gross Pay</b>			
Commissioners Per Diem			26,100.00
Berevement	60.75		1,039.31
Birthday	104.00		1,840.88
birthday 1	8.00		150.00
Holiday Pay	1,032.00		17,674.00
Holiday Pay 1	128.00		2,068.00
Hourly	32,578.50		549,492.22
Hourly 1	682.25		10,868.92
Overtime Pay	958.00		25,678.03
Personal	461.00		7,877.90
Personal 1	8.00		119.65
Sick Pay	1,220.25		19,836.46
Sick Pay 1	20.75		325.97
Vacation Pay	1,806.50		31,423.50
Vacation Pay 1	16.00		222.40
On Call Compensation			14,320.00
Tower Inspection			4,000.00
<b>Total Gross Pay</b>	<b>39,084.00</b>		<b>713,037.24</b>
<b>Deductions from Gross Pay</b>			
Dental Insurance (pre-tax)			-3,020.26
State Retirement			-33,985.74
<b>Total Deductions from Gross Pay</b>			<b>-37,006.00</b>
<b>Adjusted Gross Pay</b>	<b>39,084.00</b>		<b>676,031.24</b>
<b>Taxes Withheld</b>			
Federal Withholding			-75,010.00
Medicare Employee			-9,802.47
Social Security Employee			-41,913.94
KY - Withholding			-33,473.96
<b>Total Taxes Withheld</b>			<b>-160,200.37</b>
<b>Deductions from Net Pay</b>			
Child Support Garnishment			-7,707.64
<b>Total Deductions from Net Pay</b>			<b>-7,707.64</b>
<b>Net Pay</b>	<b>39,084.00</b>		<b>508,123.23</b>
<b>Employer Taxes and Contributions</b>			
Medicare Company			9,802.47
Social Security Company			41,913.94
KY - Unemployment Company			1,368.00
<b>Total Employer Taxes and Contributions</b>			<b>53,084.41</b>

<b>Name</b>	<b>Title</b>	<b>Length Employment</b>
Jay Armstrong	Field Crew Foreman	12 years
Matthew Jackson	Field Service Representative	16 years
Gary Johnson	Plant Supervisor	11 years
Audrey Morgan	IVA Certified Operator	11 years
Bobbey Simpson	Field Crew Foreman	15 years
James Simpson	Chief Operating Officer	29 years
Lynda Wilson	Office Manager	15 years
Barry Woods	Superintendent	20 years
Steven K. Morris	Distribution Operator	9 years
Trevor Brown	Distribution Operator	8 years
Jerry Rankin	Distribution Operator	5 years
Brandon Beckley	Distribution Operator	5 years
Lisa Coots	Bookkeeper	4 years
Vickie Carpenter	Office Administrative Assist.	4 years
Jonica Sea	Office Administrative Assist.	2 years
Chris Troxell	Distribution Operator	2 years
Alice Thompson	IVA Certified Operator	2 years
David Frakes	IVA Certified Operator	1 year



September 2003

**Job Descriptions:**

**Job Title:** Distribution Crew Foreman

**Immediate Supervisor:** Superintendent

**Department:** Distribution

**Requirements:** Class III D Distribution Certification, High School Degree, Valid KY Drivers License, three years with at least 1 yr in Class II,III,IV Distribution System, Ability to read, write and use basic arithmetic and grammar, Ability to solve unique problems, High level of initiative, Supervisory skills, computer skills, heavy equipment experience CDL license

**Reports to:** Superintendent and Chief Operating Officer

**Works with:** Distribution and Office

**Job Duties:**

Determine a schedule of work to be done, assign and organize work on job site  
Maintain all records and paperwork as designated  
Coordinate utility locating  
Ensure safety on the job site  
Map and locate valves and hydrants  
Service and maintain records for service vehicles and equipment  
Manage inventory and keep organized  
Work involves responsibility for safe and efficient operation of a backhoe and related  
Construction equipment.  
Installs new water mains and services  
Performs semi-skilled tasks in the construction, maintenance, and repair of water lines  
Work Orders, Delinquent Disconnects  
Janitorial duties  
Must be available for Stand-by duty  
Must be available when the situation arises that require overtime  
Must be available for on-call duty as schedule demands

This Job Description does not necessarily include all duties assigned.

**Working Conditions**

Outdoor environment, driving a vehicle, operating heavy equipment  
Is subject to extreme heat, cold, humidity, wetness, noise, vibration, and hazards such as chemicals and moving parts

September 2003

## Job Descriptions

**Job Title:** Field Service Representative

**Immediate Supervisor:** Superintendent

**Department:** Distribution

**Requirements:** High School Education, Valid KY Driver's License, CDL License or willing to obtain, Ability to read, and write for others to understand, advanced arithmetic, knowledge of detailed formulas, Ability to comprehend and follow through on tasks. Willingness to have additional training for Distribution Certification.

**Reports:** Superintendent and Chief Operating Officer

**Works with:** Distribution, Office, Customers

### Job Duties:

- Line Locates
- Troubleshooting, customers complaints
- Work Orders, connections, disconnections, delinquent accounts,
- Meter change outs and repairs
- Cleans and sorts meters that are under warranty
- Flushing
- Assist office with re-reads,
- Map and locate valves and hydrants
- Service and maintain records for service vehicles and equipment
- Janitorial duties
- Assist in distribution system when needed with repairing leaks, pulling meters, etc
- Must be available for stand-by duty
- Must be available when the situation arises that require overtime
- Must be available for on-call duty as scheduled demand

This Job Descriptions does not necessarily include all duties assigned

Climate control environment

Outdoor environment

Driving a vehicle, operating heavy equipment

Is subject to extreme heat, cold, humidity, wetness, noise, vibration, and hazard such as moving parts and chemicals

## Job Description

September 2007

**Job Title:** Plant Supervisor

**Title of Immediate Supervisor:** Superintendent and or Chief Operating Officer

**Department:** Treatment Plant

**Requirements:** Minimum High School Diploma  
IVA Certification in drinking water treatment  
Degree in Industrial, Electrical, or Mechanical maintenance preferred  
Five (5) years maintenance experience in a water treatment facility

### Relationships

**Reports to:** Superintendent and / or Chief Operating Officer

**Works with:** Superintendent, Chief Operating Officer, Office Managers and other Operators

**Supervises:** Operators

**Outside the company:** Regulators (DOW / PSC / OSHA), Trade Associations (KRWA, AWWA, KWWOA), Contractors, suppliers and general public.

### Summary

Regulatory Compliance and Water Quality (Meet or exceed water quality standards)/Safety Program (Administer Safety Program In-Plant) / Administrative Duties assigned (Scheduling, operator certification, training, budgeting, operational reports, employee evaluations, performs routine maintenance and inspection of all equipment. Repair and modify equipment when need arises. Supervises operators in all maintenance projects. Fill in as needed in plant operations. Supervises and assist in the training of operator trainees in plant operations and maintenance. **Duties as assigned.**

### Job Duties

#### 1. Maintenance

- Schedule maintenance and repair of water treatment equipment, building repair, and ground maintenance.
- Carpentry Work
- Electrical Work
- Maintain telemetry equipment within plant
- Check and maintain all equipment quotes
- Order parts, chemicals and receive quotes from vendors and maintain inventory of parts and chemicals.
- Coordinate and prioritize repair of treatment equipment.
- Maintain records of all maintenance and repairs
- Maintain plant vehicles
- Other duties as assigned

## **2. Plant Operations**

Performs all plant operations according to Federal, State and Local regulations.

Plant operations include the following:

- Physical and chemical treatment of water to produce a product of highest quality that is well above the standards set by the State and Henry County Water District # 2. Co-ordinate with a certified lab on required testing for State and Federal regulations.
- Lab testing of untreated, process and treated water
- Addition and safe handling of treatment chemicals, using respirators and other safety equipment.
- Monitoring and visual inspection of all chemical feed pumps and equipment
- Adjustment of chemical feed
- Chlorination
- Monitoring of flow meters
- Record keeping
- Back washing of filters
- Make minor repairs to feeders and feed pumps to maintain process of continuous feeding
- Posses the experience to recognize and correct various treatment and plant operational problems with the ability to make decisions concerning such problems
- Operator must be in direct responsible charge during their assigned shift
- Schedule operator shifts as needed with approval from Superintendent or Chief Operating Officer.

## **3. Distribution of Finished Water:**

- Regulates the flow of finished water into the distribution system utilizing high service pumps, flow meters and telemetry data.
- Monitor system tank levels and pressures by utilizing a computer and telemetry data and report as necessary

## **4. Public Relations:**

- Answer phones after office hours and on weekends
- Assist customers with any questions or problems they may have with the quality of the water
- Request on-call personnel to make emergency repairs and satisfy customer request
- Give tours of treatment plant to general public upon request.
- Meter testing, ordering meter parts and supervise test bench

## **Working Conditions**

Work will be performed inside treatment plant, outside of treatment plant, and in underground pits. The treatment plant has a controlled atmosphere. Climbing of tanks may be necessary at times. Maintenance will be working with pumps and equipment that is used to handle hazardous chemicals. Maintenance personnel will get dirty from normal duties.

September 2007

### **Job Description:**

Job Title: **IVA Certified Operator**

Title of Immediate Supervisor: Plant Supervisor

Department: Treatment Plant

Requirements: Minimum IVA certification that is recognized by the State of Kentucky

### **Relationships:**

Reports To: Plant Supervisor, Superintendent and/or C.O.F.

Works with: Plant Supervisor other certified operators, plant maintenance and operator trainees

Supervises: operator trainees

### **Summary:**

Operates a plant with a capacity of 3.0 MGD or greater according to Federal, State, and Local regulations. Supervises and assist in the training of operator trainees in plant.

### **Job Duties:**

#### 1. Plant Operations:

Performs all plant operations according to Federal, State, and Local regulations.

1. Physical and chemical treatment of water to produce a product of highest quality that is well above the standards set by the State and Henry County Water District Treatment Plant
2. Lab testing of untreated, process and treated water
3. Addition and safe handling of treatment chemicals, using respirators and other safety equipment.
4. Monitoring and visual inspection of all chemical feed pumps and equipment.
5. Adjustment of chemical feed rates.
6. Chlorination
7. Monitoring of flow meters
8. Record keeping
9. Back washing of filters
10. Make minor repairs to feeders and feed pumps to maintain process of continuous feeding.
11. Possess the experience to recognize and correct various treatment and plant operation problems with the ability to make decisions concerning such problems.
12. Operator must be in direct responsibility charge during their assigned shift.

#### 2. Distribution of finished water:

1. Regulates the flow of finished water into the distribution system utilizing high Service pumps, flow meters, and telemetry data.

2. Monitor system tank levels and pressures by utilizing a computer and telemetry data and report problems.
3. Public relations
  1. Answer phones after office hours and on weekends.
  2. Assist customers with any questions or problems they may present concerning quality of the water.
  3. Request on -call personnel to make emergency repairs and satisfy customer request.
  4. Give scheduled tours of the treatment plant to the general public upon request.
4. General Maintenance
  1. Clean plant on a daily basis by sweeping and mopping floors, cleaning windows, cleaning restrooms, piping, furniture, etc.
  2. Paint throughout plant as directed by Plant Supervisor utilizing ladders and scaffolding.
  3. Maintain appearance of outside grounds by maintaining level of grass and cleaning of dock area and parking lot.
  4. Meter testing and repair.
  5. Other duties as assigned

#### **Working Conditions:**

Work is mainly performed inside building with controlled atmosphere. Some work will be completed outdoors, but mainly during summer months. Indoor conditions include air-conditioned offices and heated process area. Process area contains many hazardous chemicals in which operator will be trained to work with. Operator will get dirty by performing general maintenance.

Operator will be required to work "A shift work", which includes second and third shifts as well as weekend duties, as assigned by Plant Supervisor.

September 2003

### **Job Description**

#### **Job Title: Office Manager**

Immediate Supervisor: Chief Operating Officer

Department: Office/Administrative

Requirements: High school diploma, knowledge of computers, three years experience in office administrative environment.

#### **Relationships:**

Reports to: Chief Operating Officer

Works with: Superintendent, Office, Treatment, Distribution, and Meter Readers,

Outside the District: Attorney, Bank Personnel, Vendors, Regulatory Agencies, Customers

#### **Job Duties**

1. Calculate employee wages from time sheets
2. Track and update employee leave time.
3. General assistance with superintendent and chief operating officer as needed with correspondence, service problems, customer complaints, etc
4. Responsible for Meter Readings, downloading, inputting customer information for meter readers.
5. Edit readings for error, leaks, read wrong, write up work orders for re-read, leak verification.
6. Notify customers with a " Usage Varies Notice"
7. Loss Report
8. Responsible for Meter change-outs.
9. Scheduling of training and certification.
10. Recording keeping of Water Sampling Sites and sampling.
11. Process Returned checks.
12. Responsible for month ending edit of readings, work orders, tap-ons, delinquent accounts, and customer complaints.
13. Responsible for month ending edit of readings, work orders, tap-ons, delinquent accounts, and customer complaints
14. Billing, Posting of payments
15. Obtain Hwy Permits
16. Refund Line Contributions
17. Responsible for Meter Inventory, inventory, installation, testing and quarterly



- reports.
18. Responsible for Workman's Compensation.
  19. Assist in front office when necessary.

**Working Conditions:**

Work performed in office environment. Light lifting involved

September 2003

## Job Description

**Job Title: Chief Operating Officer**

**Requirements:** Three to five years of experience in Class I & A- Treatment, Class III D-Distribution System or comparable experience in related fields, Communication skills to communicate District standards, Ability to read and write for others to understand, advanced arithmetic, knowledge of detailed formulas (especially hydraulic formulas), Ability to comprehend and follow through on tasks, Ability to initiate new programs, Ability to make decisions from unique problems, Knowledge of computers and related programs

**Reports to:** District Board of Commissioners

**Supervises:** Treatment Plant, Distribution, and Administrative

**Outside the Company:** Contractors, customers, general public other utility companies, Regulatory and Funding Agencies, Engineers

- Co-ordination of new installations and new water main installation
- Inspect and co-ordinate inspections of new subdivision line extension.
- Easement Acquisition
- Follow guideline of the Off-setting Improvement Charges, (Impact Fee)
- Preliminary project research
- Public relations regarding new projects and new installations.
- Assist in preparing new project plans.
- Review and assist in the design of water main projects
  - Prepare, develop, and or revise project specifications, standard drawings, agreements, contracts and maintain correspondences on projects
- Assist, coordinate, etc. with other District Departments
- Maintain competent levels of training and schooling, keep up to date on new laws, rules and regulations.
- Work with general public, contractors, developers, etc.
- Assist in maintaining records of District appurtenances
- Assist in updating maps & records of District facilities.
- Assist in processing paperwork, bills, work orders, etc
- Assist with operating and maintaining hydraulic computer model
- Other related duties as assigned.

This Job Description does not necessarily include all duties assigned.

## Working Conditions

Outdoor environment, inside desk work, driving

September 2003

## Job Description

**Job Title: Superintendent**

**Immediate Supervisor: Chief Operating Officer**

**Department: Treatment, Distribution**

**Requirements:** Three to five years experience in Class IV A Treatment and Class III D Distribution System or comparable experience in related fields, Communication skills to communicate District standards, Ability to read and write for others to understand, advanced arithmetic, knowledge of detailed formulas, (especially hydraulic formulas), Ability to comprehend and follow through on tasks, Ability to initiate new programs, Ability to make decisions from unique problems, Knowledge of computers and related programs

### Relationships:

**Reports to: Chief Operation Officer**

**Works with:** Supervises Treatment Plant, Distribution System, Office

**Outside the Company:** Contractors, Customers, General Public, Regulatory Agencies, Vendors, Other Utilities

**Job Duties:** Assist, coordinate, supervises with all District Departments  
Easements Acquisition  
Co-ordination of new meter installations and new water main installations.  
Assist in preparing new project plans.  
Inspect and co-ordinate inspections of new subdivision line extensions.  
Review and assist in the design of water main projects.  
Maintain competent levels of training and schooling, keep up to date on new laws, Rules and regulations  
Work with general public, contractors, developers, etc  
Assist in maintaining records of District appurtenances, property rights  
Assist in updating maps & records of District facilities.  
Operating and maintaining hydraulic computer model  
Plan flushing routine  
Handle customer inquires and complaints related to water quality.  
Duties necessary to obtain acceptable chlorine residual  
Monitor chlorine residuals throughout distribution system  
Carry out District water sampling and reporting of sampling  
Monitor daily water usage and trends in different areas  
Monitor service of all equipment and vehicles

This Job Description does not necessarily include all assigned duties

**Working Conditions**

Outdoor environment  
Climate controlled environment  
Driving

## **Job Descriptions**

**Job Title:** Distribution Operator

**Immediate Supervisor:** Field Crew Foreman

**Department:** Distribution

**Requirements:** High School Degree, Valid KY Drivers License, CDL License or willing to obtain, Ability to read, and write for others to understand, advanced arithmetic, knowledge of detailed formulas,, Ability to comprehend and follow through on tasks, Willing to have additional training for Distribution Certification,

**Reports to:** Foreman, Superintendent,

**Works with:** Distribution and Office

### **Job Duties:**

- Map and locate valves and hydrants
- Service and maintain records for service vehicles and equipment
- Keep inventory organized
- Work involves responsibility for safe and efficient operation of a backhoe and related construction equipment
- Installs new water mains and services
- Performs semi-skilled tasks in the construction, maintenance, and repair of water lines
- Work Orders, Delinquent Disconnects
- Janitorial duties
- Must be available for stand-by duty
- Must be available when the situation arises that require overtime
- Must be available for on-call duty as schedule demands

This Job Description does not necessarily include all duties assigned

Outdoor environment

Driving a vehicle, Operating heavy equipment

Is subject to extreme heat, cold, humidity, wetness, noise, vibration, and hazard such as moving parts and chemical.

September 2003

### **Job Description**

#### **Job Title: Senior Bookkeeper**

Immediate Supervisor: Chief Operating Officer

Department: Office/Administration

Requirements: High school diploma, Degree in Accounting or 3 years experience, knowledge of computer skills.

### **Relationships**

Reports to: Chief Operating Officer

Works with: Office, Treatment, Distribution

Outside the District: Accountant, Attorney, Bank Personnel, Vendors, Regulatory Agencies, and Customers

### **Job Duties**

1. Verifies, allocates, and posts details of business transactions to accounts.
2. Summarizes details in separate ledgers or computer files and transfers to general ledger.
3. Reconciles and balances accounts.
4. Complies reports to show statistics such as cash receipts and expenditures, account payable, and other items suitable to operation of business
5. Prepares checks for payment of wages.
6. Prepares withholding, Social Security and other tax reports
7. Completes records to or through trail balance.
8. Prepares checks for payment of invoices for accounts payable.
9. Assist in front office when needed.
10. Prepare checks for overpayment of customer bills.
11. Responsible for Customer Deposit Refunds
12. Responsible for daily balances
13. Maintain and process all employee insurance records and forms.
14. Responsible for money transfers to appropriate bank accounts for Bond Issues and Investments.
15. Other duties deemed necessary by supervisor.

### **Working Conditions**

Work performed in office environment. Light lifting involved

June 7, 2005

### **Job Description:**

#### **Job Title : Office Administrative Assistant**

Immediate Supervisor: Chief Operating Officer/Superintendent

Department: Office Administration

Requirements: Valid Driver's license ,High School diploma, computer skills, Associate Degree in Bookkeeping or 3 years experience with utility management and bookkeeping

### **Relationships:**

Reports to: Office Manager

Works with: Office Staff, Service Department, Superintendent, Chief Operating Officer, Meter Readers.

Outside to office: Customers, BUD, Vendors, Other Utilities, Bank Personnel

### **Job Duties:**

1. Assist with telephone, customers, payment drop, cash drawer.
2. Work up payments, post and balance each day.
3. Assist with mail
4. Assist with Work Orders, Connections, Transfers, Disconnections, Customer Complaints, and New Meter Installations.
5. Adjustments and leak adjustments.
6. Assist with Delinquent Accounts.
7. Assist with Line Locates, Hwy Permits
8. Set up partial payment for customers when necessary.
9. Assist with Meter Inventory.
10. Assist with loading and unloading hand held devices.
11. Assist with editing readings.
12. Assist with billing.
13. Assist and learn the Office Manager duties.
14. Assist and learn the Senior Bookkeeper duties.
15. Other duties deemed necessary by supervisor.
16. Assist with Bank Draft
17. Communicate with Service Department via two-way radio and phone.

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ANTHEM BCBS KY GROUP FKY1-MB KY0303-A640  
1351 Wm Howard Taft  
Cincinnati, OH 45206-1775

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#BWNCQXF  
#AIM0000000000DS0#FKY1-MB KY0303-A640  
Henry County Water District  
ATTN: Lisa Coots  
8955 Main St  
Campbellsburg, KY 40011-1427

PAID

CK. NO. 37062  
DATE 6/25/09



\*0002843797



**Group ID:** 00110215

**Invoice Number:** 057137545



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**Billing for:** Henry County Water District  
8955 Main St  
Campbellsburg, KY 40011-1427

**Due Date:** 07/01/2009  
**Billing Date:** 06/18/2009  
**Coverage Period From:** 07/01/2009  
**Through:** 07/31/2009

**Group ID:** 00110215

**Invoice Number:** 057137545

**Account Summary**

	Previous Total Due	\$10,725.81
06/06/2009	Payment	( \$10,725.81)

Outstanding Balance as of 06/18/2009	\$0.00
Current Invoice	\$10,725.81
<b>Total Due</b>	<b>\$10,725.81</b>

**Please Pay This Amount**



Group ID: 00110215

Invoice Number: 057137545

**Current Subscriber Details**

SubGroup ID: 0000

SubGroup Name: Henry County Water District

Subscriber	Subscriber ID	Enrollment ID	Plan	Volume	Subscriber	Dependent	Total
Armstrong, Jay C			Health 2		\$331.00	\$690.81	\$1,021.81
Beckley, Brandon C			Health 2		\$331.00	\$0.00	\$331.00
Brown, Trevor A			Health 2		\$331.00	\$227.73	\$558.73
Carpenter, Vickie S			Health 2		\$331.00	\$0.00	\$331.00
Coots, Lisa A			Health 2		\$331.00	\$0.00	\$331.00
Frakes, David C			Health 2		\$331.00	\$0.00	\$331.00
Jackson, Matthew L			Health 2		\$331.00	\$690.81	\$1,021.81
Johnson, Gary T			Health 2		\$331.00	\$690.81	\$1,021.81
Morgan, Audrey P			Health 2		\$331.00	\$0.00	\$331.00
Morris, Steven K			Health 2		\$331.00	\$0.00	\$331.00
Rankin Jr, Jerry L			Health 2		\$331.00	\$690.81	\$1,021.81
Simpson, Bobbey W			Health 2		\$331.00	\$690.81	\$1,021.81
Simpson II, James T			Health 2		\$331.00	\$363.11	\$694.11
Thompson, Alice B			Health 2		\$331.00	\$0.00	\$331.00
Troxell, Christophe W			Health 2		\$331.00	\$0.00	\$331.00
Wilson, Lynda B			Health 2		\$331.00	\$363.11	\$694.11
Woods, Barry K			Health 2		\$331.00	\$690.81	\$1,021.81
<b>Subtotal for 0000</b>					<b>\$5,627.00</b>	<b>\$5,098.81</b>	<b>\$10,725.81</b>



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 06/30/09  
 Accrual Basis

## Henry County Water District #2 General Ledger As of December 31, 2008

Date	Debit	Credit	Balance	Memo
<b>181-1 Unamortized Debt 2003 SER</b>			-77,327.92	
1/25/2008		121.42	-77,206.50	Monthly Amort of Bond Disc
2/25/2008		121.42	-77,085.08	Monthly Amort of Bond Disc
3/25/2008		121.42	-76,963.66	Monthly Amort of Bond Disc
4/25/2008		121.42	-76,842.24	Monthly Amort of Bond Disc
5/25/2008		121.42	-76,720.82	Monthly Amort of Bond Disc
6/25/2008		121.42	-76,599.40	Monthly Amort of Bond Disc
7/25/2008		121.42	-76,477.98	Monthly Amort of Bond Disc
8/25/2008		121.42	-76,356.56	Monthly Amort of Bond Disc
9/25/2008		121.42	-76,235.14	Monthly Amort of Bond Disc
10/25/2008		121.42	-76,113.72	Monthly Amort of Bond Disc
11/25/2008		121.42	-75,992.30	Monthly Amort of Bond Disc
12/25/2008		121.42	-75,870.88	Monthly Amort of Bond Disc
12/31/2008		1,576.20	-74,294.68	year end adjustment
Total 181-1 ...	0.00	3,033.24	-74,294.68	
<b>TOTAL</b>	<b>0.00</b>	<b>3,033.24</b>	<b>-74,294.68</b>	

3:40 PM

06/30/09

Accrual Basis

**Henry County Water District #2**  
**General Ledger**  
**As of December 31, 2008**

<u>Date</u>	<u>Debit</u>	<u>Credit</u>	<u>Balance</u>	<u>Memo</u>
<b>181 Amortized Debt Disc</b>			-172,380.00	
1/25/2008		390.00	-171,990.00	Monthly Amort of Bond Disc
2/25/2008		390.00	-171,600.00	Monthly Amort of Bond Disc
3/25/2008		390.00	-171,210.00	Monthly Amort of Bond Disc
4/25/2008		390.00	-170,820.00	Monthly Amort of Bond Disc
5/25/2008		390.00	-170,430.00	Monthly Amort of Bond Disc
6/25/2008		390.00	-170,040.00	Monthly Amort of Bond Disc
7/25/2008		390.00	-169,650.00	Monthly Amort of Bond Disc
8/25/2008		390.00	-169,260.00	Monthly Amort of Bond Disc
9/25/2008		390.00	-168,870.00	Monthly Amort of Bond Disc
10/25/2008		390.00	-168,480.00	Monthly Amort of Bond Disc
11/25/2008		390.00	-168,090.00	Monthly Amort of Bond Disc
12/25/2008		390.00	-167,700.00	Monthly Amort of Bond Disc
12/31/2008	260.00		-167,960.00	year end adjustment
Total 181 Am...	260.00	4,680.00	-167,960.00	
<b>TOTAL</b>	<b>260.00</b>	<b>4,680.00</b>	<b>-167,960.00</b>	

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06/30/09  
Accrual Basis

Henry County Water District #2  
General Ledger  
As of December 31, 2008

Date	Debit	Credit	Balance	Memo
221-9 KRWFC 5th-3rd 2001 issue			656,000.00	
1/28/2008	4,250.00		651,750.00	
2/20/2008	4,250.00		647,500.00	
3/20/2008	4,250.51		643,249.49	
4/22/2008	4,250.51		638,998.98	
5/22/2008	4,250.51		634,748.47	
6/23/2008	4,250.51		630,497.96	
7/22/2008	4,250.51		626,247.45	
8/4/2008	4,250.51		621,996.94	MONTHLY PAYMENT
9/23/2008	4,250.51		617,746.43	MONTHLY PAYMENT
10/20/2008	4,250.51		613,495.92	MONTHLY PAYMENT
11/21/2008	4,250.51		609,245.41	MONTHLY PAYMENT
12/23/2008	4,250.51		604,994.90	MONTHLY PAYMENT
12/31/2008	1,994.90		603,000.00	year end adjustments
Total 221-9 ...	53,000.00	0.00	603,000.00	
<b>TOTAL</b>	<b>53,000.00</b>	<b>0.00</b>	<b>603,000.00</b>	

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 06/30/09  
 Accrual Basis

**Henry County Water District #2**  
**General Ledger**  
 As of December 31, 2008

Date	Debit	Credit	Balance	Memo
<b>Retained Earnings</b>			106,098.52	
Total Retaine...			106,098.52	
<b>627-1 Int 2001 Issue</b>			0.00	
1/28/2008	2,828.21		2,828.21	
2/20/2008	2,828.21		5,656.42	
3/20/2008	2,827.70		8,484.12	
4/22/2008	2,827.70		11,311.82	
5/22/2008	2,827.70		14,139.52	
6/23/2008	2,827.70		16,967.22	
7/22/2008	2,827.70		19,794.92	
8/4/2008	2,827.70		22,622.62	MONTHLY PAYMENT
9/23/2008	2,827.70		25,450.32	MONTHLY PAYMENT
10/20/2008	2,827.70		28,278.02	MONTHLY PAYMENT
11/21/2008	2,827.70		31,105.72	MONTHLY PAYMENT
12/23/2008	2,827.70		33,933.42	MONTHLY PAYMENT
12/31/2008		1,994.90	31,938.52	year end adjustments
Total 627-1 I...	33,933.42	1,994.90	31,938.52	
<b>TOTAL</b>	<b>33,933.42</b>	<b>1,994.90</b>	<b>138,037.04</b>	

3:40 PM  
 06/30/09  
 Accrual Basis

**Henry County Water District #2**  
**General Ledger**  
 As of December 31, 2008

Date	Debit	Credit	Balance	Memo
<b>221-6 KRWFC 5th-3rd 2003</b>			2,687,000.00	
1/28/2008	5,122.90		2,681,877.10	
2/20/2008	5,122.90		2,676,754.20	
3/20/2008	5,122.90		2,671,631.30	
4/22/2008	5,122.90		2,666,508.40	
5/22/2008	5,122.90		2,661,385.50	
6/23/2008	5,122.90		2,656,262.60	
7/22/2008	5,122.90		2,651,139.70	
8/4/2008	5,122.90		2,646,016.80	MONTHLY PAYMENT
9/23/2008	5,122.90		2,640,893.90	MONTHLY PAYMENT
10/20/2008	5,122.90		2,635,771.00	MONTHLY PAYMENT
11/21/2008	5,122.90		2,630,648.10	MONTHLY PAYMENT
12/22/2008	20.00		2,630,628.10	Wire to Payoff 2003 loan Regions
12/23/2008	5,122.90		2,625,505.20	MONTHLY PAYMENT
12/31/2008	2,505.20		2,623,000.00	year end adjustments
Total 221-6 ...	64,000.00	0.00	2,623,000.00	
<b>TOTAL</b>	<b>64,000.00</b>	<b>0.00</b>	<b>2,623,000.00</b>	

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 06/30/09  
 Accrual Basis

**Henry County Water District #2**  
**General Ledger**  
 As of December 31, 2008

Date	Debit	Credit	Balance	Memo
<b>Retained Earnings</b>			380,219.24	
Total Retaine...			380,219.24	
<b>627-2 Int KRWA 2003 Issue</b>			0.00	
1/28/2008	10,355.93		10,355.93	
2/20/2008	10,355.93		20,711.86	
3/20/2008	10,355.93		31,067.79	
4/22/2008	10,355.93		41,423.72	
5/22/2008	10,355.93		51,779.65	
6/23/2008	10,355.93		62,135.58	
7/22/2008	10,355.93		72,491.51	
8/4/2008	10,355.93		82,847.44	MONTHLY PAYMENT
9/23/2008	10,355.93		93,203.37	MONTHLY PAYMENT
10/20/2008	10,355.93		103,559.30	MONTHLY PAYMENT
11/21/2008	10,355.93		113,915.23	MONTHLY PAYMENT
12/23/2008	10,355.93		124,271.16	MONTHLY PAYMENT
12/31/2008		2,525.20	121,745.96	year end adjustments
Total 627-2 I...	124,271.16	2,525.20	121,745.96	
<b>TOTAL</b>	<b>124,271.16</b>	<b>2,525.20</b>	<b>501,965.20</b>	



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Accrual Basis

Henry County Water District #2  
General Ledger  
As of December 31, 2008

<u>Date</u>	<u>Debit</u>	<u>Credit</u>	<u>Balance</u>	<u>Memo</u>
221-8 H&L 1998 Bond Issue			6,545,000.00	
12/31/2008	215,000.00		6,330,000.00	
Total 221-8 ...	215,000.00	0.00	6,330,000.00	
<b>TOTAL</b>	<b><u>215,000.00</u></b>	<b><u>0.00</u></b>	<b><u>6,330,000.00</u></b>	

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 06/30/09  
 Accrual Basis

**Henry County Water District #2**  
**General Ledger**  
**As of December 31, 2008**

Date	Debit	Credit	Balance	Memo
<b>Retained Earnings</b>			980,137.50	
Total Retaine...			980,137.50	
<b>627-5 Int On H&amp;L 1998 Issue</b>			0.00	
1/31/2008	26,000.00		26,000.00	Record Monthly Depreciation
2/29/2008	26,000.00		52,000.00	Record Monthly Depreciation
3/31/2008	26,000.00		78,000.00	Record Monthly Depreciation
4/27/2008	26,000.00		104,000.00	Record Monthly Depreciation
5/31/2008	26,000.00		130,000.00	Record Monthly Depreciation
6/30/2008	26,000.00		156,000.00	Record Monthly Depreciation
7/31/2008	26,000.00		182,000.00	Record Monthly Depreciation
8/31/2008	26,000.00		208,000.00	Record Monthly Depreciation
9/30/2008	26,000.00		234,000.00	Record Monthly Depreciation
10/31/2008	26,000.00		260,000.00	Record Monthly Depreciation
11/30/2008	26,000.00		286,000.00	Record Monthly Depreciation
12/31/2008	26,000.00		312,000.00	Record Monthly Depreciation
12/31/2008	154,133.75		466,133.75	
12/31/2008		177,561.36	288,572.39	
12/31/2008	19,695.61		308,268.00	
Total 627-5 I...	485,829.36	177,561.36	308,268.00	
<b>TOTAL</b>	<b>485,829.36</b>	<b>177,561.36</b>	<b>1,288,405.50</b>	

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 06/30/09  
 Accrual Basis

**Henry County Water District #2**  
**General Ledger**  
 As of December 31, 2008

Date	Debit	Credit	Balance	Memo
<b>224-1 SRECC No Int Loan</b>			0.00	
7/1/2008	3,000.00		-3,000.00	Loan #
8/1/2008		200,000.00	197,000.00	HC 200
8/8/2008	3,000.00		194,000.00	Loan #
9/11/2008	3,000.00		191,000.00	
10/15/2008	3,000.00		188,000.00	Loan # HC200
10/16/2008		3,000.00	191,000.00	Returned for Shelby Energy Endorsement
10/20/2008	3,000.00		188,000.00	Loan # HC200
11/21/2008	3,000.00		185,000.00	Loan # HC200
12/24/2008	3,000.00		182,000.00	Loan # HC200
12/31/2008		1,938.59	183,938.59	adjust to year end actual
Total 224-1 ...	<u>21,000.00</u>	<u>204,938.59</u>	<u>183,938.59</u>	
<b>TOTAL</b>	<b><u>21,000.00</u></b>	<b><u>204,938.59</u></b>	<b><u>183,938.59</u></b>	

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 06/30/09  
 Accrual Basis

**Henry County Water District #2**  
**General Ledger**  
 As of December 31, 2008

Date	Debit	Credit	Balance	Memo
<b>Retained Earnings</b>			46,700.67	
Total Retaine...			46,700.67	
<b>627-6 Int KRWFC Series 2006 B</b>			0.00	
1/28/2008	14,177.69		14,177.69	3 inv annual trust fee 2003A, 2001D,&2006B
7/24/2008	1,666.67		15,844.36	MONTHLY PAYMENT
8/26/2008	1,666.67		17,511.03	MONTHLY PAYMENT
9/23/2008	1,666.67		19,177.70	MONTHLY PAYMENT
10/7/2008	1,666.67		20,844.37	MONTHLY PAYMENT
11/21/2008	1,666.67		22,511.04	MONTHLY PAYMENT
12/22/2008	20,695.89		43,206.93	MONTHLY PAYMENT
12/24/2008	1,666.67		44,873.60	MONTHLY PAYMENT
12/31/2008	1,938.59		46,812.19	adjust to year end actual
12/31/2008		20,395.61	26,416.58	
Total 627-6 I...	46,812.19	20,395.61	26,416.58	
<b>TOTAL</b>	<b>46,812.19</b>	<b>20,395.61</b>	<b>73,117.25</b>	

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 06/30/09  
 Accrual Basis

**Henry County Water District #2**  
**General Ledger**  
 As of December 31, 2008

Date	Debit	Credit	Balance	Memo
<b>221-10 Regiions Mgn Keg 2006</b>			526,000.00	
1/28/2008	26,000.00		500,000.00	Series 2008A
2/8/2008	10,928.44		489,071.56	3 inv annual trust fee 2003A, 2001D,&2006B
7/24/2008	50,000.00		439,071.56	MONTHLY PAYMENT
8/21/2008	10,055.56		429,016.00	MONTHLY PAYMENT
8/26/2008	50,000.00		379,016.00	MONTHLY PAYMENT
9/23/2008	50,000.00		329,016.00	MONTHLY PAYMENT
10/7/2008	50,000.00		279,016.00	MONTHLY PAYMENT
11/21/2008	50,000.00		229,016.00	MONTHLY PAYMENT
12/22/2008	179,016.00		50,000.00	MONTHLY PAYMENT
12/24/2008	50,000.00		0.00	MONTHLY PAYMENT
Total 221-10 ...	526,000.00	0.00	0.00	
<b>TOTAL</b>	<b>526,000.00</b>	<b>0.00</b>	<b>0.00</b>	

Henry County Water District #2  
 Annual Requirements for Long-Term Debt  
 For 12/31/2008

	1998 Bonds		2001 Bonds			2003 Bonds		
	Principal	Interest	Principal	Interest	TR Fees	Principal	Interest	TR Fees
2006	195,000	326,868	50,000	35,574	350	60,000	126,700	350
2007	205,000	317,800	51,000	33,774	350	62,000	124,264	350
2008	215,000	308,268	53,000	31,938	350	64,000	121,748	350
2009	225,000	298,270	53,000	30,030	350	68,000	119,148	350
2010	235,000	287,808	57,000	28,122	350	71,000	116,386	350
2011	240,000	276,880	60,000	25,188	350	75,000	113,504	350
2012	250,000	265,720	63,000	22,098	350	76,000	110,460	350
2013	265,000	254,095	67,000	18,852	350	81,000	107,374	350
2014	275,000	241,773	70,000	15,402	350	83,000	104,084	350
2015	290,000	228,985	74,000	11,798	350	86,000	100,716	350
2016	305,000	215,500	78,000	7,986	350	90,000	97,224	350
2017	320,000	201,318	81,000	3,970	350	93,000	93,570	350
2018	335,000	186,438				97,000	89,678	350
2019	350,000	170,860				102,000	85,496	350
2020	370,000	154,585				108,000	80,974	350
2021	390,000	137,380				112,000	76,184	350
2022	410,000	119,245				117,000	70,936	350
2023	430,000	100,180				123,000	65,454	350
2024	455,000	80,185				128,000	59,692	350
2025	425,000	59,028				134,000	53,536	350
2026	445,000	36,100				141,000	47,090	350
2027	315,000	14,963				149,000	40,308	350
2028						158,000	33,140	350
2029						162,000	25,542	350
2030						170,000	17,748	350
2031						179,000	9,572	350
2032						20,000	962	350
2033								
2034								
2035								
2036								
2037								
2038								
2039								
2040								
12/31/08 bal	6,330,000	3,329,313	603,000	163,446	3,150	2,623,000	1,718,778	8,400

Henry Cour  
 Annual Rec  
 For 12/31/2

	Shelby RECC		CNH Capital		December 31, 2008 -			
	Principal	Interest	Principal	Interest	Principal	Interest	Total	
2006					2009	412,489	452,464	864,953
2007					2010	396,278	435,738	832,016
2008	16,061	1,959	8,238	463	2011	408,950	418,322	827,272
2009	32,620	3,380	33,869	936	2012	423,630	400,348	823,978
2010	33,278	2,722			2013	448,334	381,687	830,021
2011	33,950	2,050			2014-2018	2,291,127	1,601,660	3,892,787
2012	34,630	1,370			2019-2023	2,512,000	1,063,044	3,575,044
2013	35,334	666			2024-2028	2,350,000	425,792	2,775,792
2014	14,127	68			2029-2032	531,000	55,224	586,224
2015						0	0	0
2016								0
2017								
2018						9,773,808	5,234,279	15,008,087
2019								
2020								
2021								
2022								
2023								
2024								
2025								
2026								
2027								
2028								
2029								
2030								
2031								
2032								
2033								
2034								
2035								
2036								
2037								
2038								
2039								
2040								
12/31/08 bal	183,939	10,256	33,869	936				

check #  
 15,008,087





EXCERPTS OF MINUTES OF A SPECIAL, CALLED MEETING OF THE BOARD OF COMMISSIONERS OF THE HENRY COUNTY WATER DISTRICT NO. 2, HELD ON SEPTEMBER 23, 1998

A special, called meeting of the Board of Commissioners (the "Commission") of the Henry County Water District No. 2 was held on September 23, 1998, at the District's office, in Campbellsburg, Kentucky, pursuant to notice duly mailed or delivered personally, at least 24 hours in advance, to all members of the Commission and to each local newspaper of general circulation, each news service, and each local radio or television station which has on file with the Commission a written request to be notified of special meetings of the Commission, in accordance with Sections 61.805-850, inclusive, of the Kentucky Revised Statutes. A copy of the Notice and Certificate as to same was duly filed in the records of the Commission with the Minutes of this meeting.

The following Commissioners were present:

Charles Richardson  
Don Buchanan  
Ray Nelson  
Richard Clark  
Jerry Powell  
Ronnie Barrickman  
Don St. Clair

The following Commissioners were absent:

Dale Jennings  
James Hughes

Chairman William Van Hawkins presided, and Merle Brewer, Secretary, recorded the Minutes of the meeting.

\*

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\*

Thereupon, the Chairman announced that all of the papers necessary for the authorization of the issuance and sale of \$8,470,000 (subject to adjustment) of Henry County Water District No. 2 Waterworks Refunding Revenue Bonds, Series 1998, had been prepared and were ready for action at this meeting.

Thereupon, there was read in summary a Resolution entitled:

RESOLUTION OF THE HENRY COUNTY WATER DISTRICT NO. 2, AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF \$8,470,000 (PLUS OR MINUS \$850,000) PRINCIPAL AMOUNT OF HENRY COUNTY WATER DISTRICT NO. 2 WATERWORKS REFUNDING REVENUE BONDS, SERIES 1998, FOR THE PURPOSE

OF FINANCING THE COST (NOT OTHERWISE PROVIDED) OF THE REFUNDING OF CERTAIN OUTSTANDING OBLIGATIONS OF THE DISTRICT.

Thereupon, Mr. Ray Nelson moved that all rules be suspended and that the motion to adopt said Resolution be passed. Said motion was seconded by Mr. Don Buchanan and a vote was thereupon taken on the motion, with the vote being as follows:

Yeas for the Motion

Nays against the Motion

Charles Richardson  
Don Buchanan  
Ray Nelson  
Richard Clark  
Jerry Powell  
Ronnie Barrickman  
Don St. Clair

None

The Chairman then declared that said motion had carried and that said Resolution had been duly and regularly passed and adopted, and a copy of same was thereupon signed by the Chairman and the Secretary of the Commission. The Secretary was directed to record said Resolution with the official proceedings of the Commission as a matter of public record.

Thereupon, a motion was made by Mr. Richard Clark and seconded by Mr. Jerry Powell that the Chairman of the District be and is hereby authorized to execute the Application before the Public Service Commission and the Secretary of the District be instructed and directed to cause publication to be made of a Notice of Bond Sale calling for the receipt of bids for the purchase of \$8,470,000 of Henry County Water District No. 2 Waterworks Refunding Revenue Bonds, Series 1998, in the form of such Notice of Bond Sale attached hereto, one time in (a) *Oldham Era*; (b) *Henry County Local*; (c) *Trimble Banner*; (d) *News-Democrat*; (e) *Shelby Sentinel*, and (f) *the Courier-Journal*, a newspaper published in the City of Louisville, Kentucky, and of general circulation throughout the Commonwealth of Kentucky; and that this Commission further approve the form of the Official Notice of Sale of Bonds in the form attached hereto, which forms are to be distributed to any interested bidders in connection with the sale of said Bonds, and that only those bids be considered for the purchase of said Bonds that are submitted on Bid Forms supplied by the Secretary, a copy of which Bid Form is attached hereto, such bids to be received at Campbellsburg, Kentucky, until October 14, 1998 at 11:00 A.M., E.D.T., which is the next meeting date of the Commission, or until such other date and hour (for which notice is duly furnished, and, where appropriate, duly advertised in accordance with Section 61.805 of the Kentucky Revised Statutes)

at which this Commission will meet, as may be determined by the Chairman of the Commission.  
The motion was unanimously carried.

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\*

\*

There being no further business to come before the Commission, it was moved, seconded  
and unanimously carried that the meeting be adjourned.

Whereupon, the meeting was adjourned.

Henry County Water District No. 2

By William L. Hawkins  
Chairman

Attest:

Merle Brewer  
Secretary

**RESOLUTION****RESOLUTION OF THE HENRY COUNTY WATER DISTRICT NO. 2 APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT WITH THE KENTUCKY RURAL WATER FINANCE CORPORATION FOR THE PURPOSE OF FINANCING A CONSTRUCTION PROJECT OF THE DISTRICT**

**WHEREAS**, the Board of Commissioners ("Governing Authority") of the Henry County Water District No. 2 (the "District") has previously determined that it is in the public interest to make improvements and extensions to the District's waterworks system (the "System");

**WHEREAS**, the District desires the Kentucky Rural Water Finance Corporation (the "Corporation") to act as its agency and instrumentality for the purpose of providing monies to finance the cost of said improvements and extensions consisting of improvements to raw water supply, storage, transmission and distribution of treated water. Major work items include:

- 1) New Raw Water Supply Well (24-inches, 107 feet),
- 2) 1,500-gallon per minute Well Pump (vertical turbine),
- 3) 20-inch D.I. Raw Water Main (est. 80,000 feet),
- 4) 16-inch to 20-inch D.I. Water Main (est. 14,500 ft.),
- 5) 4-inch to 12-inch PVC and D.I. Waterline (est. 73,500 ft.),
- 6) Control Valve and Meter Vault,
- 7) New Telemetry sites and Modifications to Existing Telemetry System, and
- 8) 300 gpm Duplex Booster Pump Station.

(the "Project") and has made an application to the Corporation therefore;

**WHEREAS**, in order to obtain such monies, the District is required to enter into an Assistance Agreement with the Corporation; and

**NOW, THEREFORE, BE IT RESOLVED** by the Governing Authority of the Henry County Water District No. 2, as follows:

**1. Authorization of Assistance Agreement and the Obligations Thereunder.** For the purpose of paying the costs, not otherwise provided, of the financing of the Project, the District hereby authorizes and approves the issuance of its obligations pursuant to the Assistance Agreement in the aggregate principal amount of \$900,000 (subject to adjustment minus ten percent (10%)) [the "Obligations"], which amount as adjusted shall be the maximum amount of such Obligations to be outstanding at any one time under the Assistance Agreement, issued as fully registered Obligations, in said maturities and terms as more fully provided for in the Assistance Agreement. The Obligations shall bear interest at such rates and shall be payable in such amounts and at such times as specified in the Assistance Agreement, all as agreed upon by the District and the Corporation.

**2. Approval and Authorization of Execution of Assistance Agreement.** The Assistance Agreement by and between the District and the Corporation in the respective form attached to this Resolution, is hereby approved, subject to such minor changes, changes of dates, insertions or omissions as may be approved by the Chairman, such approval to be conclusively evidenced by the execution of said Assistance Agreement, in order to effectuate the purposes of this Resolution; and the Chairman, or any other officer of the District, is hereby authorized to execute and acknowledge same for and on behalf of the District; and the Secretary is authorized to attest same and to affix thereto the corporate seal of the District. The Assistance Agreement is hereby ordered to be filed in the office of the Secretary with this Resolution in the official records of the District.

**3. Disbursement of Proceeds of Obligations.** The District's officers, employees and agents are authorized to carry out the procedures specified in the Assistance Agreement for the financing of the Project and for the payment from time to time of the costs and related expenses associated therewith.

**4. Revenues of the Project.** The revenues of the System are determined to be sufficient to pay the principal of and interest on the Obligations, as the same become due and payable; and said revenues, pursuant to the terms of the Assistance Agreement, are hereby pledged to secure all such payments, and in addition, for such other purposes as are more fully specified in the Assistance Agreement.

**5. Chairman and Other District Officials to Take Any Other Necessary Action.** Pursuant to the Constitution and Laws of the Commonwealth of Kentucky, the Chairman, the Treasurer, the Secretary and all other appropriate officials of the District are hereby authorized and directed to file any and all applications necessary to obtain approval of the issuance of the Obligations from the Kentucky Public Service Commission and to take any and all further action and to execute and deliver all other documents as may be reasonably necessary to effect the issuance and delivery of the Obligations and the Assistance Agreement.

**6. Severability Clause.** If any section, paragraph, clause or provision of this Resolution shall be ruled by any court of competent jurisdiction to be invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions hereof.

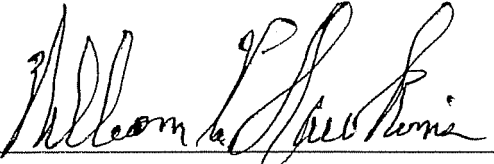
**7. Captions of Clauses.** The captions of this Resolution are for convenience only and are not to be construed as part of this Resolution nor as defining or limiting in any way the scope or intent of the provisions hereof.

**8. Provisions in Conflict Repealed.** All resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

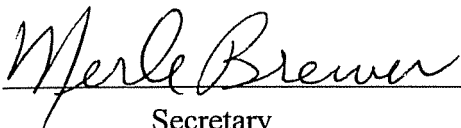
**9. Effective Date of Resolution.** This Resolution shall take effect from and after its adoption and approval.

Adopted on August 13, 2002.

HENRY COUNTY WATER DISTRICT  
NO. 2

By   
Chairman

Attest:

By   
Secretary

**CERTIFICATE**

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Henry County Water District No. 2; that the foregoing is a full, true and correct copy of a Resolution adopted by the Governing Authority of the Henry County Water District No. 2 at a meeting duly held on August 13, 2002; that said official action appears as a matter of public record in the official records or Journal of the Governing Authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this 13th day of August, 2002.

  
Secretary

## RESOLUTION

This matter having come before the Board of the Henry County Water District No. 2 at the regularly scheduled meeting on July 8, 2008, and

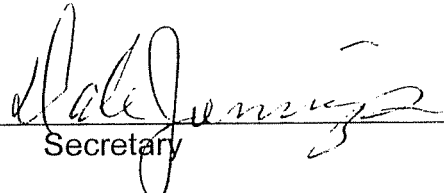
WHEREAS, it is the desire and intention of said Board to authorize and ratify actions of the Chief Operating Officer, James Simpson, with regard to the execution of certain loan documents with Shelby Energy Cooperative, Inc. binding the District to repay the sum of \$200,000 at an interest rate of two percent (2%), NOW THEREFORE

BE IT RESOLVED that the Board of the Henry County Water District No. 2 has duly authorized and does hereby ratify all actions taken on behalf of the District by its Chief Operating Officer, James Simpson, with regard to the securing, binding and execution of documents on behalf of Henry County Water District No. 2 to obtain a loan with Shelby Energy Cooperative, Inc. in the principal sum of \$200,000 at an interest rate of two percent (2%) including all actions taken by the Chief Operating Officer up to and through Friday, June 13, 2008, when the loan documents were executed. This includes all actions taken by the Chief Operating Officer when two certificates of deposit were pledged by the District to secure the required letter of credit. All actions of the Chief Operating Officer in this regard are hereby ratified by the Board upon a motion duly made by Commissioner Berickman, seconded by Commissioner Richardson and passed.

Dated: July 8<sup>th</sup>, 2008.

  
Chairman

ATTEST:

  
Secretary



**RESOLUTION****RESOLUTION OF THE BUDGET COMMITTEE OF THE BOARD OF COMMISSIONERS OF THE HENRY COUNTY WATER DISTRICT NO. 2 APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT WITH THE KENTUCKY RURAL WATER FINANCE CORPORATION FOR THE PURPOSE OF REFINANCING AND CURRENTLY REFUNDING CERTAIN OBLIGATIONS OF THE DISTRICT.**

**WHEREAS**, the Budget Committee of the Board of Commissioners ("Governing Authority") of the Henry County Water District No. 2 (the "District") has previously determined that it is in the public interest to refinance and currently refund its outstanding Henry County Water District No. 2 Waterworks Revenue Bonds, Series 1996, dated April 29, 1997, in the original principal amount of \$3,000,000 (the "Prior Bonds"), authorized by a Resolution adopted by the District on September 10, 1996, in order for the District to obtain substantial interest cost savings, which Prior Bonds were issued by the District to construct the District's waterworks system (the "System"); and

**WHEREAS**, the District desires the Kentucky Rural Water Finance Corporation (the "Corporation") to act as its agency and instrumentality for the purpose of providing monies to refinance and currently refund the outstanding Prior Bonds and has made an application to the Corporation therefore; and

**WHEREAS**, in order to obtain such monies, the District is required to enter into an Assistance Agreement with the Corporation; and

**NOW, THEREFORE, BE IT RESOLVED** by the Governing Authority of the Henry County Water District No. 2, as follows:

**1. Authorization of Assistance Agreement and the Obligations Thereunder.** For the purpose of paying the costs, not otherwise provided, of the refinancing and current refunding of the Prior Bonds, the District hereby authorizes and approves the issuance of its obligations pursuant to the Assistance Agreement in the aggregate principal amount of \$2,958,000 (subject to adjustment plus or minus ten percent (10%)) [the "Obligations"], which amount as adjusted shall be the maximum amount of such Obligations to be outstanding at any one time under the Assistance Agreement, issued as fully registered Obligations, in said maturities and terms as more fully provided for in the Assistance Agreement. The Obligations shall bear interest at such rates and shall be payable in such amounts and at such times as specified in the Assistance Agreement, all as agreed upon by the District and the Corporation.

**2. Approval and Authorization of Execution of Assistance Agreement.** The Assistance Agreement by and between the District and the Corporation in the respective form attached to this Resolution, is hereby approved, subject to such minor changes, changes of dates, insertions or omissions as may be approved by the Chairman of the Board of Commissioners, such approval to be conclusively evidenced by the execution of said Assistance Agreement, in order to

effectuate the purposes of this Resolution; and the Chairman of the Board of Commissioners, or any other officer of the District, is hereby authorized to execute and acknowledge same for and on behalf of the District; and the Secretary of the Board of Commissioners is authorized to attest same and to affix thereto the corporate seal of the District. The Assistance Agreement is hereby ordered to be filed in the office of the Secretary of the Board of Commissioners with this Resolution in the official records of the District.

**3. Disbursement of Proceeds of Obligations.** The District's officers, employees and agents are authorized to carry out the procedures specified in the Assistance Agreement for the refinancing and current refunding of the Prior Bonds and for the payment from time to time of the costs and related expenses associated therewith.

**4. Revenues of the System.** The revenues of the System are determined to be sufficient to pay the principal of and interest on the Obligations, as the same become due and payable; and said revenues, pursuant to the terms of the Assistance Agreement, are hereby pledged to secure all such payments, and in addition, for such other purposes as are more fully specified in the Assistance Agreement.

**5. Chairman and Other District Officials to Take Any Other Necessary Action.** Pursuant to the Constitution and Laws of the Commonwealth of Kentucky, the Chairman of the Board of Commissioners, the Treasurer of the Board of Commissioners, the Secretary of the Board of Commissioners and all other appropriate officials of the District are hereby authorized and directed to file any and all applications necessary to obtain approval of the issuance of the Obligations from the Kentucky Public Service Commission and to take any and all further action and to execute and deliver all other documents as may be reasonably necessary to effect the issuance and delivery of the Obligations and the Assistance Agreement.

**6. Severability Clause.** If any section, paragraph, clause or provision of this Resolution shall be ruled by any court of competent jurisdiction to be invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions hereof.

**7. Captions of Clauses.** The captions of this Resolution are for convenience only and are not to be construed as part of this Resolution nor as defining or limiting in any way the scope or intent of the provisions hereof.

**8. Provisions in Conflict Repealed.** All resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

**9. Effective Date of Resolution.** This Resolution shall take effect from and after its adoption and approval.

Adopted on October 22, 2002.

BUDGET COMMITTEE OF THE BOARD  
OF COMMISSIONERS OF THE HENRY  
COUNTY WATER DISTRICT NO. 2

By Merle Brewer  
Chairman

Attest:

By Dale Jennings  
Secretary

**CERTIFICATE**

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Budget Committee of the Board of Commissioners of the Henry County Water District No. 2; that the foregoing is a full, true and correct copy of a Resolution adopted by the said Committee at a meeting duly held on October 22, 2002; that said official action appears as a matter of public record in the official records or Journal of the said Committee; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this 22nd day of October, 2002.

Dale Jennings  
Secretary

**HENRY COUNTY WATER DISTRICT NO. 2  
BOARD MEETING AGENDA**

January 13, 2009

Reading of Minutes & Approval of Income Statement & Balance Sheet  
Minutes from December 9, 2009 Meeting  
Account Balances, Operation Expenses, Revenue Income

Report from Engineers:

Report from Attorney:

Report from Accountant:

Report from Superintendent, Chief Operating Officer & Treatment Supervisor:

Report from any Commissioners:

New Business:

1. Ms. Vona Fuellhart, Liberty Communications
2. District Options Concerning PSC Order on OIC
3. Discussion on Proposed Stimulus Package
4. New Tank Progress Report

Old Business:

1. Smith Easement
2. McCarty Lane Line Acquisition
3. Response from Filter Company

## Monthly Service Report

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• New Meter Tap-ons	<u>4</u>
• Connections & Transfers	<u>20 10 39</u>
• Disconnects	<u>22</u>
• Delinquent Accounts	<u>350000</u>
• Meter Changes	<u>18</u>
• Service Calls/Complaints	<u>124</u>
• Line Locates	<u>8</u>
• Leak Repairs	<u>17</u>
• Customers Billed	<u>6325</u>

**Henry County Water District #2**  
**Profit & Loss**  
**December 2008**

Dec 08

## Ordinary Income/Expense

## Income

## 419 Interest

Bond & Interest	685.08
Cust Line Ext Escrow	1.75
Depreciation Acct	71.93
Impact Chg Escrow	144.85
Improvement Proj Acct	119.99
Operations Acct Interest	35.16
Revenue Acct. Interest	119.49
419 Interest - Other	15,051.58

Total 419 Interest	16,229.83
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432-1 Tap on Fees	1,150.00
433 Impact Fee	2,850.00
461-11 Metered Sales-Henry	156,602.81
461-12 Metered Sales-Trimble	25,635.03
461-13 Metered Sales-Carroll	999.86
461-14 Metered Sales-Oldham	7,567.34
461-18 Metered Sales- Eminence	4,107.42
461-19 Metered Sales-Shelby	7,961.44
461-2 Metered Sales-Wholesale	15,093.56
470 Penalties/ Late Charges	5,290.93
471-1 Connections & Transfers	1,480.00
472-1 Credit Card Service Chgs	269.49
473-1 Bank Chgs for RCK	311.00
474-1 At Door Collection Fee	30.00
475-1 Miscellaneous Income	4,777.97

Total Income	250,356.68
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## Expense

400 Hydraulic Analysis	300.00
408-12 Payroll Taxes Employer	3,852.84
601-1 Employee Salaries	51,057.09
603-8 Commissioners Per Diem	2,250.00
604-1 Employee Benefits	11,056.74
604-1 Retirement Employee	7,139.29
609 Depreciation Expenses	66,500.00
615-1A Electric, Office	189.74
615-2 Gas, Office	355.03
615-3 Water, Office	19.45
615-4 Sewer, Office	32.07
615-5 Garbage, Office	66.07
616-1 Electric, Distribution	2,004.76
616-2 Elect Plant & Wellfield	27,939.81
618-1 Chemicals	7,785.20
618-2 Plant Supplies	1,369.44
620-1 Materials & Supplies	8,617.95
620-2 Service Department Suppli	1,617.38
620-6 Office ACH Fee	103.90
620-8 Office Postage	2,592.83
620-8 Office Supplies, Office	952.17
627-1 Int 2001 Issue	2,827.70
627-2 Int KRWA 2003 Issue	10,355.93
627-5 Int On H&L 1998 Issue	2,572.39
627-6 Int KRWFC Series 2006 B	22,362.56
628 Amortization of Debt Disc	511.42
631-1 Cont Serv Mowing	1,440.00
631-2 Cont Serv Plant	225.00
631-3 Cont Serv-Accounting Fees	1,485.00
631-4 Cont Serv Office Cleaning	220.00
631-4 Contr Serv Office	
Office Copier	37.66
Rugs	92.60

Total 631-4 Contr Serv Office	130.26
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Henry County Water District #2  
Profit & Loss  
December 2008

	Dec 08
631-8 Engineering	2,040.00
633-8 Legal	216.00
634-2 Cont Serv- Meter Readings	8,530.96
634-3 Contract Serv MGT MAINT	246.46
635 Credit Card Machine Fee	330.69
650-4 Service Vehicle Maint.	18.07
650-5 Bkhoe & Trk Fuel	1,283.47
650-8 Mileage	2,145.80
656-1 Insur Vehicle/Operation	969.58
656-8 Bonds	1,331.47
657-1 General Insurance	2,572.57
657-2 Insurance Gen liab/maint	889.66
658-1 Insur Wkmns Comp/Operatio	2,227.00
667-1 School & Related Expenses	280.00
672-1 Water Analysis	3,145.00
673-1 Repairs Equipment	1,375.00
675-7 Plant & Well Field Repair	3,407.93
678-1 Cellular Phones	814.01
679-1 Land Lines	491.25
680-1 Online Services	99.95
681-1 Pagers	55.41
682-1 Reprs, Serv. Dept. Equipi	6,670.80
683-1 Dues & Subscriptions	128.92
Total Expense	<u>277,202.02</u>
Net Ordinary Income	<u>-26,845.34</u>
Net Income	<u><u>-26,845.34</u></u>





The minutes of the meeting of the Board of Water District Commissioners of the Henry County Water District No. Two held at the District's office at the hour of 7:00 p.m. on December 9, 2008.

Those in attendance are shown by the attached attendance sheet.

The minutes of the November 11, 2008, meeting had been previously sent to the Commissioners for their review. A motion to approve the minutes was made by Commissioner Jennings, seconded by Commissioner Clark and passed.

The Chief Operating Officer advised the Commissioners that the Profit & Loss Statement contains information concerning some engineering fees that will require adjustment due to amounts received for certain projects for grants, etc.

Tom Green of the District's engineering firm, Tetra Tech, reviewed the monthly engineering report and commented on the PSC ruling that was issued on December 8, 2008 denying the District's offsetting improvement charge.

Jay Hoffman of Wet Dry Tank Inspection advised the Commissioners that the tank in Pleasureville had been primed and was 75% finish coated.

The District's attorney, D. Berry Baxter, advised the Commissioners that he had had no additional communications from Ondeo Degremont concerning the requests for relief concerning the filter repairs. He further advised the Commissioners that he was awaiting a legal description on the Smith easement so that that case could be completely settled and resolved.

Thereafter there was a detailed discussion concerning the District's legal options with regard to the decision of the Public Service Commission including the legal ramification of the PSC ruling on the execution of plats for developer. It was agreed by the Commissioners that the District would continue to operate as usual over the next 30 days before making a plan as to how to proceed from this point forward. Additionally, the Commissioners directed that Tom Green provide a cost estimate to submit a new tariff so that the Commissioners could be fully informed as to how they would like to proceed.

The Chief Operating Officer, Barry Woods, provided the monthly service report including the crew reports, copies of which are attached hereto. In addition the Crew's set GPS on McCarty, Boyer and US 42. He further advised that the crews were able to complete the locate work so that the Smith easement could be prepared. Mr. Woods continued and advised the Commissioners that the monthly loss report provided for a 14.3% loss in the previous month which while slightly high was within reason. Mr. Smith advised the Commissioners that the No. 2 pump on the 157 booster went out and needed to be replaced; that he had secured bids on the utility pole and electric box that will also need to be replaced for that tank. Mr. Woods secured easements on Pennywinkle and these were placed of record by the District's legal counsel. He also showed the Commissioners photos of the new bulldozer. Finally, he advised the Commissioners that

the No. 7 well motor for the pump had burnt out and that the District does not have a spare motor. It will take twelve weeks to secure a new motor and the District is attempting to have the old motor repaired. He advised the Commissioners that if the motor can be repaired it would cost \$8,400.00, and he recommended that a new motor be purchased also so that the District could have a spare at an approximate cost of \$12,000.00.

The Chief Operating Officer presented the plant report and advised that C. I. Thornburg was delivering chemicals and that the new chlorinators were online and working well. Additionally, staff was painting the interior of the plant, and the crane at the plant had been inspected and needed to be serviced.

The Chief Operating Officer reported on the following:

1. He had received communications from Liberty Communications which requested that it be allowed to place its internet equipment on the Campbellsburg tank only with no right of first refusal. While most Commissioners were not satisfied with this proposal, the Chief Operating Officer was directed to secure a draft lease from Liberty for the Commissioners to review.

2. He requested authorization to allow the bookkeeper to review accounts on line at United Citizens Bank and a motion was made to authorize same by Commissioner Hawkins, seconded by Commissioner Jennings and passed.

3. Tetra Tech had over-purchased pipe for the Campbellsburg sewer project and was willing to sell the pipe to the District at a substantial discount. The pipe is valued at \$115,000.00 and the asking price was \$65,000.00. Unfortunately, the District has no need for this pipe and the Commissioners agreed that the District should decline the purchase.

There being no additional business to come before the Board, a motion was made by Commissioner St. Clair, seconded by Commissioner Barrickman and passed that the meeting be adjourned.

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CHAIRMAN

ATTEST:

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SECRETARY

## Henry County Water District #2

### Balance Sheet

As of December 31, 2008

Dec 31, 08

**ASSETS**

Current Assets

Checking/Savings

131-14 Cust Line Ext Escrow	3,437.78
131-15 Cust Contribution Refund	3,764.66
131-17 Impact Charge Escrow	201,347.43
131-2 Revenue Account	278,378.22
131-3 Operations Account	6,485.98
131-4 Bond & Interest Account	309,463.78
131-5 Depreciation Account	135,335.79
131-6 Escrow Account	58.17
131-7 Improvement Proj Account	235,575.24

Total Checking/Savings 1,173,847.05

Accounts Receivable

141-1 Accts Rec Returned Checks	-3,184.34
141 Accounts Receivable	335,395.45
142 Other Accounts Receivable	162,038.22

Total Accounts Receivable 494,249.33

Other Current Assets

105 Work In Progress	609,100.18
131-1 Cash on Hand	1,450.00
132 Special Deposits	50,000.00
135-1 Temp Cash Investment Sink	1,066,210.42
135-2 Temp Cash Invest Depr Fd	285,000.00
135 Temporary Cash Investments	288,713.16
141-1 Accts Rec--returned check	2,009.07
143 Accum Prov for Uncoll Acct	-36,031.00
151 Plant Material & Supplies	72,797.99
162-1 Prepaid Insurance	-34,662.37
162-2 Prepaid Maintenance	239.96
171 Accrued Interest Receivable	27,269.34

Total Other Current Assets 2,332,096.75

Total Current Assets 4,000,193.13

Fixed Assets

108-1 Accu Depr/Office Equip	-163,515.17
108-2 Accu Depr/Serv Equip	-201,148.76
108-3 Accu Depr/New Building	-166,321.91
108-4 Accrued Dep/Meters	-1,549,326.89
108-5 Accu Depr/Shop Equip	-34,026.01
108-6 Accu Depr/Power Equipment	-216,104.94
108-7 Accu Depr/Water Treatment	-53,609.23
108 Accu Depr/strts & Inprov	-8,941,908.93
303 Land & Land Rights	174,617.25
304-1 New Building	304,953.09
304 System Betterment	22,084,496.32
320 Water Treatment Equipment	65,918.34
334-4 Meter & Meter Inst- T&D	1,854,694.99
340 Office Furniture & Equip	188,527.84
343 Tools, Shop & Garage Equip	34,006.46
345 Power Operated Equipment	289,098.00
347 Service Equipment	357,635.19

Total Fixed Assets 14,027,985.64

**TOTAL ASSETS 18,028,178.77**

**LIABILITIES & EQUITY**

Liabilities

Current Liabilities

Accounts Payable

231 Accounts Payable 61,845.30

Total Accounts Payable 61,845.30

**Henry County Water District #2**  
**Balance Sheet**  
As of December 31, 2008

	Dec 31, 08
<b>Other Current Liabilities</b>	
235 Customer Deposits	137,364.22
236-2 Retirement Payable	10,021.46
237-3 Accrued Interest-Cust Dep	1,102.56
241-1 Social Security Payment	-890.73
241-10 Medicare Payment	-75.70
241-11 KY State Retirement Emp	7,564.45
241-13 Eminence School Tax	74.68
241-2 Federal Withholding	-70.00
241-3 KY State Withholding	2,217.19
241-4 Ky Sales Tax	-270.52
241-5 Henry School Tax	-1,499.57
241-6 Trimble School Tax	151.27
241-7 Carroll School Tax	-131.76
241-8 Oldham School Tax	-229.41
241-9 Shelby School Tax	-217.70
242-1 Accrued Payroll Taxes	191.36
242-2 Accrued Wages	27,806.46
242 Accrued Vacation	19,977.65
<b>Total Other Current Liabilities</b>	<b>203,085.91</b>
<b>Total Current Liabilities</b>	<b>264,931.21</b>
<b>Long Term Liabilities</b>	
181-1 Unamortized Debt 2003 SER	-75,870.88
181 Amortized Debt Disc	-167,700.00
221-6 KRWFC 5th-3rd 2003	2,625,505.20
221-8 H&L 1998 Bond Issue	6,330,000.00
221-9 KRWFC 5th-3rd 2001 issue	604,994.90
224-1 SRECC No Int Loan	182,000.00
<b>Total Long Term Liabilities</b>	<b>9,498,929.22</b>
<b>Total Liabilities</b>	<b>9,763,860.43</b>
<b>Equity</b>	
214 Approp Retained Earnings	112,000.00
215-1 R/E from income bf cont	1,939,283.87
215-2 Donated cap-cont in aid	1,187,864.73
215-3 Donated cap-tap on fees	1,682,542.85
215-4 Donated Cap- Grants	3,147,406.00
215 Unapporp Retained Earnings	150,928.35
Retained Earnings	374,258.50
Net Income	-329,965.96
<b>Total Equity</b>	<b>8,264,318.34</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>18,028,178.77</b>

## Henry County Water District #2

## Balance Sheet

As of December 31, 2008

	<u>Dec 31, 08</u>
<b>Other Current Liabilities</b>	
235 Customer Deposits	137,364.22
236-2 Retirement Payable	10,021.46
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241-10 Medicare Payment	-75.70
241-11 KY State Retirement Emp	7,564.45
241-13 Eminence School Tax	74.68
241-2 Federal Withholding	-70.00
241-3 KY State Withholding	2,217.19
241-4 Ky Sales Tax	-270.52
241-5 Henry School Tax	-1,499.57
241-6 Trimble School Tax	151.27
241-7 Carroll School Tax	-131.76
241-8 Oldham School Tax	-229.41
241-9 Shelby School Tax	-217.70
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Retained Earnings	374,258.50
Net Income	-329,965.96
<b>Total Equity</b>	<u>8,264,318.34</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>18,028,178.77</u></u>

August 2008  
Account Balances

Revenue Account	Amount
Beginning Balance	\$145,154 65
Deposits (Payments)	\$269,886 38
Dpst & Int Applied to Accts	
Interest on Account	\$119 49
Charges for Retured Checks	-\$48 00
ACH Fee (bank Drafts)	-\$103 90
Transferred to Operations	-\$135,000 00
Returned Checks	-\$1,191 43
Credit Card Machine Charges	-\$330 69
Bank Corrections to Deposits	-\$108 28
Ending Balance	\$278,378 22
Operations Account	
Beginning Balance	\$53,108 62
Interest on Account	\$35 16
Transferred from Revenue	\$135,000 00
Operating Expenses	-\$181,657 80
Ending Balance	\$6,485 98
Bond & Interest Account	
Beginning Balance	\$686,167 05
Misc. Deposit	
Interest on Account	\$685 08
Transferred from Revenue	\$0 00
CD # 226936 Cash In	\$350,000 00
Caldwell Tank Payment	-\$81,279 00
Wire Fee	-\$40 00
Pay off on Loan Regions 2006	-\$199,711 89
Loan Payments	-\$446,357 46
Ending Balance	\$309,463 78
Escrow Account	
Beginning Balance	\$58 17
Transferred from Revenue	
Deposit & Interest Transferred to Revenue	
Ending Balance	\$58 17
Depreciation Account	
Beginning Balance	\$143,965 01
Transferred from Revenue	
Interest on Account	\$71 93
CNH Capital Dozer Payment	-\$8,701 15
Bk Error	
Ending Balance	\$135,335 79
Impact Charge Escrow Account	
Beginning Balance	\$198,352 58
Impact Fees Paid	\$2,850 00
Interest on Account	\$144 85
Ending Balance	\$201,347 43
Improvement Projects Account	
Beginning Balance	\$235,455 25
Interest on Account	\$119 99
Deposits	
Paid Improvements	\$0 00
Transferred to Bond & Interest	\$0 00
Invested	0
Ending Balance	\$235,575 24
Escrow - Customer Line Extensions Account	
Beginning Balance	\$3,436 03
New Extensions	\$0 00
Interest on Account	\$1 75
Impact Chg Escrow	
Customer Contributions to Revenue	
Ending Balance	\$3,437 78
Customer Refund Account	
Beginning Balance	\$3,764 66
Refunds Paid Out	
Refunds from last month's payments	
Ending Balance	\$3,764 66

## NOTICE TO NEW CUSTOMERS AND DEVELOPERS

Since 2002 as an approved part of our tariff, it has been has been the policy of the Henry County Water District to charge new customers requesting service to previously unserved properties, and also developers requesting plat certification, an impact fee of \$950 per lot to offset the expenses of increasing capacity for growth.

According to a recent ruling by the Public Service Commission, this charge will continue in effect until June 6, 2009, and may be extended until December 3, 2009. When the fee is discontinued, it may or may not be replaced by a similar system development charge, the amount of which has yet to be determined.

At this time, the District does not know how the Public Service Commission will decide on the possible future charge. It is our policy to be open and honest with our customers about the status of all water rates and fees, and we will continue to update this Notice as more information becomes available to us.

January 1, 2009

HENRY COUNTY WATER DISTRICT NO. 2  
BOARD MEETING AGENDA

February 10, 2009

Reading of Minutes & Approval of Income Statement & Balance Sheet  
Minutes from January 13, 2009 Meeting  
Account Balances, Operation Expenses, Revenue Income

Report from Engineers:

Report from Attorney:

Report from Accountant:

Report from Superintendent, Chief Operating Officer & Treatment Supervisor:

Report from any Commissioners:

New Business:

1. Rate Study & PSC
2. Ice Storm Report

Old Business:

1. Smith Easement
2. Response from Filter Company



Minutes of the meeting of the Board of Water District Commissioners of Henry District No. Two held at the District's office at 7:00 p.m. on January 13,

attendance are shown by the attached attendance sheet.

Minutes of the December 9, 2008, meeting had been previously sent to the Board for their review. A motion to approve the minutes was made by Commissioner Jennings, seconded by Commissioner Clark and passed.

Ms. Fulhart of LCI Communications was present to discuss the proposal to locate a new treatment plant on tanks located within the District. She explained to the Board the reason that they had re-configured the requested tank sites to include a new storage tank which re-configuration had to do with a change in providers from which resulted in a cost savings to LCI. Additionally, the Campbellsburg tanks were able to link up to Gratz instead of utilizing the Sparta location for that were also able to utilize the Carroll County Water District No. One tower effect on the needed service locations. Ms. Fulhart further explained that she would utilize three tanks within the District's service area and that she expects to have five within a five mile radius of each tank.

Mr. Green of the District's engineering firm, Tetra Tech, presented the monthly report, a copy of which is attached hereto and made a part hereof.

Mr. Green advised that Caldwell Tank had submitted an additional pay request in the amount of \$180,000 due after the pay request including retainage. Mr. Green commended the efforts of representatives of Tetra Tech to obtain stimulus money from the government including a proposal to prepare the design for the 42 tank and the new Road line. His second priority will be a 16" line across interstate 71 in the area of a 12" line to Jericho. Chief Operating Officer commented that it was necessary for these drawings prepared in order to get priority for the District when any money is received. Mr. Green went on to comment that the official word is that there is no certainty as to how this money will be distributed, but it was necessary for a design complete to be in a position to take advantage of the money.

Mr. Green advised that Tetra Tech will perform the rough design for a flat storage tank and regardless of whether or not the designs are used at this point, the designs will be made available in the future if the money became readily available. The Chief Operating Officer further commented that the third priority for the District is to be a upgrade of the treatment plant to include additional capacity. A motion to approve Tetra Tech's proposal was made by Commissioner Jennings and seconded by Commissioner Jennings and passed.

Mr. Green presented the project budget proposal for engineering for the year 2009, a copy of which is attached hereto. A motion to approve the proposed budget with an amendment to the expense of the hydraulic modeling not to

The minutes of the meeting of the Board of Water District Commissioners of Henry County Water District No. Two held at the District's office at 7:00 p.m. on January 13, 2009.

Those in attendance are shown by the attached attendance sheet.

The minutes of the December 9, 2008, meeting had been previously sent to the Commissioners for their review. A motion to approve the minutes was made by Commissioner Jennings, seconded by Commissioner Clark and passed.

Vonda Fulhart of LCI Communications was present to discuss the proposal to locate internet equipment on tanks located within the District. She explained to the Commissioners the reason that they had re-configured the requested tank sites to include the Campbellsburg tank which re-configuration had to do with a change in providers from Insight to AT&T which resulted in a cost savings to LCI. Additionally, the Campbellsburg tank will allow them to link up to Gratz instead of utilizing the Sparta location for that purpose. They were also able to utilize the Carroll County Water District No. One tower which had an effect on the needed service locations. Ms. Fulhart further explained that she expected to utilize three tanks within the District's service area and that she expects to be able to serve within a five mile radius of each tank.

Tom Green of the District's engineering firm, Tetra Tech, presented the monthly engineering report, a copy of which is attached hereto and made a part hereof. Additionally, he advised that Cauldwell Tank had submitted an additional pay request leaving a balance of \$180,000 due after the pay request including retainage. Mr. Green further discussed the efforts of representatives of Tetra Tech to obtain stimulus money from the federal government including a proposal to prepare the design for the 42 tank and the Morton Ridge Road line. His second priority will be a 16" line across interstate 71 in Pendleton and a 12" line to Jericho. Chief Operating Officer commented that it was important to have these drawings prepared in order to get priority for the District when any money is awarded. Mr. Green went on to comment that the official word is that there is no ear-marks and there is no certainty as to how this money will be distributed, but it was important to have a design complete to be in a position to take advantage of the money when awarded. Mr. Green advised that Tetra Tech will perform the rough design for a flat fee of \$10,000 and regardless of whether or not the designs are used at this point, the District would have those designs available in the future if the money became readily available later. The Chief Operating Officer further commented that the third priority for the District would be a upgrade of the treatment plant to include additional capacity. Thereafter, a motion to approve Tetra Tech's proposal was made by Commissioner Bohannon, seconded by Commissioner Jennings and passed.

Thereafter, Mr. Green presented the project budget proposal for engineering for the year 2009, a copy of which it attached hereto. A motion to approve the proposed engineering budget with an amendment to the expense of the hydraulic modeling not to

exceed \$15,000 per year was made by Commissioner Jennings, seconded by Commissioner Richardson and passed.

Mr. Green then discussed the status of the off-setting improvement charge that had been denied by the Public Service Commission and provided the Commissioners with a memo of options, a copy of which is attached hereto and made a part hereof. After lengthy discussion, a motion was made by Commissioner Barrickman, seconded by Commissioner St. Clair and passed to hire Caryn Lee to perform a rate case study and to explore adding a system development charge component to the request for a rate increase. After some additional discussion, motion was made by Commissioner Jennings, seconded by Commissioner St. Clair and passed to request the assistance of the Kentucky Rural Water Association in addressing the District's concern about system development charges.

The District's attorney, D. Berry Baxter, had no report beyond his previous comments concerning the off-setting improvement charge case.

Supt. Barry Woods advised the Commissioners concerning work performed by distribution staff in the previous month including routine maintenance, assisting the District's engineering firm in getting information necessary to prepare the easement with regard to Henry County Water District No. Two vs: Smith, performing routine inspections for leaks, and laying line on Pennywinkle. Additionally, Mr. Woods advised that the new tank in Pleasureville is essentially painted with only some minor touch up needed. Additionally, the plumbing will be completed in the near future. It was his opinion that the tank was nearly ready to fill. Also, the District had taken delivery of a re-built motor for the No. 7 well and a utility pole had been replaced on Fallen Timber.

Chief Operation Officer James Simpson advised the Commissioners that there was no plant report this month and he further advised the Commissioners that the \$500,000 loan to build the Pleasureville tank had been paid; that the District had purchased two new hand-held meter reading devises in the previous month; and had collected \$1,800 in bad debts.

There being no further business to come before the Board and motion was made by Commissioner St. Clair, seconded by Commissioner Barrickman and passed that the meeting be adjourned.

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Chairman

ATTEST:

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Secretary

**Henry County Water District #2**  
**Profit & Loss**  
 January 2009

	Jan 09
Ordinary Income/Expense	
Income	
419 Interest	
Bond & Interest	356.05
Cust Line Ext Escrow	1.81
Depreciation Acct	69.33
Impact Chg Escrow	150.18
Improvement Proj Acct	123.91
Operations Acct Interest	40.44
Revenue Acct. Interest	109.75
419 Interest - Other	7,801.08
Total 419 Interest	8,652.55
432-1 Tap on Fees	575.00
433 Impact Fee	1,900.00
461-11 Metered Sales-Henry	175,808.14
461-12 Metered Sales-Trimble	25,431.30
461-13 Metered Sales-Carroll	868.00
461-14 Metered Sales-Oldham	8,677.29
461-18 Metered Sales- Eminence	4,255.22
461-19 Metered Sales-Shelby	8,110.84
461-2 Metered Sales-Wholesale	17,123.68
470 Penalties/ Late Charges	5,889.73
471-1 Connections & Transfers	1,225.00
472-1 Credit Card Service Chgs	342.59
473-1 Bank Chgs for RCK	40.00
474-1 At Door Collection Fee	190.00
475-1 Miscellaneous Income	402.00
Total Income	259,491.34
Expense	
408-12 Payroll Taxes Employer	4,307.19
601-1 Employee Salaries	65,637.73
603-8 Commissioners Per Diem	1,800.00
604-1 Employee Benefits	13,897.06
604-1 Retirement Employee	6,892.71
609 Depreciation Expenses	66,500.00
615-1A Electric, Office	647.62
615-2 Gas, Office	996.03
615-3 Water, Office	30.11
615-4 Sewer, Office	41.95
615-5 Garbage, Office	67.72
615-6 Garbage, Plant	48.22
616-1 Electric, Distribution	4,018.27
616-2 Elect Plant & Wellfield	33,095.71
618-1 Chemicals	1,270.00
618-2 Plant Supplies	828.24
620-1 Materials & Supplies	5,530.78
620-2 Service Department Suppli	52.74
620-6 Office ACH Fee	103.90
620-7 Office Supplies	385.50
620-8 Office Postage	1,640.11
620-8 Office Supplies, Office	1,831.62
620-9 Office Supplies-Plant	32.10
627-1 Int 2001 Issue	2,668.70
627-2 Int KRWA 2003 Issue	10,472.73
627-5 Int On H&L 1998 Issue	26,000.00
628 Amortization of Debt Disc	511.42
631-1 Cont Serv Mowing	720.00
631-4 Cont Serv Office Cleaning	275.00
631-4 Contr Serv Office	
Office Copier	37.66
Rugs	46.30
631-4 Contr Serv Office - Other	1,040.00
Total 631-4 Contr Serv Office	1,123.96

**Henry County Water District #2**  
**Profit & Loss**  
**January 2009**

	Jan 09
631-8 Engineering	170.00
633-8 Legal	8,087.00
634-2 Cont Serv- Meter Readings	8,513.30
634-3 Contract Serv MGT MAINT	246.46
635 Credit Card Machine Fee	333.06
650-4 Service Vehicle Maint.	332.10
650-5 Bkhoe & Trk Fuel	2,228.95
650-8 Mileage	2,123.09
656-1 Insur Vehicle/Operation	969.58
656-8 Bonds	849.34
657-1 General Insurance	2,572.57
657-2 Insurance Gen liab/maint	889.66
658-1 Insur Wkmns Comp/Operatio	2,227.00
667-1 School & Related Expenses	113.27
672-1 Water Analysis	1,020.00
675-7 Plant & Well Field Repair	9,690.50
676-1 Repairs Other	100.00
679-1 Land Lines	489.29
680-1 Online Services	99.95
681-1 Pagers	62.52
682-1 Reprs, Serv. Dept. Equipi	221.94
683-1 Dues & Subscriptions	310.92
685-1 Miscellaneous Exp.	15.00
<b>Total Expense</b>	<b>293,092.62</b>
<b>Net Ordinary Income</b>	<b>-33,601.28</b>
<b>Net Income</b>	<b>-33,601.28</b>

:00 PM

12/05/09

Accrual Basis

Henry County Water District #2  
Balance Sheet  
As of January 31, 2009

	Jan 31, 09
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
131-14 Cust Line Ext Escrow	3,439.59
131-15 Cust Contribution Refund	3,764.66
131-17 Impact Charge Escrow	203,397.61
131-2 Revenue Account	199,655.62
131-3 Operations Account	31,996.46
131-4 Bond & Interest Account	325,883.99
131-5 Depreciation Account	126,703.97
131-6 Escrow Account	58.17
131-7 Improvement Proj Account	235,699.15
Total Checking/Savings	1,130,599.22
Accounts Receivable	
141-1 Accts Rec Returned Checks	-3,184.34
141 Accounts Receivable	350,155.88
142 Other Accounts Receivable	162,038.22
Total Accounts Receivable	509,009.76
Other Current Assets	
105 Work In Progress	708,130.39
131-1 Cash on Hand	1,450.00
132 Special Deposits	50,000.00
135-1 Temp Cash Investment Sink	1,066,210.42
135-2 Temp Cash Invest Depr Fd	285,000.00
135 Temporary Cash Investments	288,713.16
141-1 Accts Rec--returned check	2,858.78
143 Accum Prov for Uncoll Acct	-36,031.00
151 Plant Material & Supplies	72,797.99
162-1 Prepaid Insurance	-40,741.89
162-2 Prepaid Maintenance	-135.42
171 Accrued Interest Receivable	27,269.34
Total Other Current Assets	2,425,521.77
Total Current Assets	4,065,130.75
Fixed Assets	
108-1 Accu Depr/Office Equip	-164,189.67
108-2 Accu Depr/Serv Equip	-203,148.76
108-3 Accu Depr/New Building	-167,354.90
108-4 Accrued Dep/Meters	-1,556,350.41
108-5 Accu Depr/Shop Equip	-34,229.17
108-6 Accu Depr/Power Equipment	-217,003.02
108-7 Accu Depr/Water Treatment	-55,467.71
108 Accu Depr/strts & Inprov	-8,994,718.20
303 Land & Land Rights	174,617.25
304-1 New Building	304,953.09
304 System Betterment	22,084,496.32
320 Water Treatment Equipment	65,918.34
334-4 Meter & Meter Inst- T&D	1,854,694.99
340 Office Furniture & Equip	188,527.84
343 Tools, Shop & Garage Equip	34,006.46
345 Power Operated Equipment	289,098.00
347 Service Equipment	365,935.19
Total Fixed Assets	13,969,785.64
<b>TOTAL ASSETS</b>	<b>18,034,916.39</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
231 Accounts Payable	61,845.30
Total Accounts Payable	61,845.30

Monthly Service Report  
JANUARY 2009

• New Meter Tap-ons	<u>0</u>
• Connections & Transfers	<u>11+18 29</u>
• Disconnects	<u>22</u>
• Delinquent Accounts	<u>95</u>
• Meter Changes	<u>36</u>
• Service Calls/Complaints	<u>10+24+28+6+5 139</u>
• Line Locates	<u>5</u>
• Leak Repairs	<u>5</u>
• Customers Billed	<u>6326</u>

1:00 PM

02/05/09

Annual Basis

## Henry County Water District #2

### Balance Sheet

As of January 31, 2009

	<u>Jan 31, 09</u>
<b>Other Current Liabilities</b>	
235 Customer Deposits	138,799.22
236-2 Retirement Payable	10,021.46
237-3 Accrued Interest-Cust Dep	1,102.56
237-4 Accrued Interest-98 Issue	26,000.00
241-1 Social Security Payment	-778.24
241-10 Medicare Payment	-75.49
241-11 KY State Retirement Emp	8,293.50
241-13 Eminence School Tax	93.37
241-2 Federal Withholding	-147.00
241-3 KY State Withholding	3,139.76
241-4 Ky Sales Tax	-277.79
241-5 Henry School Tax	-1,869.98
241-6 Trimble School Tax	230.61
241-7 Carroll School Tax	-142.05
241-8 Oldham School Tax	-181.16
241-9 Shelby School Tax	-229.04
242-1 Accrued Payroll Taxes	191.36
242-2 Accrued Wages	27,806.46
242 Accrued Vacation	19,977.65
<b>Total Other Current Liabilities</b>	<u>231,955.20</u>
<b>Total Current Liabilities</b>	293,800.50
<b>Long Term Liabilities</b>	
181-1 Unamortized Debt 2003 SER	-75,749.46
181 Amortized Debt Disc	-167,310.00
221-6 KRWFC 5th-3rd 2003	2,620,382.30
221-8 H&L 1998 Bond Issue	6,330,000.00
221-9 KRWFC 5th-3rd 2001 issue	600,744.39
224-1 SRECC No Int Loan	179,000.00
243 Funds Held Future Lines	10,867.12
<b>Total Long Term Liabilities</b>	<u>9,497,934.35</u>
<b>Total Liabilities</b>	9,791,734.85
<b>Equity</b>	
214 Approp Retained Earnings	112,000.00
215-1 R/E from income bf cont	1,939,283.87
215-2 Donated cap-cont in aid	1,187,864.73
215-3 Donated cap-tap on fees	1,682,542.85
215-4 Donated Cap- Grants	3,147,406.00
215 Unapporp Retained Earnings	150,928.35
Retained Earnings	56,757.02
Net Income	-33,601.28
<b>Total Equity</b>	<u>8,243,181.54</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>18,034,916.39</u></u>



August 2008  
Account Balances

Revenue Account	Amount
Beginning Balance	\$278,378 22
Deposits (Payments)	\$250,309 38
Dpst & Int Applied to Accts	
Interest on Account	\$109 75
Charges for Retured Checks	-\$75 00
ACH Fee (bank Drafts)	-\$103 90
Transferred to Operations	-\$225,000 00
Transferred to Bond & Interest	-\$100,000 00
Transferred to Escrow	-\$2,167 43
Returned Checks	-\$1,462 34
Credit Card Machine Charges	-\$333 06
Ending Balance	\$199,655 62
<b>Operations Account</b>	
Beginning Balance	\$6,485 98
Interest on Account	\$40 44
Transferred from Revenue	\$225,000 00
Operating Expenses	-\$199,529 96
Ending Balance	\$31,996 46
<b>Bond &amp; Interest Account</b>	
Beginning Balance	\$309,463 78
Misc. Deposit	
Interest on Account	\$356 05
Transferred from Revenue	\$100,000 00
Caldwell Tank Payment	-\$58,401 00
Wire Fee	-\$20 00
Loan Payments	-\$25,514 84
Ending Balance	\$325,883 99
<b>Escrow Account</b>	
Beginning Balance	\$58 17
Transferred from Revenue	
Deposit & Interest Tranferred to Revenue	
Ending Balance	\$58 17
<b>Depreciation Account</b>	
Beginning Balance	\$135,335 79
Transferred from Revenue	
Interest on Account	\$69 33
CNH Capital Dozer Payment	-\$8,701 15
Bk Error	
Ending Balance	\$126,703 97
<b>Impact Charge Escrow Account</b>	
Beginning Balance	\$201,347 43
Impact Fees Paid	\$1,900 00
Interest on Account	\$150 18
Ending Balance	\$203,397 61
<b>Improvement Projects Account</b>	
Beginning Balance	\$235,575 24
Interest on Account	\$123 91
Deposits	
Paid Improvements	\$0 00
Transferred to Bond & Interest	\$0 00
Invested	0
Ending Balance	\$235,699 15
<b>Escrow - Customer Line Extensions Account</b>	
Beginning Balance	\$3,437 78
New Extensions	\$0 00
Interest on Account	\$1 81
Impact Chg Escrow	
Customer Contributions to Revenue	
Ending Balance	\$3,439 59
<b>Customer Refund Account</b>	
Beginning Balance	\$3,764 66
Refunds Paid Out	
Refunds from last month's payments	
Ending Balance	\$3,764 66

HENRY COUNTY WATER DISTRICT NO. 2  
BOARD MEETING AGENDA

March 10, 2009

Reading of Minutes & Approval of Income Statement & Balance Sheet  
Minutes from February 10, 2009 Meeting  
Account Balances, Operation Expenses, Revenue Income

Report from Engineers:

Report from Attorney:

Report from Accountant:

Report from Superintendent, Chief Operating Officer & Treatment Supervisor:

Report from any Commissioners:

New Business:

1. Rate Study & PSC
2. Stimulus Report

Old Business:

1. Smith Easement
2. Response from Filter Company
3. Pleasureville Tank

The minutes of the meeting of Board of Water District Commissioners of Henry County Water District No. Two held at the office of the District at 7:00 p.m. on February 10, 2009.

Those in attendance are shown by the attached attendance sheet.

The minutes of the January 13, 2009 meeting had been previously sent to the Commissioners for their review. A motion to approve the minutes was made by Commissioner Jennings, seconded by Commissioner Bohannon and passed.

Tom Green of the District's Engineering firm, Tetra Tech, presented the monthly engineering report, a copy of which is attached hereto and made a part hereof. Additionally a pay request was received from Caldwell Tank on the new Tank in Pleasureville. They billed from some items that are not yet done and they will need to have this request revised to remove those items and then the pay request will be honored. Mr. Green worked with Caryn Lee concerning the rate study and discussed how to approach a System Development Charge. After consultation with Ms. Lee, a letter was sent to the PSC after signature by Chairman Brewer requesting some direction from them about what type of charge they will not oppose. He further advised that McCarty Lane is done and he worked on other small projects. Mr. Green advised that he also spent a substantial time preparing the plans on Morton Ridge Road in conformity with what was discussed last month concerning trying to capture stimulus funds from the federal government.

The District's attorney, D. Berry Baxter, advised the Commission that he is circulating the settlement documents in the Smith case after preparing the necessary easement. There is no update on whether there will be a settlement in the Kallenberger case. There is no word on any other matters.

Jay Hoffman of Wet or Dry Tank Inspection advised that there is a small amount of touch up that needs to be done so that the new tank can be completed and placed in service.

The District's Superintendent, Barry Woods, advised the Commissioners concerning work performed by the various Distribution staff Crews. The crews are still working on installing the Pennywinkle line. They also assisted during the ice storm and made general repairs in the previous month. They also looked for leaks and did vehicle maintenance. Mr. Woods advised that all the plumbing and electrical is installed at the new tank and ready for inspection. MicroComm needs to install telemetry. They also worked on removing some items surrounding the old Pleasureville tank. He discussed the issues that arose as a result of power outages due to the ice storm. Some of the boosters required hand operation due to the telemetry being out. He is beginning to discover telemetry issues throughout the system due to power outages and surges when the power came back on. He also advised that after our last meeting Well #3 froze up and as a result the motor burned out. He replaced the motor with a

spare. In addition, during the ice storm as a result of a power surge, Well #1 burned out. It may be covered by insurance. The small dump truck had a bad fuel pump and three bad injectors. Only the injectors were covered by warranty.

The Chief Operating Officer reported about the Plant. The Plant experienced some electrical issues after the ice storm. Audrey Morgan is off due to surgery and others are filling in for her for the next six weeks.

The Chief Operating Officer commended the staff and their hard work during the ice storm and further advised that our utility providers have the District as a priority during these types of events. FEMA is in town doing an assessment of critical services and the need for generators to insure that these services are interrupted. The generator would be FEMA's and lent during the event. There is also a possibility that we may be able to get a grant for at least a portion of the cost of a generator. We also may get a disaster reimbursement for the damage at the well field.

The District's attorney was instructed to write Oudeo Degremont another letter requesting a response sent certified mail. The Chief Operating Officer continued his report. He attended a KIPDA meeting concerning project priorities and will continue monitoring the potential for grant money. He also worked with the auditor this last month to move the audit forward. Spoke with Geoff Davis's representative and gave her a tour along with the Henry County Judge Executive. A customer, Steve White, has made it known that he is requesting an adjustment to his bill beyond what the policy calls for. He had a 991,000 gallon leak that resulted in a \$2331.75 bill after the adjustment. The meter was read on December 5, 2008 and again on January 7, 2009. He received a leak letter and took no action. Ultimately, the District turned the water off to stop the problem. No action was taken by the board.

No Commissioners had any report.

There being no further business to come before the board, a motion to adjourn was made by Commissioner Barrickman, seconded by Commissioner St. Clair and passed.

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CHAIRMAN

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SECRETARY

Henry County Water District #2  
**Profit & Loss**  
 February 2009

	Feb 09
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
419 Interest	
Bond & Interest	282.52
Cust Line Ext Escrow	1.58
Depreciation Acct	55.46
Impact Chg Escrow	133.45
Improvement Proj Acct	108.49
Operations Acct Interest	43.07
Revenue Acct. Interest	111.36
419 Interest - Other	2,571.86
<b>Total 419 Interest</b>	<b>3,307.79</b>
432-1 Tap on Fees	575.00
433 Impact Fee	1,900.00
461-11 Metered Sales-Henry	167,263.80
461-12 Metered Sales-Trimble	26,216.63
461-13 Metered Sales-Carroll	894.59
461-14 Metered Sales-Oldham	5,298.65
461-18 Metered Sales- Eminence	4,253.75
461-19 Metered Sales-Shelby	8,247.96
461-2 Metered Sales-Wholesale	15,026.88
470 Penalties/ Late Charges	4,169.95
471-1 Connections & Transfers	1,500.00
472-1 Credit Card Service Chgs	345.18
473-1 Bank Chgs for RCK	592.00
474-1 At Door Collection Fee	100.00
475-1 Miscellaneous Income	552.31
<b>Total Income</b>	<b>240,244.49</b>
<b>Expense</b>	
408-12 Payroll Taxes Employer	3,823.77
601-1 Employee Salaries	56,007.96
603-8 Commissioners Per Diem	2,025.00
604-1 Employee Benefits	10,861.67
604-1 Retirement Employee	8,861.12
609 Depreciation Expenses	66,500.00
615-2 Gas, Office	1,224.97
615-3 Water, Office	28.88
615-4 Sewer, Office	38.34
615-5 Garbage, Office	67.47
616-1 Electric, Distribution	1,210.72
616-2 Elect Plant & Wellfield	32,095.17
618-1 Chemicals	4,316.60
618-2 Plant Supplies	590.75
620-1 Materials & Supplies	5,207.76
620-2 Service Department Suppli	189.99
620-6 Office ACH Fee	104.50
620-7 Office Supplies	116.98
620-8 Office Supplies, Office	5,031.99
627-1 Int 2001 Issue	2,668.70
627-2 Int KRWA 2003 Issue	10,472.73
627-5 Int On H&L 1998 Issue	26,000.00
628 Amortization of Debt Disc	511.42
631-1 Contr Serv Mowing	1,440.00
631-4 Contr Serv Office	
Office Copier	37.66
Pest Control	100.00
631-4 Contr Serv Office - Other	480.00
<b>Total 631-4 Contr Serv Office</b>	<b>617.66</b>

Henry County Water District #2  
Profit & Loss  
February 2009

	Feb 09
Ordinary Income/Expense	
Income	
419 Interest	
Bond & Interest	282.52
Cust Line Ext Escrow	1.58
Depreciation Acct	55.46
Impact Chg Escrow	133.45
Improvement Proj Acct	108.49
Operations Acct Interest	43.07
Revenue Acct. Interest	111.36
419 Interest - Other	2,571.86
Total 419 Interest	3,307.79
432-1 Tap on Fees	575.00
433 Impact Fee	1,900.00
461-11 Metered Sales-Henry	167,263.80
461-12 Metered Sales-Trimble	26,216.63
461-13 Metered Sales-Carroll	894.59
461-14 Metered Sales-Oldham	5,298.65
461-18 Metered Sales- Eminence	4,253.75
461-19 Metered Sales-Shelby	8,247.96
461-2 Metered Sales-Wholesale	15,026.88
470 Penalties/ Late Charges	4,169.95
471-1 Connections & Transfers	1,500.00
472-1 Credit Card Service Chgs	345.18
473-1 Bank Chgs for RCK	592.00
474-1 At Door Collection Fee	100.00
475-1 Miscellaneous Income	552.31
Total Income	240,244.49
Expense	
408-12 Payroll Taxes Employer	3,823.77
601-1 Employee Salaries	56,007.96
603-8 Commissioners Per Diem	2,025.00
604-1 Employee Benefits	10,861.67
604-1 Retirement Employee	8,861.12
609 Depreciation Expenses	66,500.00
615-2 Gas, Office	1,224.97
615-3 Water, Office	28.88
615-4 Sewer, Office	38.34
615-5 Garbage, Office	67.47
616-1 Electric, Distribution	1,210.72
616-2 Elect Plant & Wellfield	32,095.17
618-1 Chemicals	4,316.60
618-2 Plant Supplies	590.75
620-1 Materials & Supplies	5,207.76
620-2 Service Department Suppli	189.99
620-6 Office ACH Fee	104.50
620-7 Office Supplies	116.98
620-8 Office Supplies, Office	5,031.99
627-1 Int 2001 Issue	2,668.70
627-2 Int KRWA 2003 Issue	10,472.73
627-5 Int On H&L 1998 Issue	26,000.00
628 Amortization of Debt Disc	511.42
631-1 Cont Serv Mowing	1,440.00
631-4 Contr Serv Office	
Office Copier	37.66
Pest Control	100.00
631-4 Contr Serv Office - Other	480.00
Total 631-4 Contr Serv Office	617.66

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Basis

Henry County Water District #2  
Profit & Loss  
February 2009

	<u>Feb 09</u>
633-8 Legal	365.00
634-2 Cont Serv- Meter Readings	5,859.77
634-3 Contract Serv MGT MAINT	246.46
635 Credit Card Machine Fee	337.38
650-4 Service Vehicle Maint.	882.20
650-5 Bkhoe & Trk Fuel	1,671.54
650-8 Mileage	2,329.74
656-1 Insur Vehicle/Operation	969.58
656-8 Bonds	671.71
657-1 General Insurance	2,572.57
657-2 Insurance Gen liab/maint	889.66
658-1 Insur Wkmns Comp/Operatio	2,227.00
672-1 Water Analysis	1,220.00
675-7 Plant & Well Field Repair	289.91
678-1 Cellular Phones	1,437.19
679-1 Land Lines	106.81
680-1 Online Services	99.95
681-1 Pagers	87.41
682-1 Reprs, Serv. Dept. Equipi	1,146.25
683-1 Dues & Subscriptions	518.92
685-1 Miscellaneous Exp.	305.00
	<hr/>
Total Expense	264,248.20
	<hr/>
Net Ordinary Income	-24,003.71
	<hr/>
Net Income	<u>-24,003.71</u>

## Henry County Water District #2

## Balance Sheet

As of February 28, 2009

	<u>Feb 28, 09</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
131-14 Cust Line Ext Escrow	3,441.17
131-15 Cust Contribution Refund	3,764.66
131-17 Impact Charge Escrow	205,431.06
131-2 Revenue Account	253,684.76
131-3 Operations Account	71,608.97
131-4 Bond & Interest Account	303,651.67
131-5 Depreciation Account	118,058.28
131-6 Escrow Account	58.17
131-7 Improvement Proj Account	235,807.64
Total Checking/Savings	<u>1,195,506.38</u>
Accounts Receivable	
141-1 Accts Rec Returned Checks	-3,184.34
141 Accounts Receivable	344,856.28
142 Other Accounts Receivable	162,038.22
Total Accounts Receivable	<u>503,710.16</u>
Other Current Assets	
105 Work In Progress	717,269.00
131-1 Cash on Hand	1,450.00
132 Special Deposits	50,000.00
135-1 Temp Cash Investment Sink	1,066,210.42
135-2 Temp Cash Invst Depr Fd	285,000.00
135 Temporary Cash Investments	288,713.16
141-1 Accts Rec--returned check	2,106.30
143 Accum Prov for Uncoll Acct	-36,031.00
151 Plant Material & Supplies	72,797.99
162-1 Prepaid Insurance	-46,821.41
162-2 Prepaid Maintenance	-510.80
171 Accrued Interest Receivable	27,269.34
Total Other Current Assets	<u>2,427,453.00</u>
Total Current Assets	4,126,669.54
<b>Fixed Assets</b>	
108-1 Accu Depr/Office Equip	-164,864.17
108-2 Accu Depr/Serv Equip	-205,148.76
108-3 Accu Depr/New Building	-168,387.89
108-4 Accrued Dep/Meters	-1,563,373.93
108-5 Accu Depr/Shop Equip	-34,432.33
108-6 Accu Depr/Power Equipment	-217,901.10
108-7 Accu Depr/Water Treatment	-57,326.19
108 Accu Depr/strts & Inprov	-9,047,527.47
303 Land & Land Rights	174,617.25
304-1 New Building	304,953.09
304 System Betterment	22,084,496.32
320 Water Treatment Equipment	65,918.34
334-4 Meter & Meter Inst- T&D	1,854,694.99
340 Office Furniture & Equip	188,527.84
343 Tools, Shop & Garage Equip	34,006.46
345 Power Operated Equipment	289,098.00
347 Service Equipment	365,935.19
Total Fixed Assets	<u>13,903,285.64</u>
<b>TOTAL ASSETS</b>	<u><u>18,029,955.18</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
231 Accounts Payable	61,845.30
Total Accounts Payable	<u>61,845.30</u>



## Henry County Water District #2

## Balance Sheet

As of February 28, 2009

	Feb 28, 09
<b>Other Current Liabilities</b>	
235 Customer Deposits	140,867.23
236-2 Retirement Payable	10,021.46
237-3 Accrued Interest-Cust Dep	1,102.56
237-4 Accrued Interest-98 Issue	52,000.00
241-1 Social Security Payment	-773.53
241-10 Medicare Payment	-74.39
241-11 KY State Retirement Emp	7,812.01
241-13 Eminence School Tax	114.04
241-2 Federal Withholding	-128.00
241-3 KY State Withholding	2,655.86
241-4 Ky Sales Tax	-316.34
241-5 Henry School Tax	-2,124.05
241-6 Trimble School Tax	264.79
241-7 Carroll School Tax	-160.59
241-8 Oldham School Tax	-244.66
241-9 Shelby School Tax	-214.78
242-1 Accrued Payroll Taxes	191.36
242-2 Accrued Wages	27,806.46
242 Accrued Vacation	19,977.65
<b>Total Other Current Liabilities</b>	<u>258,777.08</u>
<b>Total Current Liabilities</b>	320,622.38
<b>Long Term Liabilities</b>	
181-1 Unamortized Debt 2003 SER	-75,628.04
181 Amortized Debt Disc	-166,920.00
221-6 KRWFC 5th-3rd 2003	2,615,259.40
221-8 H&L 1998 Bond Issue	6,330,000.00
221-9 KRWFC 5th-3rd 2001 issue	596,493.88
224-1 SRECC No Int Loan	179,000.00
243 Funds Held Future Lines	10,867.12
<b>Total Long Term Liabilities</b>	<u>9,489,072.36</u>
<b>Total Liabilities</b>	9,809,694.74
<b>Equity</b>	
214 Approp Retained Earnings	112,000.00
215-1 R/E from income bf cont	1,939,283.87
215-2 Donated cap-cont in aid	1,187,864.73
215-3 Donated cap-tap on fees	1,682,542.85
215-4 Donated Cap- Grants	3,147,406.00
215 Unapporp Retained Earnings	150,928.35
Retained Earnings	56,757.02
Net Income	-56,522.38
<b>Total Equity</b>	<u>8,220,260.44</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>18,029,955.18</u></u>

August 2008  
Account Balances

Revenue Account	Amount
Beginning Balance	\$199,655 62
Deposits (Payments)	\$230,135 94
Bank Draft	\$24,882 88
Interest on Account	\$111 36
Charges for Retured Checks	-\$24 00
ACH Fee (bank Drafts)	-\$104 50
Transferred to Operations	-\$200,000 00
Returned Checks	-\$635 16
Credit Card Machine Charges	-\$337 38
Ending Balance	\$253,684 76
Operations Account	
Beginning Balance	\$31,675 31
Interest on Account	\$43 07
Transferred from Revenue	\$200,000 00
Operating Expenses	-\$160,109 41
Ending Balance	\$71,608 97
Bond & Interest Account	
Beginning Balance	\$325,883 99
Misc. Deposit	
Interest on Account	\$282 52
Loan Payments	-\$22,514 84
Ending Balance	\$303,651 67
Escrow Account	
Beginning Balance	\$58 17
Transferred from Revenue	
Deposit & Interest Tranferred to Revenue	
Ending Balance	\$58 17
Depreciation Account	
Beginning Balance	\$126,703 97
Transferred from Revenue	
Interest on Account	\$55 46
CNH Capital Dozer Payment	-\$8,701 15
Bk Error	
Ending Balance	\$118,058 28
Impact Charge Escrow Account	
Beginning Balance	\$203,397 61
Impact Fees Paid	\$1,900 00
Interest on Account	\$133 45
Ending Balance	\$205,431 06
Improvement Projects Account	
Beginning Balance	\$235,699 15
Interest on Account	\$108 49
Deposits	
Paid Improvements	\$0 00
Transferred to Bond & Interest	\$0 00
Invested	0
Ending Balance	\$235,807 64
Escrow - Customer Line Extensions Account	
Beginning Balance	\$3,439 59
New Extensions	\$0 00
Interest on Account	\$1 58
Impact Chg Escrow	
Customer Contributions to Revenue	
Ending Balance	\$3,441 17
Customer Refund Account	
Beginning Balance	\$3,764 66
Refunds Paid Out	
Refunds from last month's payments	
Ending Balance	\$3,764 66

## Monthly Service Report

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• New Meter Tap-ons	<u>    -0-    </u>
• Connections & Transfers	<u>    39    </u>
• Disconnects	<u>    36    </u>
• Delinquent Accounts	<u>    83    </u>
• Meter Changes	<u>    5    </u>
• Service Calls/Complaints	<u>    81    </u>
• Line Locates	<u>    8    </u>
• Leak Repairs	<u>    13    </u>
• Customers Billed	<u>  6302  </u>

HENRY COUNTY WATER DISTRICT NO. 2  
BOARD MEETING AGENDA

March 14, 2009

Reading of Minutes & Approval of Income Statement & Balance Sheet  
Minutes from March 10, 2009 Meeting  
Account Balances, Operation Expenses, Revenue Income

Report from Engineers:

Report from Attorney:

Report from Accountant:

Report from Superintendent, Chief Operating Officer & Treatment Supervisor:

Report from any Commissioners:

New Business:

1. Guest Mr. Jim Wayne & Attorney
2. Rate Study & PSC
3. Report from KIA on Stimulus Funding

Old Business:

1. Smith Easement
2. Response from Filter Company
3. Pleasureville Tank

The minutes of the meeting of the Board of Water District Commissioners of Henry County Water District No. Two held at the office of the District at 7:00pm on March 10, 2009.

Those in attendance are shown by the attached attendance sheet

The minutes of the February 10, 2009 meeting had been previously sent to the Commissioners for their review. A motion to approve the minutes was made by Commissioner Jennings, seconded by Commissioner Jones and passed.

Tom Green of the District's engineering firm, Tetra Tech, presented the monthly engineering report, a copy of which is attached hereto and made a part hereof. Other items that were reported on were the new Pleasureville Tank, response from letter to PSC, and stimulus package funds. The Pleasureville Tank is almost completed and should be in service before next month's meeting. There has been no response from the PSC from our letter that was sent 2/12/2009. All paperwork has been turned in for consideration for stimulus funding. The DOW has approved plans & design for the Morton Ridge Road project. The project has an estimated price of 2.4 million dollars.

The Chief Operating Officer presented the report from the District's Attorney, D. Berry Baxter. The Smith easement has been prepared and is being circulated along with the settlement documents. Counsel is waiting on return receipt notice from letter that was sent to the filter company.

Jay Hoffman of Wet or Dry Tank Inspection advised that the Pleasureville Tank should be ready for sterilization by mid next week.

The District's Superintendent, Barry Woods, advised the Commissioners concerning work performed by the various distribution staff crews. Mr. Woods reported that the Pennywinkle line was completed and that work had begun on upsizing the line that feeds that area. Superintendent Woods also reported that wells #1, #2, #3, and #5 have been repaired and that Shelby Energy has installed a monitor on the service at the wellfield. Superintendent Woods also reported that Liberty Communications has installed their equipment on the Office tank. He indicated that clean-up around the new tank in Pleasureville has been done by District personnel in a trade off with the contractor.

The Chief Operating Officer gave the report from the Treatment Plant, a copy of which is attached hereto and made a part hereof.

The Chief Operating Officer gave his report as follow:

1. Paperwork required by KIA to receive grant funding from state infrastructure projects is in the process of being completed.
2. Working with FEMA on disaster funding from damage due to ice storm.

3. Attended KRWA management conference in Bowling Green on 2-24 & 2-25.
4. The PSC conducted their annual inspection of the District. Inspection went real well. The inspector was very complimentary of the District's facilities and operation.
5. The District's accountants are almost done with the audit. The Commissioners will have the audit at the April Board Meeting.
6. Lee Consulting will be performing a rate study within the next two weeks.

No Commissioners had any report.

There being no further business to come before the Board, a motion to adjourn was made by Commissioner St. Clair, seconded by Commissioner Barrickman and passed.

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Secretary

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Chairman

Henry County Water District #2  
Profit & Loss  
March 2009

	Mar 09
Ordinary Income/Expense	
Income	
419 Interest	
Bond & Interest	342.20
Cust Line Ext Escrow	1.70
Depreciation Acct	69.05
Impact Chg Escrow	144.53
Improvement Proj Acct	116.29
Operations Acct Interest	44.76
Revenue Acct. Interest	104.95
419 Interest - Other	4,657.26
Total 419 Interest	5,480.74
432-1 Tap on Fees	575.00
433 Impact Fee	3,800.00
461-11 Metered Sales-Henry	169,294.84
461-12 Metered Sales-Trimble	24,799.39
461-13 Metered Sales-Carroll	935.84
461-14 Metered Sales-Oldham	6,747.71
461-18 Metered Sales- Eminence	4,138.88
461-19 Metered Sales-Shelby	9,713.13
461-2 Metered Sales-Wholesale	16,207.78
470 Penalties/ Late Charges	5,877.54
471-1 Connections & Transfers	1,500.00
472-1 Credit Card Service Chgs	278.80
473-1 Bank Chgs for RCK	181.77
474-1 At Door Collection Fee	100.00
475-1 Miscellaneous Income	4,121.87
Total Income	253,753.29
Expense	
408-12 Payroll Taxes Employer	1,901.46
601-1 Employee Salaries	53,967.05
603-8 Commissioners Per Diem	2,025.00
604-1 Employee Benefits	12,933.75
604-1 Retirement Employee	7,561.07
609 Depreciation Expenses	66,500.00
615-1A Electric, Office	304.49
615-2 Gas, Office	899.93
615-3 Water, Office	25.96
615-4 Sewer, Office	38.34
615-6 Garbage, Plant	113.96
616-1 Electric, Distribution	3,998.68
616-2 Elect Plant & Wellfield	27,743.85
618-2 Plant Supplies	631.72
620-1 Materials & Supplies	4,972.69
620-2 Service Department Suppli	924.91
620-6 Office ACH Fee	105.20
620-7 Office Supplies	370.54
620-8 Office Postage	1,773.09
620-8 Office Supplies, Office	803.00
620-9 Office Supplies-Plant	144.00
627-1 Int 2001 Issue	2,668.70
627-2 Int KRWA 2003 Issue	10,472.73
627-5 Int On H&L 1998 Issue	26,000.00
628 Amortization of Debt Disc	511.42
631-1 Cont Serv Mowing	1,440.00
631-4 Contr Serv Office	
Office Copier	0.00
631-4 Contr Serv Office - Other	160.00
Total 631-4 Contr Serv Office	160.00

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4/09/09

Accrual Basis

Henry County Water District #2  
Profit & Loss  
March 2009

	<u>Mar 09</u>
631-8 Engineering	2,595.00
633-8 Legal	205.00
634-2 Cont Serv- Meter Readings	4,553.37
634-3 Contract Serv MGT MAINT	246.46
635 Credit Card Machine Fee	357.21
650-5 Bkhoe & Trk Fuel	868.96
650-8 Mileage	2,367.20
656-1 Insur Vehicle/Operation	969.58
656-8 Bonds	671.71
657-1 General Insurance	2,572.57
657-2 Insurance Gen liab/maint	889.66
658-1 Insur Wkmns Comp/Operatio	2,227.00
667-1 School & Related Expenses	120.48
672-1 Water Analysis	3,095.00
675-7 Plant & Well Field Repair	13,451.88
678-1 Cellular Phones	635.05
679-1 Land Lines	21.68
681-1 Pagers	62.41
682-1 Reprs, Serv. Dept. Equip	981.68
683-1 Dues & Subscriptions	128.92
685-1 Miscellaneous Exp.	78.97
Total Expense	<u>266,091.33</u>
Net Ordinary Income	<u>-12,338.04</u>
Net Income	<u><u>-12,338.04</u></u>



## Henry County Water District #2

## Balance Sheet

As of March 31, 2009

	<u>Mar 31, 09</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
131-14 Cust Line Ext Escrow	3,442.87
131-15 Cust Contribution Refund	3,764.66
131-17 Impact Charge Escrow	209,375.59
131-2 Revenue Account	203,766.65
131-3 Operations Account	62,328.75
131-4 Bond & Interest Account	373,479.03
131-5 Depreciation Account	151,426.18
131-6 Escrow Account	58.17
131-7 Improvement Proj Account	235,923.93
<b>Total Checking/Savings</b>	<u>1,243,565.83</u>
<b>Accounts Receivable</b>	
141-1 Accts Rec Returned Checks	-80.00
141 Accounts Receivable	328,147.02
142 Other Accounts Receivable	160,214.00
<b>Total Accounts Receivable</b>	<u>488,281.02</u>
<b>Other Current Assets</b>	
105 Work In Progress	871,955.42
131-1 Cash on Hand	500.00
132 Special Deposits	50,000.00
135-1 Temp Cash Investment Sink	1,066,210.42
135-2 Temp Cash Invest Depr Fd	285,000.00
135 Tempoary Cash Investments	307,976.19
141-1 Accts Rec--returned check	1,369.49
143 Accum Prov for Uncoll Acct	-46,930.67
151 Plant Material & Supplies	74,866.80
162-1 Prepaid Insurance	-2,961.61
162-2 Prepaid Maintenance	4,122.19
171 Accrued Interest Receivable	10,921.76
174 Construction Grant Receive	348,250.00
<b>Total Other Current Assets</b>	<u>2,971,279.99</u>
<b>Total Current Assets</b>	4,703,126.84
<b>Fixed Assets</b>	
108-1 Accu Depr/Office Equip	-168,443.01
108-2 Accu Depr/Serv Equip	-211,354.63
108-3 Accu Depr/New Building	-169,420.86
108-4 Accrued Dep/Meters	-1,567,947.47
108-5 Accu Depr/Shop Equip	-32,925.87
108-6 Accu Depr/Power Equipment	-161,973.31
108-7 Accu Depr/Water Treatment	-43,728.76
108 Accu Depr/strts & Inprov	-9,113,277.83
303 Land & Land Rights	174,617.25
304-1 New Building	304,953.09
304 System Betterment	22,160,863.21
320 Water Treatment Equipment	65,918.34
334-4 Meter & Meter Inst- T&D	1,891,144.99
340 Office Furniture & Equip	188,527.84
343 Tools, Shop & Garage Equip	34,006.46
345 Power Operated Equipment	328,293.00
347 Service Equipment	311,435.19
<b>Total Fixed Assets</b>	<u>13,990,687.63</u>
<b>TOTAL ASSETS</b>	<u><u>18,693,814.47</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
231 Accounts Payable	85,069.90
<b>Total Accounts Payable</b>	<u>85,069.90</u>

Henry County Water District #2  
Balance Sheet  
As of March 31, 2009

	Mar 31, 09
<b>Other Current Liabilities</b>	
231-2 Construction Ret payable	128,628.25
233 CNH Capital	33,869.03
235 Customer Deposits	82,777.52
236-2 Retirement Payable	6,892.71
237-3 Accrued Interest-Cust Dep	1,090.73
237-4 Accrued Interest-98 Issue	78,000.00
241-1 Social Security Payment	1,696.36
241-10 Medicare Payment	370.61
241-11 KY State Retirement Emp	2,698.36
241-13 Eminence School Tax	164.13
241-2 Federal Withholding	2,882.00
241-3 KY State Withholding	2,552.80
241-4 Ky Sales Tax	367.03
241-5 Henry School Tax	4,566.19
241-6 Trimble School Tax	776.48
241-7 Carroll School Tax	-14.79
241-8 Oldham School Tax	170.38
241-9 Shelby School Tax	305.91
242-1 Accrued Payroll Taxes	9.00
242-2 Accrued Wages	36,818.21
242 Accrued Vacation	20,470.81
<b>Total Other Current Liabilities</b>	<b>405,091.72</b>
<b>Total Current Liabilities</b>	<b>490,161.62</b>
<b>Long Term Liabilities</b>	
181-1 Unamortized Debt 2003 SER	-73,930.42
181 Amortized Debt Disc	-166,790.00
221-6 KRWFC 5th-3rd 2003	2,607,631.30
221-8 H&L 1998 Bond Issue	6,330,000.00
221-9 KRWFC 5th-3rd 2001 issue	590,248.47
224-1 SRECC No Int Loan	172,938.59
243 Funds Held Future Lines	1,200.00
<b>Total Long Term Liabilities</b>	<b>9,461,297.94</b>
<b>Total Liabilities</b>	<b>9,951,459.56</b>
<b>Equity</b>	
214 Approp Retained Earnings	112,002.14
215-1 R/E from income bf cont	1,939,283.87
215-2 Donated cap-cont in aid	1,187,864.73
215-3 Donated cap-tap on fees	1,682,542.85
215-4 Donated Cap- Grants	3,147,406.00
215 Unapporp Retained Earnings	150,928.35
Retained Earnings	591,187.39
Net Income	-68,860.42
<b>Total Equity</b>	<b>8,742,354.91</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>18,693,814.47</b>

August 2008  
Account Balances

Revenue Account	Amount
Beginning Balance	\$253,684.76
Deposits (Payments)	\$225,221.47
Bank Draft	\$26,032.99
Interest on Account	\$104.95
Charges for Retured Checks	-\$45.00
ACH Fee (bank Drafts)	-\$105.20
Transferred to Operations	-\$300,000.00
Returned Checks	-\$770.11
Credit Card Machine Charges	-\$357.21
Ending Balance	\$203,766.65
Operations Account	
Beginning Balance	\$71,608.97
Interest on Account	\$44.76
General Journal ( To Cancel Outstanding Checks)	\$3,820.24
Transferred from Revenue	\$200,000.00
Operating Expenses	-\$213,145.22
Ending Balance	\$62,328.75
Bond & Interest Account	
Beginning Balance	\$303,651.67
Misc. Deposit	\$100,000.00
Interest on Account	\$342.20
Loan Payments	-\$33,514.84
Ending Balance	\$370,479.03
Escrow Account	
Beginning Balance	\$58.17
Transferred from Revenue	
Deposit & Interest Tranferred to Revenue	
Ending Balance	\$58.17
Depreciation Account	
Beginning Balance	\$118,058.28
Transferred from Operations	\$42,000.00
Interest on Account	\$69.05
CNH Capital Dozer Payment	-\$8,701.15
Ending Balance	\$151,426.18
Impact Charge Escrow Account	
Beginning Balance	\$205,431.06
Impact Fees Paid	\$3,800.00
Interest on Account	\$144.53
Ending Balance	\$209,375.59
Improvement Projects Account	
Beginning Balance	\$235,807.64
Interest on Account	\$116.29
Deposits	
Paid Improvements	\$0.00
Transferred to Bond & Interest	\$0.00
Invested	0
Ending Balance	\$235,923.93
Escrow - Customer Line Extensions Account	
Beginning Balance	\$3,441.17
New Extensions	\$0.00
Interest on Account	\$1.70
Impact Chg Escrow	
Customer Contributions to Revenue	
Ending Balance	\$3,442.87
Customer Refund Account	
Beginning Balance	\$3,764.66
Refunds Paid Out	
Refunds from last month's payments	
Ending Balance	\$3,764.66

# MONTHLY Water Use Report

## HENRY COUNTY WATER DISTRICT

Water Utility:

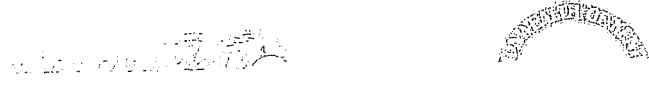
Year:

### FEBRUARY 2009

LINE #	ITEM	GALLONS (Omit 000's)	%
1	<b>WATER PRODUCED or PURCHASED</b>	<u>61949930</u>	
2	Water Produced	<u>          </u>	
3	Water Purchased	<u>          </u>	
4	<b>TOTAL PRODUCED AND PURCHASED</b>	<u>61949930</u>	
<hr/>			
	<b>WATER SOLD</b>		
5	Residential	<u>30363210</u>	
6	Commercial	<u>1912910</u>	
7	Industrial	<u>324700</u>	
8	Bulk Loading Stations	<u>          </u>	
9	Wholesale	<u>6827910</u>	
10	Other Sales (explain) <i>Public Gov. (schools)</i>	<u>904570</u>	
11	<b>TOTAL WATER SOLD</b>	<u>40333360</u>	
12	<b>TOTAL WATER NOT SOLD</b>	<u>21616570</u>	
<hr/>			
	<b>BREAKDOWN OF UNSOLD WATER USED</b>		
13	Utility and/or Water Treatment Plant	<u>4553300</u>	
14	Wastewater Plant	<u>          </u>	
15	System Flushing	<u>6491400</u>	
16	Fire Department	<u>25750</u>	
17	Other (explain)	<u>          </u>	
	<b>TOTAL UNSOLD WATER USED</b>	<u>11070450</u>	
<hr/>			
	<b>BREAKDOWN OF WATER LOST</b>		
18	Tank Overflows	<u>          </u>	
19	Line Breaks	<u>2501200</u>	
20	Other Loss	<u>8044920</u>	
	<b>TOTAL UNSOLD WATER LOST</b>	<u>10546120</u>	

	<b>"OTHER LOSS" FLOW RATE CALCULATION:</b>		
21	"Other Loss"	0	
22	% "Other Loss"		
23	Number of Days in Period	0	
24	"Other Loss" per Day (1,000's gallons per Day)	#DIV/0!	
25	"Other Loss" per Minute (GPM)	#DIV/0!	

17%



# Monthly Service Report

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• New Meter Tap-ons	<u>7</u>
• Connections & Transfers	<u>30721 61</u>
• Disconnects	<u>18</u>
• Delinquent Accounts	<u>87</u>
• Meter Changes	<u>20</u>
• Service Calls/Complaints	<u>15485 88 28498+11 85= 121</u>
• Line Locates	<u>10</u>
• Leak Repairs	<u>16</u>
• Customers Billed	<u>6890</u>

**HENRY COUNTY WATER DISTRICT NO. 2  
BOARD MEETING AGENDA**

~~March~~ <sup>April</sup> 14, 2009

Reading of Minutes & Approval of Income Statement & Balance Sheet  
Minutes from March 10, 2009 Meeting  
Account Balances, Operation Expenses, Revenue Income

Report from Engineers:

Report from Attorney:

Report from Accountant:

Report from Superintendent, Chief Operating Officer & Treatment Supervisor:

Report from any Commissioners:

New Business:

1. Guest Mr. Jim Wayne & Attorney
2. Rate Study & PSC
3. Report from KIA on Stimulus Funding

Old Business:

1. Smith Easement
2. Response from Filter Company
3. Pleasureville Tank

The minutes of the meeting of the Board of Water District Commissioners of Henry County Water District No. Two held at the office of the District at 7:00pm on March 10, 2009.

Those in attendance are shown by the attached attendance sheet

The minutes of the February 10, 2009 meeting had been previously sent to the Commissioners for their review. A motion to approve the minutes was made by Commissioner Jennings, seconded by Commissioner Jones and passed.

Tom Green of the District's engineering firm, Tetra Tech, presented the monthly engineering report, a copy of which is attached hereto and made a part hereof. Other items that were reported on were the new Pleasureville Tank, response from letter to PSC, and stimulus package funds. The Pleasureville Tank is almost completed and should be in service before next month's meeting. There has been no response from the PSC from our letter that was sent 2/12/2009. All paperwork has been turned in for consideration for stimulus funding. The DOW has approved plans & design for the Morton Ridge Road project. The project has an estimated price of 2.4 million dollars.

The Chief Operating Officer presented the report from the District's Attorney, D. Berry Baxter. The Smith easement has been prepared and is being circulated along with the settlement documents. Counsel is waiting on return receipt notice from letter that was sent to the filter company.

Jay Hoffman of Wet or Dry Tank Inspection advised that the Pleasureville Tank should be ready for sterilization by mid next week.

The District's Superintendent, Barry Woods, advised the Commissioners concerning work performed by the various distribution staff crews. Mr. Woods reported that the Pennywinkle line was completed and that work had begun on upsizing the line that feeds that area. Superintendent Woods also reported that wells #1, #2, #3, and #5 have been repaired and that Shelby Energy has installed a monitor on the service at the wellfield. Superintendent Woods also reported that Liberty Communications has installed their equipment on the Office tank. He indicated that clean-up around the new tank in Pleasureville has been done by District personnel in a trade off with the contractor.

The Chief Operating Officer gave the report from the Treatment Plant, a copy of which is attached hereto and made a part hereof.

The Chief Operating Officer gave his report as follow:

1. Paperwork required by KIA to receive grant funding from state infrastructure projects is in the process of being completed.
2. Working with FEMA on disaster funding from damage due to ice storm.

3. Attended KRWA management conference in Bowling Green on 2-24 & 2-25.
4. The PSC conducted their annual inspection of the District. Inspection went real well. The inspector was very complimentary of the District's facilities and operation.
5. The District's accountants are almost done with the audit. The Commissioners will have the audit at the April Board Meeting.
6. Lee Consulting will be performing a rate study within the next two weeks.

No Commissioners had any report.

There being no further business to come before the Board, a motion to adjourn was made by Commissioner St. Clair, seconded by Commissioner Barrickman and passed.

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Secretary

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Chairman



Henry County Water District #2  
 Profit & Loss  
 March 2009

	Mar 09
Ordinary Income/Expense	
Income	
419 Interest	
Bond & Interest	342.20
Cust Line Ext Escrow	1.70
Depreciation Acct	69.05
Impact Chg Escrow	144.53
Improvement Proj Acct	116.29
Operations Acct Interest	44.76
Revenue Acct. Interest	104.95
419 Interest - Other	4,657.26
Total 419 Interest	5,480.74
432-1 Tap on Fees	575.00
433 Impact Fee	3,800.00
461-11 Metered Sales-Henry	169,294.84
461-12 Metered Sales-Trimble	24,799.39
461-13 Metered Sales-Carroll	935.84
461-14 Metered Sales-Oldham	6,747.71
461-18 Metered Sales- Eminence	4,138.88
461-19 Metered Sales-Shelby	9,713.13
461-2 Metered Sales-Wholesale	16,207.78
470 Penalties/ Late Charges	5,877.54
471-1 Connections & Transfers	1,500.00
472-1 Credit Card Service Chgs	278.80
473-1 Bank Chgs for RCK	181.77
474-1 At Door Collection Fee	100.00
475-1 Miscellaneous Income	4,121.87
Total Income	253,753.29
Expense	
408-12 Payroll Taxes Employer	1,901.46
601-1 Employee Salaries	53,967.05
603-8 Commissioners Per Diem	2,025.00
604-1 Employee Benefits	12,933.75
604-1 Retirement Employee	7,561.07
609 Depreciation Expenses	66,500.00
615-1A Electric, Office	304.49
615-2 Gas, Office	899.93
615-3 Water, Office	25.96
615-4 Sewer, Office	38.34
615-6 Garbage, Plant	113.96
616-1 Electric, Distribution	3,998.68
616-2 Elect Plant & Wellfield	27,743.85
618-2 Plant Supplies	631.72
620-1 Materials & Supplies	4,972.69
620-2 Service Department Suppli	924.91
620-6 Office ACH Fee	105.20
620-7 Office Supplies	370.54
620-8 Office Postage	1,773.09
620-8 Office Supplies, Office	803.00
620-9 Office Supplies-Plant	144.00
627-1 Int 2001 Issue	2,668.70
627-2 Int KRWA 2003 Issue	10,472.73
627-5 Int On H&L 1998 Issue	26,000.00
628 Amortization of Debt Disc	511.42
631-1 Cont Serv Mowing	1,440.00
631-4 Contr Serv Office	
Office Copier	0.00
631-4 Contr Serv Office - Other	160.00
Total 631-4 Contr Serv Office	160.00

2:22 PM

3/09/09

accrual basis

# Henry County Water District #2

## Profit & Loss

March 2009

	Mar 09
631-8 Engineering	2,595.00
633-8 Legal	205.00
634-2 Cont Serv- Meter Readings	4,553.37
634-3 Contract Serv MGT MAINT	246.46
635 Credit Card Machine Fee	357.21
650-5 Bkhoe & Trk Fuel	868.96
650-8 Mileage	2,367.20
656-1 Insur Vehicle/Operation	969.58
656-8 Bonds	671.71
657-1 General Insurance	2,572.57
657-2 Insurance Gen liab/maint	889.66
658-1 Insur Wkmns Comp/Operatio	2,227.00
667-1 School & Related Expenses	120.48
672-1 Water Analysis	3,095.00
675-7 Plant & Well Field Repair	13,451.88
678-1 Cellular Phones	635.05
679-1 Land Lines	21.68
681-1 Pagers	62.41
682-1 Reprs, Serv. Dept. Equipi	981.68
683-1 Dues & Subscriptions	128.92
685-1 Miscellaneous Exp.	78.97
<b>Total Expense</b>	<b>266,091.33</b>
<b>Net Ordinary Income</b>	<b>-12,338.04</b>
<b>Net Income</b>	<b>-12,338.04</b>

Henry County Water District #2  
Balance Sheet  
As of March 31, 2009

Mar 31, 09

ASSETS

Current Assets

Checking/Savings

131-14 Cust Line Ext Escrow	3,442.87
131-15 Cust Contribution Refund	3,764.66
131-17 Impact Charge Escrow	209,375.59
131-2 Revenue Account	203,766.65
131-3 Operations Account	62,328.75
131-4 Bond & Interest Account	373,479.03
131-5 Depreciation Account	151,426.18
131-6 Escrow Account	58.17
131-7 Improvement Proj Account	235,923.93

Total Checking/Savings 1,243,565.83

Accounts Receivable

141-1 Accts Rec Returned Checks	-80.00
141 Accounts Receivable	328,147.02
142 Other Accounts Receivable	160,214.00

Total Accounts Receivable 488,281.02

Other Current Assets

105 Work In Progress	871,955.42
131-1 Cash on Hand	500.00
132 Special Deposits	50,000.00
135-1 Temp Cash Investment Sink	1,066,210.42
135-2 Temp Cash Invest Depr Fd	285,000.00
135 Tempoary Cash Investments	307,976.19
141-1 Accts Rec--returned check	1,369.49
143 Accum Prov for Uncoll Acct	-46,930.67
151 Plant Material & Supplies	74,866.80
162-1 Prepaid Insurance	-2,961.61
162-2 Prepaid Maintenance	4,122.19
171 Accrued Interest Receivable	10,921.76
174 Construction Grant Receive	348,250.00

Total Other Current Assets 2,971,279.99

Total Current Assets 4,703,126.84

Fixed Assets

108-1 Accu Depr/Office Equip	-168,443.01
108-2 Accu Depr/Serv Equip	-211,354.63
108-3 Accu Depr/New Building	-169,420.86
108-4 Accrued Dep/Meters	-1,567,947.47
108-5 Accu Depr/Shop Equip	-32,925.87
108-6 Accu Depr/Power Equipment	-161,973.31
108-7 Accu Depr/Water Treatment	-43,728.76
108 Accu Depr/strts & Inprov	-9,113,277.83
303 Land & Land Rights	174,617.25
304-1 New Building	304,953.09
304 System Betterment	22,160,863.21
320 Water Treatment Equipment	65,918.34
334-4 Meter & Meter Inst- T&D	1,891,144.99
340 Office Furniture & Equip	188,527.84
343 Tools, Shop & Garage Equip	34,006.46
345 Power Operated Equipment	328,293.00
347 Service Equipment	311,435.19

Total Fixed Assets 13,990,687.63

TOTAL ASSETS 18,693,814.47

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable	
231 Accounts Payable	85,069.90

Total Accounts Payable 85,069.90

## Henry County Water District #2

### Balance Sheet

As of March 31, 2009

	Mar 31, 09
<b>Other Current Liabilities</b>	
231-2 Construction Ret payable	128,628.25
233 CNH Capital	33,869.03
235 Customer Deposits	82,777.52
236-2 Retirement Payable	6,892.71
237-3 Accrued Interest-Cust Dep	1,090.73
237-4 Accrued Interest-98 Issue	78,000.00
241-1 Social Security Payment	1,696.36
241-10 Medicare Payment	370.61
241-11 KY State Retirement Emp	2,698.36
241-13 Eminence School Tax	164.13
241-2 Federal Withholding	2,882.00
241-3 KY State Withholding	2,552.80
241-4 Ky Sales Tax	367.03
241-5 Henry School Tax	4,566.19
241-6 Trimble School Tax	776.48
241-7 Carroll School Tax	-14.79
241-8 Oldham School Tax	170.38
241-9 Shelby School Tax	305.91
242-1 Accrued Payroll Taxes	9.00
242-2 Accrued Wages	36,818.21
242 Accrued Vacation	20,470.81
	405,091.72
<b>Total Other Current Liabilities</b>	<b>405,091.72</b>
<b>Total Current Liabilities</b>	<b>490,161.62</b>
<b>Long Term Liabilities</b>	
181-1 Unamortized Debt 2003 SER	-73,930.42
181 Amortized Debt Disc	-166,790.00
221-6 KRWFC 5th-3rd 2003	2,607,631.30
221-8 H&L 1998 Bond Issue	6,330,000.00
221-9 KRWFC 5th-3rd 2001 issue	590,248.47
224-1 SRECC No Int Loan	172,938.59
243 Funds Held Future Lines	1,200.00
	9,461,297.94
<b>Total Long Term Liabilities</b>	<b>9,461,297.94</b>
<b>Total Liabilities</b>	<b>9,951,459.56</b>
<b>Equity</b>	
214 Approp Retained Earnings	112,002.14
215-1 R/E from income bf cont	1,939,283.87
215-2 Donated cap-cont in aid	1,187,864.73
215-3 Donated cap-tap on fees	1,682,542.85
215-4 Donated Cap- Grants	3,147,406.00
215 Unapporp Retained Earnings	150,928.35
Retained Earnings	591,187.39
Net Income	-68,860.42
	8,742,354.91
<b>Total Equity</b>	<b>8,742,354.91</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>18,693,814.47</b>

August 2008  
Account Balances

Revenue Account	Amount
Beginning Balance	\$253,684.76
Deposits (Payments)	\$225,221.47
Bank Draft	\$26,032.99
Interest on Account	\$104.95
Charges for Retured Checks	-\$45.00
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Transferred to Operations	-\$300,000.00
Returned Checks	-\$770.11
Credit Card Machine Charges	-\$357.21
Ending Balance	\$203,766.65
<b>Operations Account</b>	
Beginning Balance	\$71,608.97
Interest on Account	\$44.76
General Journal ( To Cancel Outstanding Checks)	\$3,820.24
Transferred from Revenue	\$200,000.00
Operating Expenses	-\$213,145.22
Ending Balance	\$62,328.75
<b>Bond &amp; Interest Account</b>	
Beginning Balance	\$303,651.67
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Interest on Account	\$342.20
Loan Payments	-\$33,514.84
Ending Balance	\$370,479.03
<b>Escrow Account</b>	
Beginning Balance	\$58.17
Transferred from Revenue	
Deposit & Interest Tranferred to Revenue	
Ending Balance	\$58.17
<b>Depreciation Account</b>	
Beginning Balance	\$118,058.28
Transferred from Operations	\$42,000.00
Interest on Account	\$69.05
CNH Capital Dozer Payment	-\$8,701.15
Ending Balance	\$151,426.18
<b>Impact Charge Escrow Account</b>	
Beginning Balance	\$205,431.06
Impact Fees Paid	\$3,800.00
Interest on Account	\$144.53
Ending Balance	\$209,375.59
<b>Improvement Projects Account</b>	
Beginning Balance	\$235,807.64
Interest on Account	\$116.29
Deposits	
Paid Improvements	\$0.00
Transferred to Bond & Interest	\$0.00
Invested	0
Ending Balance	\$235,923.93
<b>Escrow - Customer Line Extensions Account</b>	
Beginning Balance	\$3,441.17
New Extensions	\$0.00
Interest on Account	\$1.70
Impact Chg Escrow	
Customer Contributions to Revenue	
Ending Balance	\$3,442.87
<b>Customer Refund Account</b>	
Beginning Balance	\$3,764.66
Refunds Paid Out	
Refunds from last month's payments	
Ending Balance	\$3,764.66

# MONTHLY Water Use Report

## HENRY COUNTY WATER DISTRICT

### FEBRUARY 2009

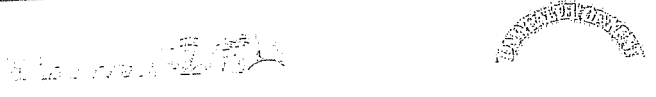
Water Utility:

Year:

LINE #	ITEM	GALLONS (Omit 000's)	%
1	<b>WATER PRODUCED or PURCHASED</b>	61949930	
2	Water Produced	-- 0 --	
3	Water Purchased	61949930	
4	<b>TOTAL PRODUCED AND PURCHASED</b>	<u>61949930</u>	
<hr/>			
	<b>WATER SOLD</b>	30363210	
5	Residential	1912910	
6	Commercial	324700	
7	Industrial	-- 0 --	
8	Bulk Loading Stations	6327990	
9	Wholesale	904570	
10	Other Sales (explain) <i>Public Gov. (Schools)</i>	<u>904570</u>	
11	<b>TOTAL WATER SOLD</b>	<u>40333360</u>	
12	<b>TOTAL WATER NOT SOLD</b>	<u>21616570</u>	
<hr/>			
	<b>BREAKDOWN OF UNSOLD WATER USED</b>	4553300	
13	Utility and/or Water Treatment Plant	-- 0 --	
14	Wastewater Plant	6491400	
15	System Flushing	25750	
16	Fire Department	0	
17	Other (explain)	<u>0</u>	
	<b>TOTAL UNSOLD WATER USED</b>	<u>11070450</u>	
<hr/>			
	<b>BREAKDOWN OF WATER LOST</b>	-- 0 --	
18	Tank Overflows	2501200	
19	Line Breaks	8044920	
20	Other Loss	<u>0</u>	
	<b>TOTAL UNSOLD WATER LOST</b>	<u>10546120</u>	

	<b>"OTHER LOSS" FLOW RATE CALCULATION:</b>		
21	"Other Loss"	0	
22	% "Other Loss"		
23	Number of Days in Period	0	
24	"Other Loss" per Day (1,000's gallons per Day)	#DIV/0!	
25	"Other Loss" per Minute (GPM)	#DIV/0!	

177



# Monthly Service Report

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• New Meter Tap-ons	<u>2</u>
• Connections & Transfers	<u>50 + 21 = 71</u>
• Disconnects	<u>18</u>
• Delinquent Accounts	<u>81</u>
• Meter Changes	<u>20</u>
• Service Calls/Complaints	<u>15 + 25 = 40 + 83 = 123</u>
• Line Locates	<u>10</u>
• Leak Repairs	<u>16</u>
• Customers Billed	<u>10390</u>

**HENRY COUNTY WATER DISTRICT NO. 2  
BOARD MEETING AGENDA**

May 12, 2009

Reading of Minutes & Approval of Income Statement & Balance Sheet  
Minutes from April 14, 2009 Meeting  
Account Balances, Operation Expenses, Revenue Income

Report from Engineers:

Report from Attorney:

Report from Accountant:

Report from Superintendent, Chief Operating Officer & Treatment Supervisor:

Report from any Commissioners:

New Business:

1. Pleasureville Tank Completion
2. Annual Audit
3. Rate Case Study

Old Business:

1. Smith Easement
2. Response from Filter Company



The minutes of the meeting of Board of Water District Commissioners of Henry County Water District # 2 held at the office of the District at 7:00pm on April 14, 2009.

Those in attendance are shown by the attached attendance sheet.

The minutes of the March 10, 2009 meeting had been previously sent to the Commissioners for their review. A motion to approve the minutes was made by Commissioner Richardson, seconded by Commissioner Hawkins was passed.

Jim Wayne was present with his attorney Mr. Hank Graddy. Mr. Graddy made a presentation on behalf of Mr. Wayne concerning issues surrounding the waterline on McCarty Lane. Mr. Graddy expressed a concern that the Board was without counsel due to a conflict that arose with counsel for the District and Mr. Wayne's previous counsel. Mr. Graddy presented a letter that Mr. Wayne wrote on February 12, 2009. Mr. Graddy expressed that he believes that his client is due ½ of \$33,000.00 which is the depreciated value on the line according to him. Mr. Wayne wants the waterline back. Mr. Graddy contends that Mr. Wayne purchased the line on McCarty Lane even though same was not located on his property, it is located on the property of Larry Congleton. Mr. Graddy expressed that in his opinion the location of the meter is definitive and that Mr. Wayne paid for the line when he bought the farm. He does not have an easement across the Congleton property but Mr. Wayne believes that he has the right across the Congleton due to Congleton's previous allowance of the line across his property. The Board advised that it would consider Mr. Graddy's request. Mr. Graddy expressed a contrary opinion. Mr. Graddy and Mr. Wayne were advised that the next meeting will be on May 12, 2009.

Tom Green of the District's Engineering firm, Tetra Tech, presented the monthly engineering report, a copy of which is attached hereto and made a part hereof. Mr. Green discussed the response letter from the PSC re: the System Development Charge and the posture of same. Mr. Green drafted a letter to the Attorney General for the Chairman to sign to try to determine if the method proposed by the PSC will be acceptable to the Attorney General.

The District's attorney, D. Berry Baxter, advised the Commission that he had not received a reply from Ondeo Degremont concerning the claim for filter repairs. He was directed to move forward with legal action after a motion by Commissioner Jennings, seconded by Commissioner St. Clair and passed. He is still waiting the final paperwork on the Smith matter. He will assist the District in obtaining counsel concerning the Wayne matter if the Board so chooses. The Board then went into executive session to discuss a pending legal matter involving Mr. Wayne based upon a motion of Commissioner Jennings, seconded by Commissioner Bohannon and passed. Upon returning from executive session, the COO was directed to write a letter to Mr. Wayne which will be included in next month's packet. No direction given concerning the hiring of conflict counsel.

COO reported that the Audit is completed and the CPA will report next month.

The District's Superintendent, Barry Woods, advised the Commissioners concerning work performed by the various Distribution staff Crews. He advised that the Franklinton Road line is completed and they are beginning to hook customers on the Pennywinkle line. Crews have been doing the spring flushing, clean up and line

repairs. They have also done some GPS line location and doing some line locates for AT&T. Mr. Woods reported that there was a line break near Pleasureville that resulted in a boil water advisory. The Pleasureville tank was filled and it had a leak. It needed to be drained and repaired. It is ready to be refilled. Additionally, he resolved a problem with the fence contractor at the Pleasureville Tank. Microcomm was able to set the telemetry.

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No Commissioners had any report.

There being no further business to come before the Board, a motion to adjourn was made by Commissioner St. Clair, seconded by Commissioner Nelson and passed.

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CHAIRMAN

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Secretary

**Henry County Water District #2**  
**Profit & Loss**  
 April 2009

	Apr 09
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
419 Interest	
Bond & Interest	344.34
Cust Line Ext Escrow	1.69
Depreciation Acct	74.68
Impact Chg Escrow	148.19
Improvement Proj Acct	116.35
Operations Acct Interest	56.06
Revenue Acct. Interest	91.92
419 Interest - Other	2,798.63
<b>Total 419 Interest</b>	3,631.86
432-1 Tap on Fees	5,175.00
433 Impact Fee	5,700.00
461-11 Metered Sales-Henry	160,693.87
461-12 Metered Sales-Trimble	26,701.71
461-13 Metered Sales-Carroll	745.22
461-14 Metered Sales-Oldham	7,911.48
461-18 Metered Sales- Eminence	4,114.58
461-19 Metered Sales-Shelby	7,779.71
461-2 Metered Sales-Wholesale	16,225.62
470 Penalties/ Late Charges	5,318.71
471-1 Connections & Transfers	1,775.00
472-1 Credit Card Service Chgs	299.95
473-1 Bank Chgs for RCK	125.90
474-1 At Door Collection Fee	10.00
475-1 Miscellaneous Income	327.07
<b>Total Income</b>	246,535.68
<b>Expense</b>	
408-12 Payroll Taxes Employer	10,403.19
601-1 Employee Salaries	57,057.19
603-8 Commissioners Per Diem	2,025.00
604-1 Employee Benefits	11,138.02
604-1 Retirement Employee	7,285.54
609 Depreciation Expenses	66,500.00
615-2 Gas, Office	483.35
615-3 Water, Office	25.37
615-4 Sewer, Office	37.82
615-6 Garbage, Plant	67.31
616-1 Electric, Distribution	3,001.00
616-2 Elect Plant & Wellfield	28,621.20
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620-2 Service Department Suppli	221.44
620-6 Office ACH Fee	105.20
620-7 Office Supplies	1,860.20
620-8 Office Postage	180.00
620-8 Office Supplies, Office	2,179.49
627-1 Int 2001 Issue	2,668.70
627-2 Int KRWA 2003 Issue	10,472.73
627-5 Int On H&L 1998 Issue	26,000.00
628 Amortization of Debt Disc	511.42
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631-2 Cont Serv Plant	12,000.00
631-4 Cont Serv Office Cleaning	715.00
631-4 Contr Serv Office	
Office Copier	37.66
631-4 Contr Serv Office - Other	1,000.00
<b>Total 631-4 Contr Serv Office</b>	1,037.66

9:15 AM  
05/07/09  
Accrual Basis

Henry County Water District #2  
Profit & Loss  
April 2009

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634-2 Cont Serv- Meter Readings	8,463.06
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683-1 Dues & Subscriptions	128.92
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<b>Net Ordinary Income</b>	<u>-58,833.89</u>
<b>Net Income</b>	<u><u>-58,833.89</u></u>

## Henry County Water District #2

## Balance Sheet

As of April 30, 2009

	<u>Apr 30, 09</u>
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
131-14 Cust Line Ext Escrow	3,444.56
131-15 Cust Contribution Refund	3,764.66
131-17 Impact Charge Escrow	215,223.78
131-2 Revenue Account	253,849.06
131-3 Operations Account	45,135.79
131-4 Bond & Interest Account	346,308.53
131-5 Depreciation Account	142,799.77
131-6 Escrow Account	58.17
131-7 Improvement Proj Account	236,040.28
Total Checking/Savings	<u>1,246,624.60</u>
Accounts Receivable	
141 Accounts Receivable	315,731.08
142 Other Accounts Receivable	160,214.00
Total Accounts Receivable	<u>475,945.08</u>
Other Current Assets	
105 Work In Progress	899,497.38
131-1 Cash on Hand	500.00
132 Special Deposits	50,000.00
135-1 Temp Cash Investment Sink	1,066,210.42
135-2 Temp Cash Invst Depr Fd	285,000.00
135 Temporary Cash Investments	307,976.19
141-1 Accts Rec--returned check	1,354.53
143 Accum Prov for Uncoll Acct	-46,930.67
151 Plant Material & Supplies	75,866.80
162-1 Prepaid Insurance	-9,041.13
162-2 Prepaid Maintenance	3,746.81
171 Accrued Interest Receivable	10,921.76
174 Construction Grant Receive	348,250.00
Total Other Current Assets	<u>2,993,352.09</u>
Total Current Assets	4,715,921.77
Fixed Assets	
108-1 Accu Depr/Office Equip	-169,117.51
108-2 Accu Depr/Serv Equip	-213,354.63
108-3 Accu Depr/New Building	-170,453.85
108-4 Accrued Dep/Meters	-1,574,970.99
108-5 Accu Depr/Shop Equip	-33,129.03
108-6 Accu Depr/Power Equipment	-162,871.39
108-7 Accu Depr/Water Treatment	-45,587.24
108 Accu Depr/stirts & Inprov	-9,166,087.10
303 Land & Land Rights	174,617.25
304-1 New Building	304,953.09
304 System Betterment	22,160,863.21
320 Water Treatment Equipment	65,918.34
334-4 Meter & Meter Inst- T&D	1,891,144.99
340 Office Furniture & Equip	188,527.84
343 Tools, Shop & Garage Equip	34,006.46
345 Power Operated Equipment	328,293.00
347 Service Equipment	311,435.19
Total Fixed Assets	<u>13,924,187.63</u>
<b>TOTAL ASSETS</b>	<b><u>18,640,109.40</u></b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
231 Accounts Payable	85,069.90
Total Accounts Payable	<u>85,069.90</u>

**Henry County Water District #2**  
**Balance Sheet**  
As of April 30, 2009

	Apr 30, 09
<b>Other Current Liabilities</b>	
231-2 Construction Ret payable	128,628.25
233 CNH Capital	33,869.03
235 Customer Deposits	73,442.82
236-2 Retirement Payable	6,892.71
237-3 Accrued Interest-Cust Dep	1,074.34
237-4 Accrued Interest-98 Issue	104,000.00
241-1 Social Security Payment	394.91
241-10 Medicare Payment	66.25
241-11 KY State Retirement Emp	2,852.87
241-12 Other Withholding	-294.74
241-13 Eminence School Tax	287.25
241-2 Federal Withholding	538.00
241-3 KY State Withholding	2,741.65
241-4 Ky Sales Tax	378.72
241-5 Henry School Tax	9,348.62
241-6 Trimble School Tax	1,578.71
241-7 Carroll School Tax	7.56
241-8 Oldham School Tax	405.77
241-9 Shelby School Tax	546.79
242-1 Accrued Payroll Taxes	9.00
242-2 Accrued Wages	36,818.21
242 Accrued Vacation	20,470.81
<b>Total Other Current Liabilities</b>	<b>424,057.53</b>
<b>Total Current Liabilities</b>	<b>509,127.43</b>
<b>Long Term Liabilities</b>	
181-1 Unamortized Debt 2003 SER	-73,809.00
181 Amortized Debt Disc	-166,400.00
221-6 KRWFC 5th-3rd 2003	2,602,508.40
221-8 H&L 1998 Bond Issue	6,330,000.00
221-9 KRWFC 5th-3rd 2001 issue	585,997.96
224-1 SRECC No Int Loan	167,938.59
243 Funds Held Future Lines	1,200.00
<b>Total Long Term Liabilities</b>	<b>9,447,435.95</b>
<b>Total Liabilities</b>	<b>9,956,563.38</b>
<b>Equity</b>	
214 Approp Retained Earnings	112,002.14
215-1 R/E from income bf cont	1,939,283.87
215-2 Donated cap-cont in aid	1,187,864.73
215-3 Donated cap-tap on fees	1,682,542.85
215-4 Donated Cap- Grants	3,147,406.00
215 Unapporp Retained Earnings	150,928.35
Retained Earnings	591,187.39
Net Income	-127,669.31
<b>Total Equity</b>	<b>8,683,546.02</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>18,640,109.40</b>

**April 2009**  
**Account Balances**

Revenue Account	Amount
Beginning Balance	\$203,766.65
Deposits (Payments)	\$227,186.84
Bank Draft	\$24,081.55
Bank Correction	\$41.82
Interest on Account	\$91.92
Charges for Retured Checks	-\$42.00
ACH Fee (bank Drafts)	-\$105.20
Transferred to Operations	-\$200,000.00
Returned Checks	-\$845.62
Credit Card Machine Charges	-\$301.90
Ending Balance	\$253,874.06
Operations Account	
Beginning Balance	\$62,328.75
Interest on Account	\$56.06
General Journal ( To Cancel Outstanding Checks)	
Transferred from Revenue	\$200,000.00
Operating Expenses	-\$217,249.02
Ending Balance	\$45,135.79
Bond & Interest Account	
Beginning Balance	\$373,479.03
Misc. Deposit	
Interest on Account	\$344.34
Loan Payments	-\$27,514.84
Ending Balance	\$346,308.53
Escrow Account	
Beginning Balance	\$58.17
Transferred from Revenue	
Deposit & Interest Tranferred to Revenue	
Ending Balance	\$58.17
Depreciation Account	
Beginning Balance	\$151,426.18
Transferred from Operations	
Interest on Account	\$74.68
CNH Capital Dozer Payment	
Ending Balance	\$151,500.86
Impact Charge Escrow Account	
Beginning Balance	\$209,375.59
Impact Fees Paid	\$5,700.00
Interest on Account	\$148.19
Ending Balance	\$215,223.78
Improvement Projects Account	
Beginning Balance	\$235,923.93
Interest on Account	\$116.35
Deposits	
Paid Improvements	\$0.00
Transferred to Bond & Interest	\$0.00
Invested	0
Ending Balance	\$236,040.28
Escrow - Customer Line Extensions Account	
Beginning Balance	\$3,442.87
New Extensions	\$0.00
Interest on Account	\$1.69
Impact Chg Escrow	
Customer Contributions to Revenue	
Ending Balance	\$3,444.56
Customer Refund Account	
Beginning Balance	\$3,764.66
Refunds Paid Out	
Refunds from last month's payments	
Ending Balance	\$3,764.66

HENRY COUNTY WATER DISTRICT NO. 2  
CERTIFICATES OF DEPOSIT

Issued Date	Account	Term	Active CD'S		C. D. #	Bank	Rate	Maturity Date	
			Amount						
	Cannot Move								
11/16/04	Bond & Interest	60 mo	\$50,000.00		221796	PBI Bank	4.90	11/16/2009	Interest credited Quarterly
06/22/08	Bond & Interest	24 mo	\$165,000.00		2296952	PBI Bank	3.90	6/22/2010	Interest credited Quarterly
04/10/09	Bond & Interest	24 mo	\$200,000.00		4124	Bedford Loan & Dep	2.47	4/10/2011	Transferred from CD # 28553
06/22/08	Bond & Interest	24 mo	\$100,000.00		2296951	PBI Bank	3.90	6/19/2010	Interest credited Quarterly
04/22/09	Depreciation	6 mo	\$100,000.00		2297214	PBI Bank	2.66	10/22/2009	Interest credited Quarterly
05/30/05	Depreciation	60 mo	\$100,000.00		22498	Farmers of Milton	4.75	5/30/2010	Interest credited Quarterly was 17901
11/11/04	Depreciation	60 mo	\$85,000.00		221795	PBI Bank	4.90	11/11/2009	combined CD 221795 & 220448 for 1 CD for \$85,000.00
01/01/09	1998 Bond Issue	60 mo	\$300,000.00		19019	Farmers of Milton	3.55	1/1/2019	
01/02/09	1998 Bond Issue	36 mo	\$225,228.75		4053	Farmers Dep Bank	3.44	1/2/2012	Interest credited Semi-Annually
03/02/09	System Improvements	12 mo	\$100,000.00		34129	United Citizens	1.50	3/2/2010	Pledged Securities-RECC Loan 2008
04/12/09	System Improvements	12 mo	\$100,000.00		34139	United Citizens	1.50	4/12/2010	Pledged Securities-RECC Loan 2008
			\$1,525,228.75						
02/17/09	Revenue	6 mth	\$105,185.91		34327	United Citizens	2.25	8/17/2009	Interest is Credited Quarterly-Investing-as of 05/17/08
03/04/09	Plant & Well Field Repair	6 mo	\$79,122.69		2297740	United Citizens	2.86	9/4/2009	Interest is Credited Quarterly
			\$1,709,537.35						



# Monthly Service Report

April

- New Meter Tap-ons 4
- Connections & Transfers 60718 78
- Disconnects 23
- Delinquent Accounts 130
- Meter Changes 206
- Service Calls/Complaints 1313712712 79
- Line Locates 12
- Leak Repairs 8
- Customers Billed 6,298

HENRY COUNTY WATER DISTRICT NO. 2  
BOARD MEETING AGENDA

May 12, 2009

Reading of Minutes & Approval of Income Statement & Balance Sheet  
Minutes from April 14, 2009 Meeting  
Account Balances, Operation Expenses, Revenue Income

Report from Engineers:

Report from Attorney:

Report from Accountant:

Report from Superintendent, Chief Operating Officer & Treatment Supervisor:

Report from any Commissioners:

New Business:

1. Pleasureville Tank Completion
2. Annual Audit
3. Rate Case Study

Old Business:

1. Smith Easement
2. Response from Filter Company

The minutes of the meeting of Board of Water District Commissioners of Henry County Water District # 2 held at the office of the District at 7:00pm on April 14, 2009.

Those in attendance are shown by the attached attendance sheet.

The minutes of the March 10, 2009 meeting had been previously sent to the Commissioners for their review. A motion to approve the minutes was made by Commissioner Richardson, seconded by Commissioner Hawkins was passed.

Jim Wayne was present with his attorney Mr. Hank Graddy. Mr. Graddy made a presentation on behalf of Mr. Wayne concerning issues surrounding the waterline on McCarty Lane. Mr. Graddy expressed a concern that the Board was without counsel due to a conflict that arose with counsel for the District and Mr. Wayne's previous counsel. Mr. Graddy presented a letter that Mr. Wayne wrote on February 12, 2009. Mr. Graddy expressed that he believes that his client is due ½ of \$33,000.00 which is the depreciated value on the line according to him. Mr. Wayne wants the waterline back. Mr. Graddy contends that Mr. Wayne purchased the line on McCarty Lane even though same was not located on his property, it is located on the property of Larry Congleton. Mr. Graddy expressed that in his opinion the location of the meter is definitive and that Mr. Wayne paid for the line when he bought the farm. He does not have an easement across the Congleton property but Mr. Wayne believes that he has the right across the Congleton due to Congleton's previous allowance of the line across his property. The Board advised that it would consider Mr. Graddy's request. Mr. Graddy expressed a contrary opinion. Mr. Graddy and Mr. Wayne were advised that the next meeting will be on May 12, 2009.

Tom Green of the District's Engineering firm, Tetra Tech, presented the monthly engineering report, a copy of which is attached hereto and made a part hereof. Mr. Green discussed the response letter from the PSC re: the System Development Charge and the posture of same. Mr. Green drafted a letter to the Attorney General for the Chairman to sign to try to determine if the method proposed by the PSC will be acceptable to the Attorney General.

The District's attorney, D. Berry Baxter, advised the Commission that he had not received a reply from Ondeo Degremont concerning the claim for filter repairs. He was directed to move forward with legal action after a motion by Commissioner Jennings, seconded by Commissioner St. Clair and passed. He is still waiting the final paperwork on the Smith matter. He will assist the District in obtaining counsel concerning the Wayne matter if the Board so chooses. The Board then went into executive session to discuss a pending legal matter involving Mr. Wayne based upon a motion of Commissioner Jennings, seconded by Commissioner Bohannon and passed. Upon returning from executive session, the COO was directed to write a letter to Mr. Wayne which will be included in next month's packet. No direction given concerning the hiring of conflict counsel.

COO reported that the Audit is completed and the CPA will report next month.

The District's Superintendent, Barry Woods, advised the Commissioners concerning work performed by the various Distribution staff Crews. He advised that the Franklinton Road line is completed and they are beginning to hook customers on the Pennywinkle line. Crews have been doing the spring flushing, clean up and line

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 Profit & Loss  
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141-1 Accts Rec--returned check	1,354.53
143 Accum Prov for Uncoll Acct	-46,930.67
151 Plant Material & Supplies	75,866.80
162-1 Prepaid Insurance	-9,041.13
162-2 Prepaid Maintenance	3,746.81
171 Accrued Interest Receivable	10,921.76
174 Construction Grant Receive	348,250.00
<b>Total Other Current Assets</b>	2,993,352.09
<b>Total Current Assets</b>	4,715,921.77
<b>Fixed Assets</b>	
108-1 Accu Depr/Office Equip	-169,117.51
108-2 Accu Depr/Serv Equip	-213,354.63
108-3 Accu Depr/New Building	-170,453.85
108-4 Accrued Dep/Meters	-1,574,970.99
108-5 Accu Depr/Shop Equip	-33,129.03
108-6 Accu Depr/Power Equipment	-162,871.39
108-7 Accu Depr/Water Treatment	-45,587.24
108 Accu Depr/strts & Inprov	-9,166,087.10
303 Land & Land Rights	174,617.25
304-1 New Building	304,953.09
304 System Betterment	22,160,863.21
320 Water Treatment Equipment	65,918.34
334-4 Meter & Meter Inst- T&D	1,891,144.99
340 Office Furniture & Equip	188,527.84
343 Tools, Shop & Garage Equip	34,006.46
345 Power Operated Equipment	328,293.00
347 Service Equipment	311,435.19
<b>Total Fixed Assets</b>	13,924,187.63
<b>TOTAL ASSETS</b>	<b>18,640,109.40</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
231 Accounts Payable	85,069.90
<b>Total Accounts Payable</b>	85,069.90

**Henry County Water District #2**  
**Balance Sheet**  
 As of April 30, 2009

	Apr 30, 09
<b>Other Current Liabilities</b>	
231-2 Construction Ret payable	128,628.25
233 CNH Capital	33,869.03
235 Customer Deposits	73,442.82
236-2 Retirement Payable	6,892.71
237-3 Accrued Interest-Cust Dep	1,074.34
237-4 Accrued Interest-98 Issue	104,000.00
241-1 Social Security Payment	394.91
241-10 Medicare Payment	66.25
241-11 KY State Retirement Emp	2,852.87
241-12 Other Withholding	-294.74
241-13 Eminence School Tax	287.25
241-2 Federal Withholding	538.00
241-3 KY State Withholding	2,741.65
241-4 Ky Sales Tax	378.72
241-5 Henry School Tax	9,348.62
241-6 Trimble School Tax	1,578.71
241-7 Carroll School Tax	7.56
241-8 Oldham School Tax	405.77
241-9 Shelby School Tax	546.79
242-1 Accrued Payroll Taxes	9.00
242-2 Accrued Wages	36,818.21
242 Accrued Vacation	20,470.81
<b>Total Other Current Liabilities</b>	<b>424,057.53</b>
<b>Total Current Liabilities</b>	<b>509,127.43</b>
<b>Long Term Liabilities</b>	
181-1 Unamortized Debt 2003 SER	-73,809.00
181 Amortized Debt Disc	-166,400.00
221-6 KRWFC 5th-3rd 2003	2,602,508.40
221-8 H&L 1998 Bond Issue	6,330,000.00
221-9 KRWFC 5th-3rd 2001 issue	585,997.96
224-1 SRECC No Int Loan	167,938.59
243 Funds Held Future Lines	1,200.00
<b>Total Long Term Liabilities</b>	<b>9,447,435.95</b>
<b>Total Liabilities</b>	<b>9,956,563.38</b>
<b>Equity</b>	
214 Approp Retained Earnings	112,002.14
215-1 R/E from income bf cont	1,939,283.87
215-2 Donated cap-cont in aid	1,187,864.73
215-3 Donated cap-tap on fees	1,682,542.85
215-4 Donated Cap- Grants	3,147,406.00
215 Unapporp Retained Earnings	150,928.35
Retained Earnings	591,187.39
Net Income	-127,669.31
<b>Total Equity</b>	<b>8,683,546.02</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>18,640,109.40</b>



April 2009  
Account Balances

Revenue Account	Amount
Beginning Balance	\$203,766.65
Deposits (Payments)	\$227,186.84
Bank Draft	\$24,081.55
Bank Correction	\$41.82
Interest on Account	\$91.92
Charges for Retured Checks	-\$42.00
ACH Fee (bank Drafts)	-\$105.20
Transferred to Operations	-\$200,000.00
Returned Checks	-\$845.62
Credit Card Machine Charges	-\$301.90
Ending Balance	\$253,874.06
<b>Operations Account</b>	
Beginning Balance	\$62,328.75
Interest on Account	\$56.06
General Journal ( To Cancel Outstanding Checks)	
Transferred from Revenue	\$200,000.00
Operating Expenses	-\$217,249.02
Ending Balance	\$45,135.79
<b>Bond &amp; Interest Account</b>	
Beginning Balance	\$373,479.03
Misc. Deposit	
Interest on Account	\$344.34
Loan Payments	-\$27,514.84
Ending Balance	\$346,308.53
<b>Escrow Account</b>	
Beginning Balance	\$58.17
Transferred from Revenue	
Deposit & Interest Tranferred to Revenue	
Ending Balance	\$58.17
<b>Depreciation Account</b>	
Beginning Balance	\$151,426.18
Transferred from Operations	
Interest on Account	\$74.68
CNH Capital Dozer Payment	
Ending Balance	\$151,500.86
<b>Inpact Charge Escrow Account</b>	
Beginning Balance	\$209,375.59
Inpact Fees Paid	\$5,700.00
Interest on Account	\$148.19
Ending Balance	\$215,223.78
<b>Improvement Projects Account</b>	
Beginning Balance	\$235,923.93
Interest on Account	\$116.35
Deposits	
Paid Improvements	\$0.00
Transferred to Bond & Interest	\$0.00
Invested	0
Ending Balance	\$236,040.28
<b>Escrow - Customer Line Extensions Account</b>	
Beginning Balance	\$3,442.87
New Extensions	\$0.00
Interest on Account	\$1.69
Impact Chg Escrow	
Customer Contributions to Revenue	
Ending Balance	\$3,444.56
<b>Customer Refund Account</b>	
Beginning Balance	\$3,764.66
Refunds Paid Out	
Refunds from last month's payments	
Ending Balance	\$3,764.66

HENRY COUNTY WATER DISTRICT NO. 2  
CERTIFICATES OF DEPOSIT

		Active CD'S							
Issued Date	Account	Term	Amount	C. D. #	Bank	Rate	Maturity Date		
	<b>Cannot Move</b>								
11/16/04	Bond & Interest	60 mo	\$50,000.00	221796	PBI Bank	4.90	11/16/2009	Interest credited Quarterly	
06/22/08	Bond & Interest	24 mo	\$165,000.00	2296952	PBI Bank	3.90	6/22/2010	Interest credited Quarterly	
04/10/09	Bond & Interest	24 mo	\$200,000.00	4124	Bedford Loan & Dep	2.47	4/10/2011	Transferred from CD # 28553	
06/22/08	Bond & Interest	24 mo	\$100,000.00	2296951	PBI Bank	3.90	6/19/2010	Interest credited Quarterly	
04/22/09	Depreciation	6 mo	\$100,000.00	2297214	PBI Bank	2.66	10/22/2009	Interest credited Quarterly	
05/30/05	Depreciation	60 mo	\$100,000.00	22498	Farmers of Milton	4.75	5/30/2010	Interest credited Quarterly was 17901	
11/11/04	Depreciation	60 mo	\$85,000.00	221795	PBI Bank	4.90	11/11/2009	combined CD 221795 & 220448 for 1 CD for \$85,000.00	
01/01/09	1998 Bond Issue	60 mo	\$300,000.00	19019	Farmers of Milton	3.55	1/1/2019		
01/02/09	1998 Bond Issue	36 mo	\$225,228.75	4053	Farmers Dep Bank	3.44	1/2/2012	Interest credited Semi-Annually	
03/02/09	System Improvements	12 mo	\$100,000.00	34129	United Citizens	1.50	3/2/2010	Pledged Securities-RECC Loan 2008	
04/12/09	System Improvements	12 mo	\$100,000.00	34139	United Citizens	1.50	4/12/2010	Pledged Securities-RECC Loan 2008	
			\$1,525,228.75						
02/17/09	Revenue	6 mth	\$105,185.91	34327	United Citizens	2.25	8/17/2009	Interest is Credited Quarterly-Investing-as of 05/17/08	
03/04/09	Plant & Well Field Repair	6 mo	\$79,122.69	2297740	United Citizens	2.86	9/4/2009	Interest is Credited Quarterly	
			\$1,709,537.35						

# Monthly Service Report

• New Meter Tap-ons	<u>4</u>
• Connections & Transfers	<u>60178 78</u>
• Disconnects	<u>23</u>
• Delinquent Accounts	<u>1300</u>
• Meter Changes	<u>206</u>
• Service Calls/Complaints	<u>1348712712 79</u>
• Line Locates	<u>12</u>
• Leak Repairs	<u>8</u>
• Customers Billed	<u>6298</u>

HENRY COUNTY WATER DISTRICT NO. 2  
BOARD MEETING AGENDA

June 9, 2009

Reading of Minutes & Approval of Income Statement & Balance Sheet  
Minutes from May 12, 2009 Meeting  
Account Balances, Operation Expenses, Revenue Income

Report from Engineers:

Report from Attorney:

Report from Accountant:

Report from Superintendent, Chief Operating Officer & Treatment Supervisor:

Report from any Commissioners:

New Business:

1. Pleasureville Tank Completion
2. Response from PSC on Time Extension
3. Rate Case Study

Old Business:

1. Smith Easement
2. Response from Filter Company
3. McCarty Lane

The minutes of the meeting of Board of Water District Commissioners of Henry County Water District # 2 held at the office of the District at 7:00 p.m. on May 12, 2009.

Those in attendance are shown by the attached attendance sheet.

The minutes of the April 14, 2009 meeting had been previously sent to the Commissioners for their review along with the monthly financial report. A motion to approve the minutes was made by Commissioner Jones, seconded by Commissioner Richardson and passed.

Jim Guthrie from Drennon was present and provided the Commissioners an overview of an issue concerning a break in the line that services his home. The line runs parallel to the creek and apparently it is getting uncovered and breaking due to the high velocity of the runoff in the creek. He was asking that a berm be constructed on the creek to protect the District's line. He requested a representative of the District come look at the situation. Barry Woods advised that he has looked at the situation and spoken with the ASCS of in New Castle. He was advised that we would need permission from the Division of Water and the US Army Corps of Engineer to work in the creek bed. The Corps would require a permit and there is great concern as to the roadblocks that will arise through this process. Mr. Woods explained that a significant amount of work would need to be completed in order to do what Mr. Guthrie is requesting. The Board took no action.

Dennis Raisor, the District's accountant presented the annual audit, a copy of which attached hereto. Mr. Raisor discussed the District's financial condition in significant detail. Generally, the District is in good financial condition however Mr. Raisor is supportive of the District requesting a rate increase from the Public Service Commission. He speculated that it would take a year or more for the effect of any rate increase to be felt in the District's cash flow. He further discussed the Internal Control Letter that was included. He raised concerns about the division of work in the office which could protect the District from a loss through theft. He also discussed other deficiencies but did not recommend any change. He discussed a violation of the bid law that was noted in the report and he also discussed the management letter that is also included. He made suggestions concerning some items that should be addressed including updating the personnel policies.

Tom Green of the District's engineering firm, Tetra Tech, presented the monthly engineering report, a copy of which is attached hereto and made a part hereof. Mr. Green advised the Commissioners concerning the increased performance of the new tank and the booster station based upon design. Mr. Green then discussed the PSC issues and he efforts on this front. In particular, he spoke with Damon Talley, counsel for KRWA. A letter was sent to the Attorney General and a response was received, a copy attached hereto. Based upon these discussions, Mr. Green requested that the Board approve requesting an extension of the OIC to

finish our exploration of these issues. Mr. Green drafted a letter to the PSC for Board approval to send to the PSC. The COO advised that the rate study would not be complete for at least a month which is a significant part of the hold up. A motion to request an extension was made by Commissioner Jennings, seconded by Commissioner Hawkins and passed.

The District's attorney, D. Berry Baxter, advised concerning the status of Smith, Ondeo Degremont and Kallenberger.

The District's Superintendent, Barry Woods, advised the Commissioners concerning the work performed by the various crews. Their notes are attached hereto. Pennywinkle is almost fully completed. There is about seventy five percent of the clean up completed.

The Superintendent continued that the Pleasureville tank is working well after a few small glitches. He and the COO went to a school in Carrollton for two days. The crews are in the process of training to do the radio meter reading.

The Chief Operating Officer reported about the Plant. A copy of the Plant report is attached. He further reported on the following:

1. Advised the Commissioners concerning the letter he sent Jim Wayne's Attorney.
2. The District is not going to receive any Federal Stimulus money as we are a low priority compared to many districts in Eastern Kentucky who are much poorer than our District.
3. The District's revenue is down. Garner Veneer, a large customer closed in the last year and this has cost the district greatly.
4. FEMA claim is being processed but they are requiring that an insurance claim be filed and they will cover whatever insurance does not cover.
5. COO further discussed the radio read meters. There are 22 in the ground but we have no way to read the meter. The District's personnel need to be trained before they can get a reading.

No Commissioners had any report.

There being no further business to come before the board, a motion to adjourn was made by Commissioner Barrickman, seconded by Commissioner St. Clair and passed.

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CHAIRMAN

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SECRETARY

Henry County Water District #2  
Profit & Loss  
May 2009

	May 09
Ordinary Income/Expense	
Income	
419 Interest	
Bond & Interest	246.84
Cust Line Ext Escrow	1.76
Depreciation Acct	73.57
Impact Chg Escrow	156.21
Improvement Proj Acct	120.28
Operations Acct Interest	48.74
Revenue Acct. Interest	140.57
419 Interest - Other	2,616.88
Total 419 Interest	3,404.85
432-1 Tap on Fees	1,725.00
433 Impact Fee	1,900.00
461-11 Metered Sales-Henry	168,060.91
461-12 Metered Sales-Trimble	24,162.59
461-13 Metered Sales-Carroll	994.65
461-14 Metered Sales-Oldham	7,050.70
461-18 Metered Sales- Eminence	2,833.99
461-19 Metered Sales-Shelby	8,647.69
461-2 Metered Sales-Wholesale	14,345.28
470 Penalties/ Late Charges	5,723.49
471-1 Connections & Transfers	2,850.00
472-1 Credit Card Service Chgs	318.41
473-1 Bank Chgs for RCK	185.00
474-1 At Door Collection Fee	180.00
475-1 Miscellaneous Income	372.96
Total Income	242,755.52
Expense	
408-12 Payroll Taxes Employer	5,738.35
601-1 Employee Salaries	72,939.05
603-8 Commissioners Per Diem	2,250.00
604-1 Employee Benefits	23,155.72
604-1 Retirement Employee	7,702.73
609 Depreciation Expenses	66,500.00
615-1A Electric, Office	66.99
615-2 Gas, Office	366.72
615-3 Water, Office	27.23
615-4 Sewer, Office	37.30
615-6 Garbage, Plant	67.18
616-1 Electric, Distribution	3,245.85
616-2 Elect Plant & Wellfield	30,241.47
618-1 Chemicals	4,089.40
618-2 Plant Supplies	4,962.82
620-1 Materials & Supplies	6,003.82
620-2 Service Department Suppli	542.68
620-6 Office ACH Fee	105.20
620-7 Office Supplies	998.75
620-8 Office Postage	3,184.10
620-8 Office Supplies, Office	638.59
627-1 Int 2001 Issue	2,668.70
627-2 Int KRWA 2003 Issue	10,472.73
627-5 Int On H&L 1998 Issue	26,000.00
628 Amortization of Debt Disc	511.42
631-1 Cont Serv Mowing	2,940.00
631-3 Cont Serv-Accounting Fees	19,970.00
631-4 Cont Serv Office Cleaning	275.00
631-4 Contr Serv Office	
Office Copier	37.66
Pest Control	100.00
Total 631-4 Contr Serv Office	137.66

Henry County Water District #2  
Profit & Loss  
May 2009

	<u>May 09</u>
631-8 Engineering	8,060.00
633-8 Legal	196.00
634-2 Cont Serv- Meter Readings	8,433.18
634-3 Contract Serv MGT MAINT	246.46
635 Credit Card Machine Fee	379.44
636 Contractual Services	300.00
650-4 Service Vehicle Maint.	111.82
650-5 Bkhoe & Trk Fuel	1,546.25
650-8 Mileage	1,387.00
656-1 Insur Vehicle/Operation	969.58
656-8 Bonds	1,032.04
657-1 General Insurance	2,572.57
657-2 Insurance Gen liab/maint	889.66
658-1 Insur Wkmns Comp/Operatio	976.00
672-1 Water Analysis	1,767.50
673-1 Repairs Equipment	1,860.00
675-7 Plant & Well Field Repair	25,016.00
678-1 Cellular Phones	1,340.18
679-1 Land Lines	597.50
681-1 Pagers	57.03
682-1 Reprs, Serv. Dept. Equipi	1,140.03
683-1 Dues & Subscriptions	133.92
685-1 Miscellaneous Exp.	121.41
<b>Total Expense</b>	<u>354,973.03</u>
<b>Net Ordinary Income</b>	<u>-112,217.51</u>
<b>Net Income</b>	<u><u>-112,217.51</u></u>



**Henry County Water District #2**  
**Balance Sheet**  
 As of May 31, 2009

May 31, 09

**ASSETS**

**Current Assets**

**Checking/Savings**

131-14 Cust Line Ext Escrow	3,446.32
131-15 Cust Contribution Refund	3,764.66
131-17 Impact Charge Escrow	217,279.99
131-2 Revenue Account	206,298.47
131-3 Operations Account	74,579.07
131-4 Bond & Interest Account	182,800.78
131-5 Depreciation Account	134,041.74
131-6 Escrow Account	58.17
131-7 Improvement Proj Account	236,160.56

**Total Checking/Savings** 1,058,429.76

**Accounts Receivable**

141 Accounts Receivable	311,324.96
142 Other Accounts Receivable	160,214.00

**Total Accounts Receivable** 471,538.96

**Other Current Assets**

105 Work In Progress	1,058,141.04
131-1 Cash on Hand	500.00
132 Special Deposits	50,000.00
135-1 Temp Cash Investment Sink	1,066,210.42
135-2 Temp Cash Invst Depr Fd	285,000.00
135 Temporary Cash Investments	307,976.19
141-1 Accts Rec--returned check	2,068.93
143 Accum Prov for Uncoll Acct	-46,930.67
151 Plant Material & Supplies	75,866.80
162-1 Prepaid Insurance	-15,120.65
162-2 Prepaid Maintenance	3,371.43
171 Accrued Interest Receivable	10,921.76
174 Construction Grant Receive	348,250.00

**Total Other Current Assets** 3,146,255.25

**Total Current Assets** 4,676,223.97

**Fixed Assets**

108-1 Accu Depr/Office Equip	-168,467.02
108-2 Accu Depr/Serv Equip	-215,354.63
108-3 Accu Depr/New Building	-171,486.84
108-4 Accrued Dep/Meters	-1,581,994.51
108-5 Accu Depr/Shop Equip	-33,332.19
108-6 Accu Depr/Power Equipment	-163,769.47
108-7 Accu Depr/Water Treatment	-47,445.72
108 Accu Depr/strts & Inprov	-9,218,896.37
303 Land & Land Rights	174,617.25
304-1 New Building	304,953.09
304 System Betterment	22,160,863.21
320 Water Treatment Equipment	65,918.34
334-4 Meter & Meter Inst- T&D	1,891,144.99
340 Office Furniture & Equip	188,527.84
343 Tools, Shop & Garage Equip	34,006.46
345 Power Operated Equipment	328,293.00
347 Service Equipment	311,435.19

**Total Fixed Assets** 13,859,012.62

**TOTAL ASSETS** 18,535,236.59

**LIABILITIES & EQUITY**

**Liabilities**

**Current Liabilities**

Accounts Payable	
231 Accounts Payable	85,069.90

**Total Accounts Payable** 85,069.90

**Henry County Water District #2**  
**Balance Sheet**  
 As of May 31, 2009

	May 31, 09
<b>Other Current Liabilities</b>	
231-2 Construction Ret payable	128,628.25
233 CNH Capital	33,869.03
235 Customer Deposits	75,023.15
236-2 Retirement Payable	6,892.71
237-3 Accrued Interest-Cust Dep	1,074.34
237-4 Accrued Interest-98 Issue	130,000.00
241-1 Social Security Payment	117.20
241-10 Medicare Payment	1.31
241-11 KY State Retirement Emp	3,646.97
241-13 Eminence School Tax	143.20
241-2 Federal Withholding	-58.00
241-3 KY State Withholding	3,387.48
241-4 Ky Sales Tax	296.67
241-5 Henry School Tax	3,619.60
241-6 Trimble School Tax	870.95
241-7 Carroll School Tax	-50.87
241-8 Oldham School Tax	214.92
241-9 Shelby School Tax	311.66
242-1 Accrued Payroll Taxes	9.00
242-2 Accrued Wages	36,818.21
242 Accrued Vacation	20,470.81
<b>Total Other Current Liabilities</b>	<b>445,286.59</b>
<b>Total Current Liabilities</b>	<b>530,356.49</b>
<b>Long Term Liabilities</b>	
181-1 Unamortized Debt 2003 SER	-73,687.58
181 Amortized Debt Disc	-166,010.00
221-6 KRWFC 5th-3rd 2003	2,597,385.50
221-8 H&L 1998 Bond Issue	6,330,000.00
221-9 KRWFC 5th-3rd 2001 issue	581,747.45
224-1 SRECC No Int Loan	162,938.59
243 Funds Held Future Lines	1,200.00
<b>Total Long Term Liabilities</b>	<b>9,433,573.96</b>
<b>Total Liabilities</b>	<b>9,963,930.45</b>
<b>Equity</b>	
214 Approp Retained Earnings	112,002.14
215-1 R/E from income bf cont	1,939,283.87
215-2 Donated cap-cont in aid	1,187,864.73
215-3 Donated cap-tap on fees	1,682,542.85
215-4 Donated Cap- Grants	3,147,406.00
215 Unapporp Retained Earnings	150,928.35
Retained Earnings	591,187.39
Net Income	-239,909.19
<b>Total Equity</b>	<b>8,571,306.14</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>18,535,236.59</b>

**April 2009**  
**Account Balances**

Revenue Account	Amount
Beginning Balance	\$253,874.06
Deposits (Payments)	\$254,955.23
Interest on Account	\$140.57
Charges for Retured Checks	-\$42.00
ACH Fee (bank Drafts)	-\$105.20
Transferred to Operations	-\$300,000.00
Returned Checks	-\$1,194.75
Credit Card Machine Charges	-\$379.44
Transferred to Impact Charge	-\$950.00
Ending Balance	\$206,298.47
<b>Operations Account</b>	
Beginning Balance	\$45,135.79
Interest on Account	\$48.74
General Journal ( To Cancel Outstanding Checks)	
Transferred from Revenue	\$300,000.00
Operating Expenses	-\$270,605.46
Ending Balance	\$74,579.07
<b>Bond &amp; Interest Account</b>	
Beginning Balance	\$346,308.53
Caldwell Payment	-\$136,219.75
Wire Fee	-\$20.00
Interest on Account	\$246.84
Loan Payments	-\$27,514.84
Ending Balance	\$182,800.78
<b>Escrow Account</b>	
Beginning Balance	\$58.17
Transferred from Revenue	
Deposit & Interest Tranferred to Revenue	
Ending Balance	\$58.17
<b>Depreciation Account</b>	
Beginning Balance	\$142,799.77
Transferred from Operations	
Interest on Account	\$73.57
CNH Capital Dozer Payment	-\$8,831.60
Ending Balance	\$134,041.74
<b>Impact Charge Escrow Account</b>	
Beginning Balance	\$215,223.78
Impact Fees Paid	\$1,900.00
Interest on Account	\$156.21
Ending Balance	\$217,279.99
<b>Improvement Projects Account</b>	
Beginning Balance	\$236,040.28
Interest on Account	\$120.28
Deposits	
Paid Improvements	\$0.00
Transferred to Bond & Interest	\$0.00
Invested	0
Ending Balance	\$236,160.56
<b>Escrow - Customer Line Extensions Account</b>	
Beginning Balance	\$3,444.56
New Extensions	\$0.00
Interest on Account	\$1.76
Impact Chg Escrow	
Customer Contributions to Revenue	
Ending Balance	\$3,446.32
<b>Customer Refund Account</b>	
Beginning Balance	\$3,764.66
Refunds Paid Out	
Refunds from last month's payments	
Ending Balance	\$3,764.66



## Monthly Service Report

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• New Meter Tap-ons	<u>7</u>
• Connections & Transfers	<u>46+10</u> <u>003</u>
• Disconnects	<u>24</u>
• Delinquent Accounts	<u>91</u>
• Meter Changes	<u>49</u>
• Service Calls/Complaints	<u>10+8</u> <u>15+17</u> <u>56</u>
• Line Locates	<u>10</u>
• Leak Repairs	<u>10</u>
• Customers Billed	<u>6,317</u>

HENRY COUNTY WATER DISTRICT NO. 2  
BOARD MEETING AGENDA

July 14, 2009

Reading of Minutes & Approval of Income Statement & Balance Sheet  
Minutes from June 9, 2009 Meeting  
Account Balances, Operation Expenses, Revenue Income

Report from Engineers:

Report from Attorney:

Report from Accountant:

Report from Superintendent, Chief Operating Officer & Treatment Supervisor:

Report from any Commissioners:

New Business:

1. 07/21/09 Meeting at PSC
2. Rate Case Study

Old Business:

1. Smith Easement
2. Response from Filter Company
3. McCarty Lane Water Line Issue

The minutes of the meeting of Board of Water District Commissioners of Henry County Water District # 2 held at the office of the District at 7:00 p.m. on June 9, 2009.

Those in attendance are shown by the attached attendance sheet.

The minutes of the May 12, 2009 meeting had been previously sent to the Commissioners for their review along with the monthly financial report. A motion to approve the minutes was made by Commissioner Jones, seconded by Commissioner Clark and passed. The COO, James Simpson, explained that the reason for the significant rise in expenses was due to the fact that there were three payrolls in the previous month and the bill for the audit was also paid. There is also a \$24,000.00 charge for motors at the well field and generator costs. FEMA and insurance are going to defray that bill and it will be reflected in the future.

Tom Green of the District's engineering firm, Tetra Tech, was not present. The COO presented the monthly engineering report, a copy of which is attached hereto and made a part hereof. COO advised that we filed for extension on the OIC charge and we have not heard back. Our attorney, Berry Baxter, advised that he spoke with Gerald Wuetcher of the PSC and we will hear back this week hopefully as to whether the extension is approved.

The District's attorney, D. Berry Baxter, advised concerning the status of Smith and Ondeo Degremont.

The District's Superintendent, Barry Woods, was not present and the COO present his report. He advised the Commissioners that the District is having telemetry problems due to outdated equipment. He is working with MicroComm to try and correct this problem. The District may need to update the system to resolve these issues and they have asked MicroComm to give a quote for this work. The Superintendent ran a flow test for our engineer to allow the computer model to be updated. He advised that the line on 421 has increased pressure due to some hydraulic modifications. Crews performed additional work and clean up the previous month. There is an issue with the system where water is transferred to Eminence. There is a problem with water flowing backwards through the meter. The District does not want water back from Eminence after it goes through the meter. This needs to be fixed. There was also a problem with the billing software that needs to be fixed.

The Chief Operating Officer reported about the Plant. A copy of the Plant report is attached. He further reported on the following:

1. McCarty Lane: Wayne's attorney made an open records request. COO copied the file and forwarded same. Also, the District had two meter requests from customers on that line. The District has received no notice of any action by Wayne and is going to set the requested meters.

Received an email from Karen Lee about the rate study and expects to meet to review the study.

Work on the automated meter reading began today. Twenty five "practice" meters in Campbellsburg and will be used for training purposes. COO talked about trying to get this online and the personnel will work as quickly as possible to get it done. He hopes to have this done within five years.

Working on easement for the line on Upper Middle Creek. He advised that the easement and the line may take some time to complete.

Commissioners had any report.

When no further business to come before the board, a motion to adjourn was made by Commissioner St. Clair, seconded by Commissioner Barrickman and passed.

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CHAIRMAN

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2. COO received an email from Karen Lee about the rate study and expects to meet with her soon to finalize the study.

3. Training for the automated meter reading began today. Twenty five "practice" meters were installed in Campbellsburg and will be used for training purposes. COO talked about the timing of trying to get this online and the personnel will work as quickly as possible to get this installed. He hopes to have this done within five years.

4. COO is working on easement for the line on Upper Middle Creek. He advised that the terrain is very difficult and the line may take some time to complete.

No Commissioners had any report.

There being no further business to come before the board, a motion to adjourn was made by Commissioner St. Clair, seconded by Commissioner Barrickman and passed.

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CHAIRMAN

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SECRETARY

## Henry County Water District #2

## Balance Sheet

As of June 30, 2009

	<u>Jun 30, 09</u>
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
131-14 Cust Line Ext Escrow	3,448.02
131-15 Cust Contribution Refund	3,764.66
131-17 Impact Charge Escrow	217,431.79
131-2 Revenue Account	93,713.67
131-3 Operations Account	105,537.38
131-4 Bond & Interest Account	136,343.55
131-5 Depreciation Account	134,112.13
131-6 Escrow Account	58.17
131-7 Improvement Proj Account	236,277.02
Total Checking/Savings	<u>930,686.39</u>
Accounts Receivable	
141-1 Accts Rec Returned Checks	-41.67
141 Accounts Receivable	330,500.38
142 Other Accounts Receivable	160,214.00
Total Accounts Receivable	<u>490,672.71</u>
Other Current Assets	
105 Work In Progress	1,089,842.46
131-1 Cash on Hand	500.00
132 Special Deposits	50,000.00
135-1 Temp Cash Investment Sink	1,066,210.42
135-2 Temp Cash Invst Depr Fd	285,000.00
135 Temporary Cash Investments	307,976.19
141-1 Accts Rec--returned check	2,024.22
143 Accum Prov for Uncoll Acct	-46,930.67
151 Plant Material & Supplies	75,866.80
162-1 Prepaid Insurance	-21,200.17
162-2 Prepaid Maintenance	2,996.05
171 Accrued Interest Receivable	10,921.76
174 Construction Grant Receive	348,250.00
Total Other Current Assets	<u>3,171,457.06</u>
Total Current Assets	4,592,816.16
Fixed Assets	
108-1 Accu Depr/Office Equip	-169,141.52
108-2 Accu Depr/Serv Equip	-217,354.63
108-3 Accu Depr/New Building	-172,519.83
108-4 Accrued Dep/Meters	-1,589,018.03
108-5 Accu Depr/Shop Equip	-33,535.35
108-6 Accu Depr/Power Equipment	-164,667.55
108-7 Accu Depr/Water Treatment	-49,304.20
108 Accu Depr/strts & Inprov	-9,271,705.64
303 Land & Land Rights	174,617.25
304-1 New Building	304,953.09
304 System Betterment	22,160,863.21
320 Water Treatment Equipment	65,918.34
334-4 Meter & Meter Inst- T&D	1,911,139.99
340 Office Furniture & Equip	188,527.84
343 Tools, Shop & Garage Equip	34,006.46
345 Power Operated Equipment	328,293.00
347 Service Equipment	311,435.19
Total Fixed Assets	<u>13,812,507.62</u>
<b>TOTAL ASSETS</b>	<u><u>18,405,323.78</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
231 Accounts Payable	85,069.90
Total Accounts Payable	<u>85,069.90</u>

Henry County Water District #2

Profit & Loss

June 2009

	<u>Jun 09</u>
Ordinary Income/Expense	
Income	
419 Interest	
Bond & Interest	192.61
Cust Line Ext Escrow	1.70
Depreciation Acct	70.39
Impact Chg Escrow	151.80
Improvement Proj Acct	116.46
Operations Acct Interest	72.30
Revenue Acct. Interest	92.73
419 Interest - Other	4,204.70
	<hr/>
Total 419 Interest	4,902.69
432-1 Tap on Fees	575.00
461-11 Metered Sales-Henry	197,184.70
461-12 Metered Sales-Trimble	23,126.40
461-13 Metered Sales-Carroll	1,421.05
461-14 Metered Sales-Oldham	7,750.59
461-18 Metered Sales- Eminence	3,779.00
461-19 Metered Sales-Shelby	10,130.66
470 Penalties/ Late Charges	5,121.55
471-1 Connections & Transfers	1,749.32
472-1 Credit Card Service Chgs	261.24
473-1 Bank Chgs for RCK	270.23
474-1 At Door Collection Fee	40.00
475-1 Miscellaneous Income	9.63
	<hr/>
Total Income	256,322.06
Expense	
408-12 Payroll Taxes Employer	4,064.69
601-1 Employee Salaries	53,901.20
603-8 Commissioners Per Diem	2,250.00
604-1 Employee Benefits	12,731.48
604-1 Retirement Employee	9,846.78
609 Depreciation Expenses	66,500.00
615-2 Gas, Office	95.39
615-3 Water, Office	23.59
615-4 Sewer, Office	36.27
615-6 Garbage, Plant	114.82
616-1 Electric, Distribution	2,830.62
616-2 Elect Plant & Wellfield	30,890.73
618-1 Chemicals	3,969.40
618-2 Plant Supplies	169.74
620-1 Materials & Supplies	1,365.94
620-2 Service Department Suppli	390.40
620-6 Office ACH Fee	105.80
620-7 Office Supplies	13.24
620-8 Office Postage	1,654.49
620-8 Office Supplies, Office	4,767.83
627-1 Int 2001 Issue	2,668.70
627-2 Int KRWA 2003 Issue	10,472.73
627-5 Int On H&L 1998 Issue	26,000.00
628 Amortization of Debt Disc	511.42
631-1 Cont Serv Mowing	2,440.00
631-4 Cont Serv Office Cleaning	220.00
631-4 Contr Serv Office	
Office Copier	37.66
	<hr/>
Total 631-4 Contr Serv Office	37.66

Henry County Water District #2  
 Profit & Loss  
 June 2009

	<u>Jun 09</u>
Ordinary Income/Expense	
Income	
419 Interest	
Bond & Interest	192.61
Cust Line Ext Escrow	1.70
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628 Amortization of Debt Disc	511.42
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631-4 Cont Serv Office Cleaning	220.00
631-4 Contr Serv Office Office Copier	37.66
Total 631-4 Contr Serv Office	37.66

10:56 AM

07/10/09

Actual Basis

# Henry County Water District #2

## Profit & Loss

June 2009

	<u>Jun 09</u>
633-8 Legal	315.00
634-2 Cont Serv- Meter Readings	8,458.98
634-3 Contract Serv MGT MAINT	246.46
635 Credit Card Machine Fee	292.60
636 Contractual Services	1,950.00
650-4 Service Vehicle Maint.	71.84
650-5 Bkhoe & Trk Fuel	2,242.35
650-8 Mileage	3,636.60
656-1 Insur Vehicle/Operation	969.58
656-8 Bonds	784.71
657-1 General Insurance	2,572.57
657-2 Insurance Gen liab/maint	889.66
658-1 Insur Wkmns Comp/Operatio	976.00
672-1 Water Analysis	955.00
673-1 Repairs Equipment	202.39
675-7 Plant & Well Field Repair	-16,928.06
678-1 Cellular Phones	611.08
679-1 Land Lines	560.91
681-1 Pagers	63.98
683-1 Dues & Subscriptions	128.92
685-1 Miscellaneous Exp.	1,281.82
<b>Total Expense</b>	<u>248,355.31</u>
<b>Net Ordinary Income</b>	<u>7,966.75</u>
<b>Net Income</b>	<u><u>7,966.75</u></u>

June 2009  
Account Balances

Revenue Account	Amount
Beginning Balance	\$206,298 47
Deposits (Payments)	\$268,978 60
Interest on Account	\$92 73
Deposit Error	-\$3 00
Charges for Retured Checks	-\$60 00
ACH Fee (bank Drafts)	-\$105 80
Transferred to Operations	-\$250,000 00
Transferred to Bond & Interest	-\$130,000 00
Returned Checks	-\$1,194 73
Credit Card Machine Charges	-\$292 60
Ending Balance	\$93,713 67
<b>Operations Account</b>	
Beginning Balance	\$74,579 07
Interest on Account	\$72 30
General Journal ( To Cancel Outstanding Checks)	
Transferred from Revenue	\$250,000 00
Operating Expenses	-\$219,113 99
Ending Balance	\$105,537 38
<b>Bond &amp; Interest Account</b>	
Beginning Balance	\$182,800 78
Deposits (Transferred from Revenue)	\$130,000 00
Interest on Account	\$192 61
Bank of New York Interest	-\$149,135 00
Loan Payments	-\$27,514 84
Ending Balance	\$136,343 55
<b>Escrow Account</b>	
Beginning Balance	\$58 17
Transferred from Revenue	
Deposit & Interest Tranferred to Revenue	
Ending Balance	\$58 17
<b>Depreciation Account</b>	
Beginning Balance	\$134,041 74
Transferred from Operations	
Interest on Account	\$70 39
Ending Balance	\$134,112 13
<b>Impact Charge Escrow Account</b>	
Beginning Balance	\$217,279 99
Impact Fees Paid	
Interest on Account	\$151 80
Ending Balance	\$217,431 79
<b>Improvement Projects Account</b>	
Beginning Balance	\$236,160 56
Interest on Account	\$116 46
Deposits	
Paid Improvements	\$0 00
Transferred to Bond & Interest	\$0 00
Invested	0
Ending Balance	\$236,277 02
<b>Escrow - Customer Line Extensions Account</b>	
Beginning Balance	\$3,446 32
New Extensions	\$0 00
Interest on Account	\$1 70
Impact Chg Escrow	
Customer Contributions to Revenue	
Ending Balance	\$3,448 02
<b>Customer Refund Account</b>	
Beginning Balance	\$3,764 66
Refunds Paid Out	
Refunds from last month's payments	
Ending Balance	\$3,764 66

HENRY COUNTY WATER DISTRICT NO. 2  
CERTIFICATES OF DEPOSIT

Issued Date	Account	Term	Active CD'S		Bank	Rate	Maturity Date	
			Amount	C. D. #				
11/16/04	Cannot Move Bond & Interest	60 mo	\$50,000.00	221796	PBI Bank	4.90	11/16/2009	Interest credited Quarterly
06/22/08	Bond & Interest	24 mo	\$165,000.00	2296952	PBI Bank	3.90	6/22/2010	Interest credited Quarterly
04/10/09	Bond & Interest	24 mo	\$200,000.00	4124	Farmers Dep Bank	2.47	4/10/2011	Transferred from CD # 28553
06/22/08	Bond & Interest	24 mo	\$100,000.00	2296951	PBI Bank	3.90	6/19/2010	Interest credited Quarterly
04/22/09	Depreciation	6 mo	\$100,000.00	2297214	PBI Bank	2.66	10/22/2009	Interest credited Quarterly
05/30/05	Depreciation	60 mo	\$100,000.00	22498	Farmers of Milton	4.75	5/30/2010	Interest credited Quarterly was 17901
11/11/04	Depreciation	60 mo	\$85,000.00	221795	PBI Bank	4.90	11/11/2009	combined CD 221795 & 220448 for 1 CD for \$85,000.00
01/01/09	1998 Bond Issue	60 mo	\$300,000.00	19019	Farmers of Milton	3.55	1/1/2019	
01/02/09	1998 Bond Issue	36 mo	\$225,228.75	4053	Farmers Dep Bank	3.44	1/2/2012	Interest credited Semi-Annually
03/02/09	System Improvements	12 mo	\$100,000.00	34129	United Citizens	1.70	3/2/2010	Pledged Securities-RECC Loan 2008
04/12/09	System Improvements	12 mo	\$100,000.00	34139	United Citizens	1.50	4/12/2010	Pledged Securities-RECC Loan 2008
			\$1,525,228.75					
02/17/09	Revenue	6 mth	\$106,169.34	34327	United Citizens	1.50	8/17/2009	Interest is Credited Quarterly-Investing-as of 05/17/08
03/04/09	Plant & Well Field Repair	6 mo	\$79,693.07	2297740	PBI	2.86	9/4/2009	Interest is Credited Quarterly
			\$1,711,091.16					

## MONTHLY Water Use Report

Water Utility:

HENRY COUNTY WATER DISTRICT

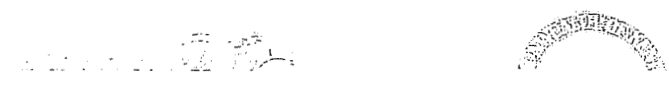
Year:

APRIL 2009

LINE#	ITEM	GALLONS (Omit 000's)	%
1	<b>WATER PRODUCED or PURCHASED</b>		
2	Water Produced	56183090	
3	Water Purchased	-0-	
4	<b>TOTAL PRODUCED AND PURCHASED</b>	<u>56183090</u>	
<b>WATER SOLD</b>			
5	Residential	28597180	
6	Commercial	1835200	
7	Industrial	353700	
8	Bulk Loading Stations	0	
9	Wholesale	7375280	
10	Other Sales (explain) <u>Public Gov. (Schools)</u>	1224810	
11	<b>TOTAL WATER SOLD</b>	<u>39386370</u>	
12	<b>TOTAL WATER NOT SOLD</b>	<u>16796920</u>	
<b>BREAKDOWN OF UNSOLD WATER USED</b>			
13	Utility and/or Water Treatment Plant	3736580	
14	Wastewater Plant	-0-	
15	System Flushing	5038700	
16	Fire Department	26650	
17	Other (explain)	0	
	<b>TOTAL UNSOLD WATER USED</b>	<u>8351930</u>	
<b>BREAKDOWN OF WATER LOST</b>			
18	Tank Overflows	0	
19	Line Breaks	1413900	
20	Other Loss	6531090	
	<b>TOTAL UNSOLD WATER LOST</b>	<u>1944990</u>	

"OTHER LOSS" FLOW RATE CALCULATION:		
21	"Other Loss"	0
22	% "Other Loss"	
23	Number of Days in Period	0
24	"Other Loss" per Day (1,000's gallons per Day)	#DIV/0!
25	"Other Loss" per Minute (GPM)	#DIV/0!

14.1%





# Monthly Service Report

---

• New Meter Tap-ons		<u>5</u>
• Connections & Transfers	41+21	<u>72</u>
• Disconnects		<u>25</u>
• Delinquent Accounts		<u>138</u>
• Meter Changes		<u>59</u>
• Service Calls/Complaints	6-9-22 20.4	<u>61</u>
• Line Locates		<u>14</u>
• Leak Repairs		<u>15</u>
• Customers Billed		<u>6,336</u>

Henry County Water District #2

REVIEWED  
 JTS  
 7-10-09  
 7/9/2009 11:18 AM

Register: 131-3 Operations Account  
 From 06/01/2009 through 06/30/2009  
 Sorted by: Date, Type, Number/Ref

Date	Number	Payee	Account	Memo	Payment	C	Deposit	Balance
06/01/2009	36935	Jerry Rankin	650-8 Mileage	Mileage 1417 ...	779.35	X		73,799.72
06/03/2009	36936	Jay Armstrong	650-8 Mileage	174 @ .55	95.70	X		73,704.02
06/03/2009	36937	Brandon C. Beckley	631-1 Cont Serv Mowi...	Mowng-June 2...	500.00	X		73,204.02
06/03/2009	36938	Computer Bits	673-1 Repairs Equipm...	Router Problems	75.00	X		73,129.02
06/04/2009	36939	Jimmie Simpson	650-8 Mileage	499 * .55	274.45	X		72,854.57
06/04/2009	36940	Xerox Corporation	631-4 Contr Serv Offic...	Cust # 305035...	37.66	X		72,816.91
06/04/2009	36941	Birch Communications	679-1 Land Lines	Acct. # 762776	19.23	X		72,797.68
06/04/2009	36942	Cook's True Value H...	-split-		126.04	X		72,671.64
06/04/2009	36943	American Messaging	681-1 Pagers	Acct # D14404...	63.98	X		72,607.66
06/04/2009	36944	Henry County Water ...	615-3 Water, Office	Acct # 100488	23.59	X		72,584.07
06/04/2009	36945	Waller's Meter Incor...	-split-	Inv. # 105864,...	41,985.62	X		30,598.45
06/04/2009	36946	Beckmar	672-1 Water Analysis	Inv. # 90506049	955.00	X		29,643.45
06/04/2009	36947	Liter's Inc.	105 Work In Progress	Cust # HENR1...	390.33	X		29,253.12
06/04/2009	36948	Kentucky Retirement...	-split-		13,493.72	X		15,759.40
06/04/2009	36949	Lee Masonary Produ...	620-1 Materials & Sup...	Cust # 5H138	886.20	X		14,873.20
06/04/2009	36950	Toole & Rose Supply	-split-	Inv. # 304625, ...	190.83	X		14,682.37
06/04/2009	36951	Pleasureville Hardware	620-2 Service Departm...	Inv. # 681608	11.88	X		14,670.49
06/04/2009	36952	Berry Floyd & Baxter	633-8 Legal	Legal Fees	110.00	X		14,560.49
06/04/2009	36953	Louisville Gas & Ele...	615-2 Gas, Office	3000-0645-3827	59.79	X		14,500.70
06/08/2009	36954	Bobbey Simpson	650-8 Mileage	529 * .55	290.95	X		14,209.75
06/08/2009	36955	Barry Woods	650-8 Mileage	1887 @ .55	1,037.85	X		13,171.90
06/08/2009	36956	Robert Prather	141 Accounts Receivable	Acct # 112110	75.00	X		13,096.90
06/10/2009	2701	Operations Account	131-2 Revenue Account			X	100,000.00	113,096.90
06/10/2009	eft	Ky E TAX	-split-	May School Tax	6,753.81	X		106,343.09
06/10/2009	EFT	Electronic Federal Ta...	-split-	Commissioners	344.34	X		105,998.75
06/10/2009	36977	Keith Morris	650-8 Mileage	Mileage 1405 ...	772.75	X		105,226.00
06/10/2009	36978	53 William R. Nelson	-split-		207.78	X		105,018.22
06/10/2009	36979	54 Dale Jennings	-split-		207.78	X		104,810.44
06/10/2009	36980	55 Merle L. Brewer	-split-		207.78	X		104,602.66
06/10/2009	36981	56 Richard R. Clark	-split-		207.79	X		104,394.87
06/10/2009	36982	57 Ronnie Barrickman	-split-		207.79	X		104,187.08
06/10/2009	36983	58 Donald R. StClair	-split-		207.78	X		103,979.30
06/10/2009	36984	59 Charles A. Richar...	-split-		207.78	X		103,771.52
06/10/2009	36985	61 Wendell Hawkins	-split-		207.79	X		103,563.73
06/10/2009	36986	62 Larry C. Bohannon	-split-		206.93			103,356.80
06/10/2009	36987	63 Ricky Jones	-split-		206.93	X		103,149.87
06/10/2009	36988	Kentucky Departmen...	241-3 KY State Withh...	Acct # 080227	3,499.08	X		99,650.79
06/10/2009	36989	Kentucky State Treas...	241-4 Ky Sales Tax	Sales Tax May ...	539.56	X		99,111.23
06/10/2009	36990	United States Treasury	241-2 Federal Withhol...	Tax Period 01/...	31.77	X		99,079.46
06/11/2009	eft	Electronic Federal Ta...	-split-		6,753.62	X		92,325.84

## Henry County Water District #2

7/9/2009 11:18 AM

Register: 131-3 Operations Account

From 06/01/2009 through 06/30/2009

Sorted by: Date, Type, Number/Ref

Date	Number	Payee	Account	Memo	Payment	C	Deposit	Balance
06/11/2009	36991	Computer Bits	673-1 Repairs Equipm...	Router	67.39	X		92,258.45
06/11/2009	36992	Lisa Coots	650-8 Mileage	76 @ .55	41.80	X		92,216.65
06/12/2009	36957	02 Jay C. Armstrong	-split-		1,155.32	X		91,061.33
06/12/2009	36958	06 Matthew Jackson	-split-		1,022.07	X		90,039.26
06/12/2009	36959	07 Gary Johnson	-split-		1,322.52	X		88,716.74
06/12/2009	36960	09 Audrey Morgan	-split-		1,163.63	X		87,553.11
06/12/2009	36961	10 Bobbey Simpson	-split-		1,202.27	X		86,350.84
06/12/2009	36962	11 James Simpson II	-split-		2,260.30	X		84,090.54
06/12/2009	36963	16 Lynda Wilson	-split-		1,070.17	X		83,020.37
06/12/2009	36964	17 Barry K. Woods	-split-		2,091.00	X		80,929.37
06/12/2009	36965	18 Steven K Morris	-split-		1,172.23	X		79,757.14
06/12/2009	36966	24 Trevor Brown	-split-		761.56	X		78,995.58
06/12/2009	36967	28 Jerry Rankin, Jr.	-split-		1,074.77	X		77,920.81
06/12/2009	36968	29 Brandon Beckley	-split-		785.24	X		77,135.57
06/12/2009	36969	31 Lisa Coots	-split-		949.75	X		76,185.82
06/12/2009	36970	32 Christopher Troxell	-split-		622.61	X		75,563.21
06/12/2009	36971	33 Vickie Carpenter	-split-		712.23	X		74,850.98
06/12/2009	36972	35 Alice Thompson	-split-		1,103.26	X		73,747.72
06/12/2009	36973	37 Jonica Sea	-split-		510.31	X		73,237.41
06/12/2009	36974	38 David Frakes	-split-		1,296.65	X		71,940.76
06/12/2009	36975	Division Of Child Su...	-split-	404351470 T. ...	294.74	X		71,646.02
06/12/2009	36976	Barry Woods (Mowi...	631-1 Cont Serv Mowi...	Mowing - June	720.00	X		70,926.02
06/12/2009	36993	David Mefford	141 Accounts Receivable	Acct # 107364	30.42	X		70,895.60
06/12/2009	36994	Michael Durham	141 Accounts Receivable	Acct. # 110088	3.93			70,891.67
06/12/2009	36995	Stone Crest Homes	141 Accounts Receivable	Acct. # 110632	1.60			70,890.07
06/12/2009	36996	Matt Hammer	141 Accounts Receivable	Acct. # 111180	51.43	X		70,838.64
06/12/2009	36997	Aric Mershall	141 Accounts Receivable	Acct # 111830	58.52			70,780.12
06/12/2009	36998	Teresa Jackson	141 Accounts Receivable	Acct. # 111849	4.31			70,775.81
06/12/2009	36999	Dorothy Armstrong	141 Accounts Receivable	Acct. # 111886	6.44			70,769.37
06/12/2009	37000	Michael Sack	141 Accounts Receivable	Acct. # 111932	31.52	X		70,737.85
06/12/2009	37001	Branden Webster	141 Accounts Receivable	Acct. # 112041	31.02	X		70,706.83
06/12/2009	37002	Rose Mahuron	141 Accounts Receivable	Acct # 112111	49.39	X		70,657.44
06/12/2009	37003	Michael Lyons	141 Accounts Receivable	Acct # 112296	100.00			70,557.44
06/12/2009	37004	Make a Memory	685-1 Miscellaneous Exp.	Shirt Order	640.91			69,916.53
06/12/2009	37005	Make a Memory	685-1 Miscellaneous Exp.	Shirt Order	640.91	X		69,275.62
06/17/2009	37006	Brandon C. Beckley	631-1 Cont Serv Mowi...	Mowng-June 2...	500.00	X		68,775.62
06/17/2009	37007	Jerry's Repair	673-1 Repairs Equipm...	Brake Repair -...	60.00	X		68,715.62
06/17/2009	37008	Tom McBride	675-7 Plant & Well Fie...	Inv. # 4001	300.00	X		68,415.62
06/17/2009	37009	Postmaster	620-8 Office Postage	Presort Mailing...	1,600.00	X		66,815.62
06/17/2009	37010	Bobby Moore	105 Work In Progress	P-ville Tank	220.00	X		66,595.62

## Henry County Water District #2

7/9/2009 11:18 AM

Register: 131-3 Operations Account

From 06/01/2009 through 06/30/2009

Sorted by: Date, Type, Number/Ref

Date	Number	Payee	Account	Memo	Payment	C	Deposit	Balance
06/17/2009	37011	C I Thornsburg	618-1 Chemicals	Acct. # 1182. I...	3,969.40	X		62,626.22
06/17/2009	37012	Campbellsburg Minu...	620-7 Office Supplies	June Charges	13.24			62,612.98
06/17/2009	37013	Pleasureville Hardware	620-1 Materials & Sup...	Inv. # 581673	43.63			62,569.35
06/17/2009	37014	Staples Credit Plan	620-8 Office Supplies, ...	Acct # 7972 82...	314.13	X		62,255.22
06/17/2009	37015	Lincoln National Lif...	604-1 Employee Benefits	HENDIST-BL-...	1,650.12	X		60,605.10
06/17/2009	37016	Eurotherm	675-7 Plant & Well Fie...	Inv. # 444257, ...	433.25	X		60,171.85
06/17/2009	37017	Liberty Mutual	656-8 Bonds	Dale Jennings ...	113.00	X		60,058.85
06/17/2009	37018	Carrollton Utilities1	615-4 Sewer, Office	Acct # 030-292...	36.27	X		60,022.58
06/17/2009	37019	Reynolds Inc.	636 Contractual Services	INV # 44028	1,950.00	X		58,072.58
06/17/2009	37020	Tru Check, Inc.	634-2 Cont Serv- Mete...	Cust # 000036...	8,458.98	X		49,613.60
06/17/2009	37021	AT&T	679-1 Land Lines	Plant Phones	120.68	X		49,492.92
06/17/2009	37022	AT&T	679-1 Land Lines	Office Phones	401.77	X		49,091.15
06/17/2009	37023	Shelby Energy Coop...	-split-	10 Accts	31,877.13	X		17,214.02
06/17/2009	37024	Bullock Oil Co., Inc.	650-5 Bkhoe & Trk Fuel	Acct. # 291800...	2,242.35	X		14,971.67
06/17/2009	37025	Browning Automotive	650-4 Service Vehicle ...	Jay's Bay in Back	71.84	X		14,899.83
06/17/2009	37026	Farm Plan	620-1 Materials & Sup...	Acct # 28115-8...	384.54	X		14,515.29
06/17/2009	37027	Rumpke	615-6 Garbage, Plant	Cust #43 1479...	67.47	X		14,447.82
06/17/2009	37028	Kentucky Utilities	616-1 Electric, Distrib...	Acct # 3000-01...	20.27	X		14,427.55
06/17/2009	37029	Chase Card Services	-split-	4246 3151 249...	923.50	X		13,504.05
06/17/2009	37030	Rumpke	615-6 Garbage, Plant	Cust #43 1039...	47.35	X		13,456.70
06/17/2009	37031	Perry's Tri County H...	620-2 Service Departm...	Acct. # 436629...	63.75	X		13,392.95
06/17/2009	37032	Earl Floyd Ford-Mer...	650-4 Service Vehicle ...	VOID:		X		13,392.95
06/17/2009	37033	Engineered Solutions...	675-7 Plant & Well Fie...	Inv. # 158-09-1...	3,137.44	X		10,255.51
06/17/2009	37034	CCP Industries	620-2 Service Departm...	Inv. # IN00316...	196.70	X		10,058.81
06/19/2009	2702	Operations Account	131-2 Revenue Account			X	150,000.00	160,058.81
06/24/2009	eft	Electronic Federal Ta...	-split-		5,957.98	X		154,100.83
06/24/2009	37058	Gatterdam's Electric	675-7 Plant & Well Fie...	HCW-0000	1,618.25			152,482.58
06/24/2009	37059	All Around Printing	620-8 Office Supplies, ...	Inv. # 16903	3,615.17			148,867.41
06/24/2009	37060	Delta Dental Plan Of ...	604-1 Employee Benefits	Group # M000...	590.71			148,276.70
06/24/2009	37061	The Rag Shop	620-2 Service Departm...	Inv. # 313466	10.00			148,266.70
06/25/2009	eft	AT&T Mobility	678-1 Cellular Phones	Acct # 821442...	679.49	X		147,587.21
06/25/2009	37062	Anthem Blue Cross ...	604-1 Employee Benefits	group # 00110...	10,725.81			136,861.40
06/25/2009	37063	Louisville Gas & Ele...	615-2 Gas, Office	3000-0645-3827	35.60			136,825.80
06/25/2009	37064	B. Bowen Excavatin...	105 Work In Progress	Inv. # 4, Penny...	9,082.50	X		127,743.30
06/26/2009	37035	02 Jay C. Armstrong	-split-		1,239.47	X		126,503.83
06/26/2009	37036	06 Matthew Jackson	-split-		1,070.95	X		125,432.88
06/26/2009	37037	07 Gary Johnson	-split-		1,157.53	X		124,275.35
06/26/2009	37038	09 Audrey Morgan	-split-		1,076.30	X		123,199.05
06/26/2009	37039	10 Bobbey Simpson	-split-		904.73	X		122,294.32
06/26/2009	37040	11 James Simpson II	-split-		2,036.79	X		120,257.53

## Henry County Water District #2

7/9/2009 11:18 AM

Register: 131-3 Operations Account

From 06/01/2009 through 06/30/2009

Sorted by: Date, Type, Number/Ref

<u>Date</u>	<u>Number</u>	<u>Payee</u>	<u>Account</u>	<u>Memo</u>	<u>Payment</u>	<u>C</u>	<u>Deposit</u>	<u>Balance</u>
06/26/2009	37041	16 Lynda Wilson	-split-		1,052.88	X		119,204.65
06/26/2009	37042	17 Barry K. Woods	-split-		1,597.55	X		117,607.10
06/26/2009	37043	18 Steven K Morris	-split-		848.39	X		116,758.71
06/26/2009	37044	24 Trevor Brown	-split-		706.80	X		116,051.91
06/26/2009	37045	28 Jerry Rankin, Jr.	-split-		991.60	X		115,060.31
06/26/2009	37046	29 Brandon Beckley	-split-		770.99	X		114,289.32
06/26/2009	37047	31 Lisa Coots	-split-		999.03	X		113,290.29
06/26/2009	37048	32 Christopher Troxell	-split-		694.17	X		112,596.12
06/26/2009	37049	33 Vickie Carpenter	-split-		736.75	X		111,859.37
06/26/2009	37050	35 Alice Thompson	-split-		1,014.68			110,844.69
06/26/2009	37051	37 Jonica Sea	-split-		562.03			110,282.66
06/26/2009	37052	38 David Frakes	-split-		1,190.91	X		109,091.75
06/26/2009	37053	Barry Woods (Mowi...	631-1 Cont Serv Mowi...	Mowing - June	720.00	X		108,371.75
06/26/2009	37054	Lisa Coots (cleaning)	631-4 Cont Serv Office...	June Cleaning	220.00	X		108,151.75
06/26/2009	37055	Division Of Child Su...	-split-	404351470 T. ...	294.74	X		107,857.01
06/29/2009	37065	Lynda Wilson	650-8 Mileage	286 @ .55	157.30			107,699.71
06/29/2009	37066	Berry Floyd & Baxter	633-8 Legal	Legal Fees	205.00			107,494.71
06/29/2009	37067	Kentucky Utilities	616-1 Electric, Distrib...	Acct # 3000-00...	1,823.95			105,670.76
06/29/2009	37068	Birch Communications	679-1 Land Lines	Acct. # 762776	19.23			105,651.53
06/30/2009			419 Interest:Operations...	Interest		X	72.30	105,723.83
06/30/2009	37069	Jimmie Simpson	650-8 Mileage	339 * .55	186.45			105,537.38
06/30/2009	37104	Brandon C. Beckley	631-1 Cont Serv Mowi...	Mowng-July 2...	500.00			105,037.38
06/30/2009	37105	Barry Woods (Mowi...	631-1 Cont Serv Mowi...	Mowing - July	720.00			104,317.38

HENRY COUNTY WATER DISTRICT NO. 2  
BOARD MEETING AGENDA

August 11, 2009

Reading of Minutes & Approval of Income Statement & Balance Sheet  
Minutes from July 14, 2009 Meeting  
Account Balances, Operation Expenses, Revenue Income

Report from Engineers:

Report from Attorney:

Report from Accountant:

Report from Superintendent, Chief Operating Officer & Treatment Supervisor:

Report from any Commissioners:

New Business:

1. 07/21/09 Meeting at PSC
2. Rate Case Study

Old Business:

1. Smith Easement
2. Response from Filter Company
3. McCarty Lane Water Line Issue
4. Dwenger - Kalenberger

The minutes of the meeting of Board of Water District Commissioners of Henry County Water District # 2 held at the office of the District at 7:00 p.m. on July 14, 2009.

Those in attendance are shown by the attached attendance sheet.

The minutes of the June 9, 2009 meeting had been previously sent to the Commissioners for their review along with the monthly financial report. A motion to approve the minutes was made by Commissioner Hawkins, seconded by Commissioner Bohannon and passed.

Tom Green of the District's engineering firm, Tetra Tech, was present and presented the monthly engineering report, a copy of which is attached hereto and made a part hereof. Mr. Green discussed an upcoming meeting with the PSC on July 21, 2009 in Frankfort to determine the feasibility of a system development charge. Mr. Green discussed the "Questions" attached to the engineering report.

The District's attorney, D. Berry Baxter, advised concerning the status of Smith and Kallenberger. The case involving Kallenberger and Dwenger was finally tried before a jury in the Henry Circuit Court. The jury returned a verdict in favor of Dwenger which states that the easement across Kallenberger is an "absolute necessity" which will result in the Court entering a judgment finding an easement to exist. The District's attorney stated the opinion that this verdict was contrary to the evidence present to the jury and that Kallenberger will likely ask the Court to set aside the verdict. Based upon the evidence presented, our attorney asked for permission to make a similar request. He was directed to not present any other defense unless Kallenberger's attorney makes a request. No further action was taken but the District's attorney was directed to ask the Court about the location of the easement.

The District's accountant was not present.

The District's Superintendent, Barry Woods, was present and presented his report. The crews performed regular maintenance and clean up during the previous month. In addition, they performed some blacktopping. The crews repaired several leaks during the previous month. They also laid 4000 feet of pipe on Hwy 389 and did the clean up. They also cleaned up on Pennywinkle. The District personnel had schooling on radio reading meters for two days.

Mr. Woods advised that Mr. Guthrie, who had appeared before the board, told him that he was going to fix the creek near his home. He asked the District to make sure that he does not damage the line.

Mr. Woods places a check valve in the line serving Eminence and this should keep water from flowing back to the District. At the well field, there was need electrical work due to a power surge or some other electrical problem. This has been repaired. The District began lowering 8" line to allow sewer line for New Castle to be installed. He advised further concerning the telemetry problems due to outdated equipment. He is working with MicroComm to try and correct this problem. The District may need to update the system to resolve these issues and MicroComm quoted \$3000 for this work due to the fact that we have a service contract with them. This quote is \$3000 per site for twelve sites. The District will be addressing each site on an as needed basis.

Mr. Woods discussed an issue that the District is having keeping the tank in Pleasureville filled. He is concerned that the pumps are not able to keep up with the demand.

fficer reported about the Plant. A copy of the Plant report is attached. He  
Following:

view over at the City of Milton and he made suggestion for  
prove it. This was done for KRWA.

renewals for insurance in the previous month.

y KIPDA meeting in the previous month.

Wayne filed a complaint with the Public Service Commission.  
from the District.

any report. Commissioner Richardson asked about the rate  
by the COO that she has all the information that she needs and we hope to  
very soon.

business to come before the board, a motion to adjourn was made by  
ran, seconded by Commissioner St. Clair and passed.

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The Chief Operating Officer reported about the Plant. A copy of the Plant report is attached. He further reported on the following:

1. Attended Peer Review over at the City of Milton and he made suggestion for their system to improve it. This was done for KRWA.
2. Worked on various renewals for insurance in the previous month.
3. Attended Quarterly KIPDA meeting in the previous month.
4. Advised that Mr. Wayne filed a complaint with the Public Service Commission. A response is due from the District.

No Commissioners had any report. Commissioner Richardson asked about the rate study and was advised by the COO that she has all the information that she needs and we hope to have a report from her very soon.

There being no further business to come before the board, a motion to adjourn was made by Commissioner Barrickman, seconded by Commissioner St. Clair and passed.

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CHAIRMAN

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SECRETARY

**Henry County Water District #2**  
**Profit & Loss**  
**July 2009**

	Jul 09
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
419 Interest	
Bond & Interest	91.75
Cust Line Ext Escrow	1.87
Depreciation Acct	77.47
Impact Chg Escrow	169.28
Improvement Proj Acct	128.17
Operations Acct Interest	57.74
Revenue Acct. Interest	102.30
419 Interest - Other	4,933.61
<b>Total 419 Interest</b>	5,562.19
432-1 Tap on Fees	4,400.00
433 Impact Fee	6,650.00
461-11 Metered Sales-Henry	202,120.46
461-12 Metered Sales-Trimble	28,588.65
461-13 Metered Sales-Carroll	1,749.19
461-14 Metered Sales-Oldham	8,726.24
461-18 Metered Sales- Eminence	3,997.80
461-19 Metered Sales-Shelby	9,044.75
470 Penalties/ Late Charges	4,836.00
471-1 Connections & Transfers	2,900.00
472-1 Credit Card Service Chgs	339.57
473-1 Bank Chgs for RCK	163.03
474-1 At Door Collection Fee	60.00
475-1 Miscellaneous Income	775.00
<b>Total Income</b>	279,912.88
<b>Expense</b>	
408-12 Payroll Taxes Employer	4,296.89
601-1 Employee Salaries	55,784.91
603-8 Commissioners Per Diem	2,250.00
604-1 Employee Benefits	11,900.14
604-1 Retirement Employee	7,276.69
609 Depreciation Expenses	66,500.00
615-1A Electric, Office	219.25
615-2 Gas, Office	34.80
615-3 Water, Office	18.85
615-4 Sewer, Office	32.14
615-6 Garbage, Plant	68.58
616-1 Electric, Distribution	3,126.48
616-2 Elect Plant & Wellfield	31,384.70
618-1 Chemicals	1,969.40
618-2 Plant Supplies	811.62
620-1 Materials & Supplies	7,983.27
620-2 Service Department Suppli	247.04
620-6 Office ACH Fee	106.50
620-7 Office Supplies	345.87
620-8 Office Postage	1,846.14
620-8 Office Supplies, Office	28.68
627-1 Int 2001 Issue	2,668.70
627-2 Int KRWA 2003 Issue	10,472.73
627-5 Int On H&L 1998 Issue	26,000.00
627-8 RECC 2008 Loan	4,710.53
628 Amortization of Debt Disc	511.42
631-1 Cont Serv Mowing	2,440.00
631-4 Cont Serv Office Cleaning	275.00
631-4 Contr Serv Office	
Office Copier	37.66
<b>Total 631-4 Contr Serv Office</b>	37.66

Henry County Water District #2  
Profit & Loss  
July 2009

	<u>Jul 09</u>
634-2 Cont Serv- Meter Readings	8,497.01
634-3 Contract Serv MGT MAINT	246.46
635 Credit Card Machine Fee	372.80
650-4 Service Vehicle Maint.	685.89
650-5 Bkhoe & Trk Fuel	1,619.97
650-8 Mileage	2,229.15
656-1 Insur Vehicle/Operation	969.58
656-8 Bonds	671.71
657-1 General Insurance	3,468.57
657-2 Insurance Gen liab/maint	889.66
658-1 Insur Wkmns Comp/Operatio	5,153.00
672-1 Water Analysis	670.00
673-1 Repairs Equipment	451.59
674-1 Office Building Repairs	12.99
675-7 Plant & Well Field Repair	3,408.25
678-1 Cellular Phones	618.41
679-1 Land Lines	536.82
681-1 Pagers	72.75
683-1 Dues & Subscriptions	403.92
684-1 PSC Assessment	4,615.62
685-1 Miscellaneous Exp.	10.00
<b>Total Expense</b>	<u>278,952.14</u>
<b>Net Ordinary Income</b>	<u>960.74</u>
<b>Net Income</b>	<u><u>960.74</u></u>

Henry County Water District #2  
Balance Sheet  
As of July 31, 2009

	Jul 31, 09
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
131-14 Cust Line Ext Escrow	3,449.89
131-15 Cust Contribution Refund	3,764.66
131-17 Impact Charge Escrow	225,201.07
131-2 Revenue Account	167,413.88
131-3 Operations Account	75,722.15
131-4 Bond & Interest Account	68,465.46
131-5 Depreciation Account	134,189.60
131-6 Escrow Account	58.17
131-7 Improvement Proj Account	236,405.19
Total Checking/Savings	914,670.07
Accounts Receivable	
141 Accounts Receivable	338,333.52
142 Other Accounts Receivable	160,214.00
Total Accounts Receivable	498,547.52
Other Current Assets	
105 Work In Progress	1,132,487.24
131-1 Cash on Hand	500.00
132 Special Deposits	50,000.00
135-1 Temp Cash Investment Sink	1,066,210.42
135-2 Temp Cash Invest Depr Fd	285,000.00
135 Temporary Cash Investments	307,976.19
141-1 Accts Rec--returned check	2,325.16
143 Accum Prov for Uncoll Acct	-46,930.67
151 Plant Material & Supplies	75,866.80
162-1 Prepaid Insurance	4,193.21
162-2 Prepaid Maintenance	2,620.67
171 Accrued Interest Receivable	10,921.76
174 Construction Grant Receive	348,250.00
Total Other Current Assets	3,239,420.78
Total Current Assets	4,652,638.37
Fixed Assets	
108-1 Accu Depr/Office Equip	-169,816.02
108-2 Accu Depr/Serv Equip	-219,354.63
108-3 Accu Depr/New Building	-173,552.82
108-4 Accrued Dep/Meters	-1,596,041.55
108-5 Accu Depr/Shop Equip	-33,738.51
108-6 Accu Depr/Power Equipment	-165,565.63
108-7 Accu Depr/Water Treatment	-51,162.68
108 Accu Depr/strts & Inprov	-9,324,514.91
303 Land & Land Rights	174,617.25
304-1 New Building	304,953.09
304 System Betterment	22,160,863.21
320 Water Treatment Equipment	65,918.34
334-4 Meter & Meter Inst- T&D	1,937,065.99
340 Office Furniture & Equip	188,527.84
343 Tools, Shop & Garage Equip	34,006.46
345 Power Operated Equipment	328,293.00
347 Service Equipment	311,435.19
Total Fixed Assets	13,771,933.62
<b>TOTAL ASSETS</b>	<b>18,424,571.99</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
231 Accounts Payable	85,069.90
Total Accounts Payable	85,069.90

June 2009  
Account Balances

Revenue Account	Amount
Beginning Balance	\$93,713 67
Deposits (Payments)	\$276,462 69
Interest on Account	\$102 30
Deposit Error	-\$0 06
Charges for Retured Checks	-\$66 00
ACH Fee (bank Drafts)	-\$106 50
Transferred to Operations	-\$200,000 00
Transferred to Impact Charge Escrow	-\$950 00
Returned Checks	-\$1,369 42
Credit Card Machine Charges	-\$372 80
Ending Balance	\$167,413 88
<b>Operations Account</b>	
Beginning Balance	\$105,537 38
Interest on Account	\$57 74
General Journal ( To Cancel Outstanding Checks)	
Transferred from Revenue	\$200,000 00
Operating Expenses	-\$229,797 97
Ending Balance	\$75,797 15
<b>Bond &amp; Interest Account</b>	
Beginning Balance	\$136,343 55
Deposits (Transferred from Revenue)	
Interest on Account	\$91 75
Caldwell Tank	-\$40,435 00
Wire Fee	-\$20 00
Loan Payments	-\$27,514 84
Ending Balance	\$68,465 46
<b>Escrow Account</b>	
Beginning Balance	\$58 17
Transferred from Revenue	
Deposit & Interest Tranferred to Revenue	
Ending Balance	\$58 17
<b>Depreciation Account</b>	
Beginning Balance	\$134,112 13
Transferred from Operations	
Interest on Account	\$77 47
Ending Balance	\$134,189 60
<b>Impact Charge Escrow Account</b>	
Beginning Balance	\$217,431 79
Impact Fees Paid	\$7,600 00
Interest on Account	\$169 28
Ending Balance	\$225,201 07
<b>Improvement Projects Account</b>	
Beginning Balance	\$236,277 02
Interest on Account	\$128 17
Deposits	
Paid Improvements	\$0 00
Transferred to Bond & Interest	\$0 00
Invested	0
Ending Balance	\$236,405 19
<b>Escrow - Customer Line Extensions Account</b>	
Beginning Balance	\$3,448 02
New Extensions	\$0 00
Interest on Account	\$1 87
Impact Chg Escrow	
Customer Contributions to Revenue	
Ending Balance	\$3,449 89
<b>Customer Refund Account</b>	
Beginning Balance	\$3,764 66
Refunds Paid Out	
Refunds from last month's payments	
Ending Balance	\$3,764 66

# Monthly Service Report

June 2009

• New Meter Tap-ons	<u>2</u>
• Connections & Transfers	<u>72</u>
• Disconnects	<u>25</u>
• Delinquent Accounts	<u>138</u>
• Meter Changes	<u>59</u>
• Service Calls/Complaints	<u>61</u>
• Line Locates	<u>14</u>
• Leak Repairs	<u>15</u>
• Customers Billed	<u>6,336</u>

# MEMORANDUM



**TO:** Henry County Water District No. 2  
**FROM:** Dan Shoemaker, P.E., Project Manager  
**DATE:** Aug 11, 2009  
**SUBJECT:** MONTHLY REPORT FOR: July, 2009

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**PSC Assistance**                      **Tt Project Number 11521-09003 Task 2**

Contract Type/Amount:              Cost Plus not to exceed \$15,000

2009 Billings: \$5400                  Monthly Billing: \$ 2300

## Project Effort Last Month

- Completed all preparations for meeting with PSC. Researched background of using original infrastructure costs as basis of equity SDC versus higher replacement costs. Got feedback from Tetra Tech consultants and AWWA committee members. Organized questions to get PSC responses as detailed as possible.
  - Attended PSC meeting July 21. Went through all issues with Scott Lawless & Jerry Wuetcher of PSC and with Asst AG Spenard. Afterward, discussed PSC & AG responses with HCWD, KRWA, and Carryn Lee. Contacted PSC by follow-up email to ask for clarification on issue of equity cost basis. (Original cost basis will result in a charge significantly lower than OIC. Using replacement costs raises it above original costs, but even replacement equity is still less than the OIC. Using replacement cost basis is reasonable for HCWD, but PSC will challenge it anyway because they have traditionally used original cost accounting.)
  - Prepared PSC report due August 5 outlining HCWD efforts to date on new SDC and schedule of plans to implement it. Report is required in order for PSC to issue extension of OIC until December 31. HCWD Board will need to decide at September meeting whether to proceed with original cost SDC (easier to get approved) or replacement cost SDC. We will have calculated approximate dollar amounts both ways for comparison.
  - Began analysis of maximum daily potential capacity of system in total number of residential customers. Looked at past demand data to determine best approach to keep maximum capacity realistic. System equity value will be divided by number of serviceable customers to get SDC. Overestimating capacity would lower the SDC.
  - Worked with Carryn Lee on scheduling of rate case and planning elements of SDC calculation and tariff language. The PSC at our meeting said new rates and SDC should be submitted together.
  - Responded to Jerry Wuetcher and David Spenard giving reasons why replacement cost basis is more appropriate for Henry County. Used AWWA manual and language from final order from OIC case.
-

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**2009 Hydraulic Model Update      Tt Project Number 11521-09002**

Contract Type/Amount:      Lump Sum \$15,000

Previous Billings: \$6000      Current: 45% complete      Est. Billing: \$750

Project Effort Last Month

Ongoing update of model according to 2008 usage data, area by area and according to customer class. Continued calibration process and comparison to field operation data. Continued revisions to daily peak demand curves according to customer category: residential, school, commercial, wholesale, etc.

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**General Consulting      Tt Project Number 11521-09003    Task 1**

Contract Type/Amount:      Cost Plus not to exceed \$20,000

2009 Billings: \$3200      Estimated Monthly Billing: \$700

Project Effort Last Month

- Monthly review of SCADA results of system operation, continue tracking of pump performance and refill cycle of new tank, effect of new system capacity, and possibility of leak in tank service area. 2hrs
  - Anesko property in Sulphur: determined pressure range at elevation of proposed residence which is 100' higher than meter box location. Used field data from 7 day test in PRV-controlled pressure zone in Sulphur. Discussed options and range of pressures to provide service. 2 hrs
  - Evaluated pattern of lower run times at 157 pump station, possible causes, effect on Pleasureville suction pressures and refill rate to new tank. Possible benefit and downside of coordinating 157 & Pvl boosters into tandem operating cycle. 3 hrs
  - Miscellaneous questions & issues: 1 hr
-



Henry County Water District #2  
 Profit & Loss  
 December 2007

	<u>Dec 07</u>
Ordinary Income/Expense	
Income	
419 Interest	
Bond & Interest	475 27
Cust Line Ext Escrow	8 41
Depreciation Acct	98 09
Impact Chg Escrow	104 75
Improvement Proj Acct	<del>9,309.07</del>
Operations Acct Interest	75 80
Revenue Acct. Interest	435 11
	<hr/>
Total 419 Interest	10,50
461-11 Metered Sales-Henry	161,98
461-12 Metered Sales-Trimble	25,60
461-13 Metered Sales-Carroll	98
461-14 Metered Sales-Oldham	7,23
461-18 Metered Sales- Eminence	4,31
461-19 Metered Sales-Shelby	8,00
461-2 Metered Sales-Wholsale	31,45
470 Penalties/ Late Charges	5,37
471-1 Connections & Transfers	3,10
	<hr/>
Total Income	258,58
Expense	
408-12 Payroll Taxes Employer	3,45
471 Bank Charges for Returned C	5
601-1 Employee Salaries	48,54
603-8 Commissioners Per Diem	2,47
604-1 Employee Benefits	25
604-1 Medical	18,64
604-1 Retirement Employee	3,67
609 Depreciation Expenses	66,50
615-1 Electric, Distribution	27,89
615-1A Electric, Office	46
615-3 Water, Office	2
615-4 Sewer, Office	3
615-5 Garbage, Office	6
615-6 Garbage, Plant	4
618-1 Chemicals	6,38
618-2 Plant Supplies	89
620-2 Service Department Suppli	11,93
620-7 Office Supplies	
ACH FEE	97 90
Postage	1,400 00
620-7 Office Supplies - Other	73 52
	<hr/>
Total 620-7 Office Supplies	1,571
620-8 Office Supplies, Office	61
627-1 Int 2001 Issue	13,16
627-5 Int On H&L 1998 Issue	26,00
628 Amortization of Debt Disc	511
631-3 Cont Serv-Accounting Fees	48
631-4 Contr Serv Office	
Office Copier	35 88
Rugs	90 60
	<hr/>
Total 631-4 Contr Serv Office	12

99.74

Henry County Water District #2  
 Profit & Loss  
 December 2007

9209.33

Dec 07

Ordinary Income/Expense	
Income	
419 Interest	
Bond & Interest	475 27
Cust Line Ext Escrow	8 41
Depreciation Acct	98 09
Impact Chg Escrow	104 75
Improvement Proj Acct	94.74 <del>9,309.07</del>
Operations Acct Interest	75 80
Revenue Acct. Interest	435 11
	<hr/>
Total 419 Interest	10,506 50
461-11 Metered Sales-Henry	161,989 90
461-12 Metered Sales-Trimble	25,608 75
461-13 Metered Sales-Carroll	988 17
461-14 Metered Sales-Oldham	7,236 55
461-18 Metered Sales- Eminence	4,311 47
461-19 Metered Sales-Shelby	8,007 09
461-2 Metered Sales-Wholsale	31,457 05
470 Penalties/ Late Charges	5,375 17
471-1 Connections & Transfers	3,106 92
	<hr/>
Total Income	258,587 57
Expense	
408-12 Payroll Taxes Employer	3,458 12
471 Bank Charges for Returned C	51 00
601-1 Employee Salaries	48,546 81
603-8 Commissioners Per Diem	2,475 00
604-1 Employee Benefits	256 40
604-1 Medical	18,648 94
604-1 Retirement Employee	3,675 88
609 Depreciation Expenses	66,500 00
615-1 Electric, Distribution	27,896 65
615-1A Electric, Office	466 45
615-3 Water, Office	26 55
615-4 Sewer, Office	35 09
615-5 Garbage, Office	66 14
615-6 Garbage, Plant	49 96
618-1 Chemicals	6,388 29
618-2 Plant Supplies	890 00
620-2 Service Department Suppli	11,939 16
620-7 Office Supplies	
ACH FEE	97 90
Postage	1,400 00
620-7 Office Supplies - Other	73 52
	<hr/>
Total 620-7 Office Supplies	1,571 42
620-8 Office Supplies, Office	616 55
627-1 Int 2001 Issue	13,169 80
627-5 Int On H&L 1998 Issue	26,000 00
628 Amortization of Debt Disc	511 42
631-3 Cont Serv-Accounting Fees	485 00
631-4 Contr Serv Office	
Office Copier	35 88
Rugs	90 60
	<hr/>
Total 631-4 Contr Serv Office	126 48

Interest on CD moving Revenue

2:51 PM  
01/04/08  
Accrual Basis

Henry County Water District #2  
Profit & Loss  
December 2007

	Dec 07
631-8 Engineering	9,040 00
633-8 Legal	169 00
634-2 Cont Serv- Meter Readings	8,043 88
634-3 Contract Serv MGT MAINT	246 46
636 Contractual Services	310 70
650-5 Bkhoe & Trk Fuel	2,580 40
650-8 Mileage	2,230 53
656-1 Insur Vehicle/Operation	969 58
656-8 Bonds	671 71
657-1 General Insurance	2,572 57
657-2 Insurance Gen liab/maint	889 66
658-1 Insur Wkmns Comp/Operatio	976 00
675-3 Water Analysis	1,190 00
675-4 Repairs Equipment	1,271 65
675-5 Repairs Building	
Plant & Well Field Repairs	1,615 01
Total 675-5 Repairs Building	1,615 01
675-7 Utilities-Telephone	
Cellular Phones	719 61
Land Lines	962 67
Online Services	99 95
Pagers	87 91
Total 675-7 Utilities-Telephone	1,870 14
675-8 Dues & Subscriptions	128 92
675-9 Reprs, Serv. Dept. Equipi	1,006 67
Total Expense	269,633 99
Net Ordinary Income	-11,046 42
Net Income	<del>-11,046 42</del> -1757.35

Henry County Water District #2  
 Balance Sheet  
 As of January 4, 2007

Jan 4, 07

<u>ASSETS</u>	
<u>Current Assets</u>	
Checking/Savings	
131-14 Cust Line Ext Escrow	1,576 15
131-15 Cust Contribution Refund	3,404 22
131-17 Impact Charge Escrow	94,188 69
131-2 Revenue Account	85,644 35
131-3 Operations Account	84,998 27
131-4 Bond & Interest Account	593,559 92
131-5 Depreciation Account	20,341 83
131-6 Escrow Account	55 69
131-7 Improvement Proj Account	140,908 26
Total Checking/Savings	1,024,677 38
Accounts Receivable	
141-1 Accts Rec Returned Checks	1,573 30
141 Accounts Receivable	224,721 83
142 Other Accounts Receivable	144,761 25
Total Accounts Receivable	371,056 38
Other Current Assets	
105 Work In Progress	547,067 05
131-1 Cash on Hand	500 00
132 Special Deposits	50,000 00
135-1 Temp Cash Investment Sink	1,030,228 75
135-2 Temp Cash Invst Depr Fd	285,000 00
135 Temporary Cash Investments	525,000 00
141-1 Accts Rec--returned check	-16 48
143 Accum Prov for Uncoll Acct	-19,578 00
151 Plant Material & Supplies	75,120 70
162-1 Prepaid Insurance	6,899 31
162-2 Prepaid Maintenance	4,444 18
171 Accrued Interest Receivable	14,911 31
Total Other Current Assets	2,519,576 82
<b>Total Current Assets</b>	<b>3,915,310 58</b>
Fixed Assets	
108-1 Accu Depr/Office Equip	-144,807 79
108-2 Accu Depr/Serv Equip	-158,317 93
108-3 Accu Depr/New Building	-141,530 17
108-4 Accrued Dep/Meters	-1,378,182 39
108-5 Accu Depr/Shop Equip	-30,859 79
108-6 Accu Depr/Power Equipment	-190,910 24
108-7 Accu Depr/Water Treatment	-24,313 02
108 Accu Depr/strts & Inprov	-7,654,633 89
303 Land & Land Rights	174,617 25
304-1 New Building	304,953 09
304 System Betterment	21,225,435 11
320 Water Treatment Equipment	65,918 34
334-4 Meter & Meter Inst- T&D	1,805,469 99
340 Office Furniture & Equip	183,906 08
343 Tools, Shop & Garage Equip	34,006 46
345 Power Operated Equipment	289,098 00
347 Service Equipment	268,150 31
Total Fixed Assets	14,627,999 41
<b>TOTAL ASSETS</b>	<b>18,543,309.99</b>
<u>LIABILITIES &amp; EQUITY</u>	
Liabilities	
Current Liabilities	
Accounts Payable	
231 Accounts Payable	48,912 10
Total Accounts Payable	48,912 10

2:56 PM  
01/04/08  
Accrual Basis

Henry County Water District #2  
Balance Sheet  
As of January 4, 2007

	Jan 4, 07
Other Current Liabilities	
231-2 Construction Ret payable	47,722 70
235 Customer Deposits	102,265 04
236-2 Retirement Payable	9,260 89
237-3 Accrued Interest-Cust Dep	813 20
241-1 Social Security Payment	9 37
241-10 Medicare Payment	2 19
241-11 KY State Retirement Emp	0 12
241-3 KY State Withholding	3,214 13
241-4 Ky Sales Tax	530 73
241-5 Henry School Tax	-450 46
242-1 Accrued Payroll Taxes	1,319 25
242-2 Accrued Wages	24,613 69
242 Accured Vacation	21,502 23
<b>Total Other Current Liabilities</b>	<u>210,803 08</u>
<b>Total Current Liabilities</b>	259,715 18
Long Term Liabilities	
181-1 Unamortized Debt 2003 SER	-80,361 16
181 Amortized Debt Disc	-176,800 00
221-10 Regions Mgn Keg 2006	200,000 00
221-6 KRWFC 5th-3rd 2003	2,749,000 00
221-8 H&L 1998 Bond Issue	6,750,000 00
221-9 KRWFC 5th-3rd 2001 issue	707,000 00
224-1 SRECC No Int Loan	13,256 00
<b>Total Long Term Liabilities</b>	<u>10,162,094 84</u>
<b>Total Liabilities</b>	10,421,810 02
Equity	
214 Approp Retained Earnings	112,000 00
215-1 R/E from income bf cont	1,939,283 87
215-2 Donated cap-cont in aid	1,187,864 73
215-3 Donated cap-tap on fees	1,682,542 85
215-4 Donated Cap- Grants	3,147,406 00
215 Unapporp Retained Earnings	150,928 35
Retained Earnings	-87,254 63
Net Income	-11,271 20
<b>Total Equity</b>	<u>8,121,499 97</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>18,543,309.99</u></u>

*Payment 2/10/08*

*Bank & Interest?*

Account Balances

	Amount
<b>Revenue Account</b>	
Beginning Balance	\$506,358.96
Deposits (Payments)	\$258,795.67
Dpst & Int Applied to Accts	-\$1,791.77
Interest on Account	\$190.88
Charges for Retured Checks	-\$51.00
ACH Fee (bank Drafts)	-\$97.90
Transferred to Operations	-\$150,000.00
Transferred to Line Improvement Acct.	\$0.00
Transferred to Depreciation Acct	-\$160,000.00
Transferred to Escrow	-\$2,199.34
(deposits applied to accounts)	
Returned Checks	-\$1,286.39
Misc. Payments	
Credit Card Machine Charges	-\$310.70
<b>Ending Balance</b>	<b>\$451,416.89</b>
<b>Operations Account</b>	
Beginning Balance	\$135,037.31
Interest on Account	\$75.80
Transferred from Revenue	\$150,000.00
Misc. Deposits	
Operating Expenses	-\$165,952.69
Ending Balance	\$119,160.42
<b>Bond &amp; Interest Account</b>	
Beginning Balance	\$591,470.08
Interest on Account	\$475.27
Transferred from Revenue	
Transferred to Line Improvement Acct.	\$0.00
Loan Payments	\$386,486.47
Ending Balance	\$205,458.88
<b>Escrow Account</b>	
Beginning Balance	\$53.39
Transferred from Revenue	\$2,200.00
Deposit & Interest Tranferred to Revenue	-\$2,199.34
Ending Balance	\$54.05
<b>Depreciation Account</b>	
Beginning Balance	\$45,775.54
Transferred from Revenue	\$160,000.00
Interest on Account	\$98.09
Expenses	\$0.00
Ending Balance	\$205,873.63
<b>Inpact Charge Escrow Account</b>	
Beginning Balance	\$155,106.93
Inpact Fees Paid	\$0.00
Interest on Account	\$104.75
Ending Balance	\$155,211.68
<b>Improvement Projects Account</b>	
Beginning Balance	\$204,776.35
Interest on Account	\$99.74
Deposits	\$9,209.33
Paid Improvements	\$0.00
Transferred From Bond & Interest	\$0.00
Invested	0
Ending Balance	\$214,085.42
<b>Escrow - Customer Line Extensions Account</b>	
Beginning Balance	\$13,142.72
New Extensions	\$0.00
Interest on Account	\$6.27
Customer Contributions to Revenue	\$0.00
Ending Balance	\$13,148.99
<b>Customer Refund Account</b>	
Beginning Balance	\$4,305.34
Refunds Paid In	\$0.00
Refunds from last month's payments	\$0.00
Ending Balance	\$4,305.34

R/S

Sign Payments Per

Computers & Backhoe

W

3334.00 Don't Forget

HENRY COUNTY WATER DISTRICT NO 2  
CERTIFICATES OF DEPOSIT

		Active CD'S							
Issued Date:	Account	Term	Amount	C. D. #	Bank	Rate	Maturity Date		
	Cannot Move								
11/16/04	Bond & Interest	60 mo	\$50,000.00	221796	PBI Bank	4.90	11/16/2009		
06/22/07	Bond & Interest	12 mo	\$165,000.00	222945552	PBI Bank	5.30	6/22/2008		
04/02/07	Bond & Interest	12 mo	\$200,000.00	28553	Bedford Loan & Dep	5.50	4/2/2008		
06/22/07	Bond & Interest	12mo	\$100,000.00	222945542	PBI Bank	5.30	6/22/2008		
01/14/07	Depreciation	12mo	\$65,000.00	222950252	PBI Bank	5.54	1/14/2008		
10/22/07	Depreciation	12 mo	\$100,000.00	17901	Farmers of Milton	5.15	10/22/2008	Went to POC 2/21/09	
05/30/05	Depreciation	60 mo	\$100,000.00	22498	Farmers of Milton	4.75	5/30/2010		
11/11/04	Depreciation	60 mo	\$20,000.00	221795	PBI Bank	4.90	11/11/2009		
11/04/98	1998 Bond Issue	120 mo.	\$300,000.00	19019	Farmers of Milton	5.52	1/1/2009		
11/04/98	1998 Bond Issue	122 mo.	\$225,228.75	29273	PBI Bank	5.45	1/1/2009		
			\$1,325,228.75						
08/17/07	Revenue	6 mth	\$100,000.00	34327	United Citizens	5.25	2/17/2008	✓	
03/02/07	System Improvements	12 mo	\$100,000.00	34129	United Citizens	5.50	3/2/2008	✓	
04/12/07	System Improvements	12 mo	\$100,000.00	34139	United Citizens	5.50	4/12/2008	✓	
10/30/07	System Improvements	12mo	\$325,000.00	222949152	PBI Bank	5.16	10/30/2008		
12/14/07	System Improvements	6 mo	\$350,000.00	3437	PBI Bank	5.00	6/13/2008	transferred to CD #3437	
08/28/07	Plant & Well Field Repair	6 mo	\$75,000.00	34330	United Citizens	5.50	2/28/2008		
			\$2,375,228.75						

HENRY COUNTY WATER DISTRICT NO. 2  
BOARD MEETING AGENDA

January 8, 2008

Guests:

Reading of Minutes & Approval of Income Statement & Balance Sheet  
Minutes from December 11, 2007 Meeting  
Account Balances, Operation Expenses, Revenue Income

Report from Engineers:

Report from Attorney:

Report from Accountant:

Report from Superintendent, Chief Operating Officer & Treatment Plant Manager:

Report from any Commissioners:

New Business:

1. Backhoe Bids
- 2.

Old Business:

1. PSC Order on OIC
2. Smith Trial Update



The minutes of the meeting of the Board of the Water District Commissioners of the Henry County Water District No. Two held at the District's office at the hour of 7:00 p.m., on December 11, 2007.

Those in attendance are shown by the attached attendance sheet.

The minutes for the November 13, 2007, meeting had been previously sent to the Commissioners for their review. A motion was made to approve the minutes by Commissioner Jennings, seconded by Commissioner Hawkins and passed. A copy of the monthly financial report had been previously sent to the Commissioners for their review. A copy of that report is attached hereto and made a part hereof.

The Chief Operating Officer James Simpson advised that the loss reflected on the aforesaid financial report was due to two (2) separate bond payments being made in the previous month.

The Chief Operating Officer then presented the monthly engineering report. A copy of the report is attached hereto and made a part hereof. He further advised that the District's engineer was updating the system map that hangs on the wall in the District's conference room and the new map will be a color map this updating is required by Public Service Commission regulations and there would be expense to the District for this service.

The District's accountant Dennis Raisor was not present.

The District's attorney D. Berry Baxter advised the Commissioners that he had forwarded a letter to the attorney representing the Pearson's relative to the litigation with Tim Smith in an effort to settle said litigation. As of the date of the District's meeting, no response to that letter had been received and he would keep the Commissioners advised.

The District's superintendent Barry Woods reviewed the monthly loss report and the monthly service report with the Commissioners. He further presented the reports of the various distribution crews and advised the Commissioners that they had engaged in usual and customary work in the previous month including clean up, adding to the GPS locate system and repairing vaults. Mr. Woods further advised that the Henry County High School is in the process of being renovated and that it has been necessary for the District to relocate some of the line in front of and around the high school to accommodate that renovation. District personnel have been working with the high school in order to accomplish this work. Mr. Wood's also advised that there had been a twelve (12) inch leak on Morton Ridge Road that had been repaired in the previous month. Mr. Wood's continued his report by advising the Commissioner's that there had been issues with pressure on the new line located at Pattons Creek and Organ Creek. Regulators had been placed on the lines, but as a result, there have been other issues involving leaks which have resulted in customers being out of water. One of the "customers" had complained about having no water was Tim Smith. This provided some confusion for office personnel who were unable to locate Mr. Smith in the system since he had illegally tapped on to the District's line.

The Chief Operating Officer presented his monthly report and advised the Commissioners concerning the following:

1. There was a problem with the high service pumps at the Treatment Plant involving a bearing and he had retained the service of Jim Donaldson to assist in fixing that problem.

2. He has been advised that apparently there is a shortage in fluoride and this will result in a substantial price increase in the near future. He was able to purchase an extra amount to stock pile same before the price increase in an effort to save the District some expense as a result.

3. The two (2) new employees at the Treatment Plant are in the process of being certified in meter testing.

4. He advised the Commissioners that it would be necessary to acid wash the filters in the near future in order to remove manganese buildup.

5. As of the date of the meeting, there was no decision from the Public Service Commission concerning the District's Offsetting Improvement Charge Tariff.

6. He had secured a commitment from Shelby RECC to lend the District \$200,000.00 to be used for the new tank construction in Pleasureville at an interest rate of two percent (2%) per annum. Additional paperwork would be received from Shelby RECC in the near future concerning this loan. The District had also received a check in the approximate amount of \$3,700 for profit sharing from Shelby RECC.

7. The Chief Operating Officer had added language to the tariff regarding the provision of free service to the fire departments for training and emergency purposes pursuant to recommended language additions required by the Public Service Commission and he asked the Board to approve the new tariff language. A motion was made by Commissioner Jones, seconded by Commissioner Richardson, and passed to approve these modifications to the District's tariff.

8. He advised the Commissioners that the Pleasureville tank project had been moved to the front burner and he had given direction to the District's engineer to proceed with this project as quickly as possible.

There being no further business to come before the Board, a motion to adjourn was made by Commissioner St. Clair, seconded by Commissioner Barrickman, and passed that the meeting be adjourned.

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CHAIRMAN

ATTEST:

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SECRETARY

HENRY COUNTY WATER DISTRICT NO. 2  
BOARD MEETING AGENDA

February 12, 2008

Guests:

Reading of Minutes & Approval of Income Statement & Balance Sheet  
Minutes from January 8, 2007 Meeting  
Account Balances, Operation Expenses, Revenue Income

Report from Engineers:

Report from Attorney:

Report from Accountant:

Report from Superintendent, Chief Operating Officer & Treatment Plant Manager:

Report from any Commissioners:

New Business:

1. Backhoe Bids
2. Filter Repair at Treatment Plant

Old Business:

1. PSC Order on OIC
2. Smith Trial Update

Henry County Water District #2  
 Profit & Loss  
 January 2008

	Jan 08
Ordinary Income/Expense	
Income	
419 Interest	
Bond & Interest	197.81
Cust Line Ext Escrow	6.70
Depreciation Acct	104.91
Impact Chg Escrow	112.92
Improvement Proj Acct	110.63
Operations Acct Interest	69.44
Revenue Acct. Interest	243.92
419 Interest - Other	11,980.79
Total 419 Interest	12,827.12
432-1 Tap on Fees	3,450.00
432 Impact Fee	2,850.00
461-11 Metered Sales-Henry	167,052.52
461-12 Metered Sales-Trimble	27,257.38
461-13 Metered Sales-Carroll	1,015.56
461-14 Metered Sales-Oldham	6,587.01
461-18 Metered Sales- Eminence	4,140.68
461-19 Metered Sales-Shelby	8,849.25
461-2 Metered Sales-Wholesale	17,369.20
470 Penalties/ Late Charges	5,926.14
471-1 Connections & Transfers	1,575.00
471-3 Other Income	3,923.09
471 Miscellaneous Service Chrg	888.00
Total Income	263,710.95
Expense	
408-12 Payroll Taxes Employer	3,731.26
471-Credit Card Service Charges	-269.63
471 Bank Charges for Returned C	87.00
601-1 Employee Salaries	61,215.93
603-8 Commissioners Per Diem	2,250.00
604-1 Employee Benefits	1,016.38
604-1 Retirement Employee	5,514.16
609 Depreciation Expenses	66,500.00
615-1 Electric, Distribution	23,900.19
615-2 Gas, Office	701.69
615-3 Water, Office	30.69
615-4 Sewer, Office	42.46
615-6 Garbage, Plant	68.45
620-1 Materials & Supplies	20.57
620-2 Service Department Suppli	10,716.54
620-7 Office Supplies	
ACH FEE	98.20
Postage	1,400.00
620-7 Office Supplies - Other	229.17
Total 620-7 Office Supplies	1,727.37
620-8 Office Supplies, Office	300.18
620-9 Office Supplies-Plant	128.43
627-1 Int 2001 Issue	13,184.14
627-5 Int On H&L 1998 Issue	26,000.00
627-6 Int KRWFC Series 2006 B	40,177.69
628 Amortization of Debt Disc	511.42
631-1 Contr Serv Mowing	720.00
631-4 Contr Serv Office	
Rugs	90.60
631-4 Contr Serv Office - Other	1,165.00
Total 631-4 Contr Serv Office	1,255.60

Henry County Water District #2  
Profit & Loss  
January 2008

	Jan 08
631-8 Engineering	6,380.00
633-8 Legal	8,128.00
634-2 Cont Serv- Meter Readings	8,037.39
634-3 Contract Serv MGT MAINT	246.46
636 Contractual Services	539.78
650-5 Bkhoe & Trk Fuel	1,730.28
650-8 Mileage	1,772.20
656-1 Insur Vehicle/Operation	969.58
656-8 Bonds	671.71
657-1 General Insurance	2,572.57
657-2 Insurance Gen liab/maint	889.66
658-1 Insur Wkmns Comp/Operatio	2,034.00
660-8 Advertising Expense	566.72
667-1 School & Related Expenses	125.00
675-2 Miscellaneous Exp.	875.65
675-3 Water Analysis	920.00
675-4 Repairs Equipment	528.17
675-5 Repairs Building	
Plant & Well Field Repairs	2,255.00
Total 675-5 Repairs Building	2,255.00
675-6 Repairs Other	480.00
675-7 Utilities-Telephone	
Cellular Phones	651.71
Land Lines	472.07
Online Services	99.95
Pagers	30.53
Total 675-7 Utilities-Telephone	1,254.26
675-8 Dues & Subscriptions	293.92
675-9 Reprs, Serv. Dept. Equipi	100.00
Total Expense	300,900.87
Net Ordinary Income	-37,189.92
Net Income	-37,189.92

**Henry County Water District #2**  
**Balance Sheet**  
 As of January 31, 2008

	Jan 31, 08
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
131-14 Cust Line Ext Escrow	13,155.69
131-15 Cust Contribution Refund	4,305.34
131-17 Impact Charge Escrow	158,174.60
131-2 Revenue Account	508,351.20
131-3 Operations Account	20,682.17
131-4 Bond & Interest Account	237,429.51
131-5 Depreciation Account	205,978.54
131-6 Escrow Account	54.28
131-7 Improvement Proj Account	220,864.05
<b>Total Checking/Savings</b>	<b>1,368,995.38</b>
Accounts Receivable	
141-1 Accts Rec Returned Checks	1,573.30
141 Accounts Receivable	274,148.86
142 Other Accounts Receivable	144,761.25
<b>Total Accounts Receivable</b>	<b>420,483.41</b>
Other Current Assets	
105 Work In Progress	561,615.32
131-1 Cash on Hand	500.00
132 Special Deposits	50,000.00
135-1 Temp Cash Investment Sink	1,030,228.75
135-2 Temp Cash Invst Depr Fd	285,000.00
135 Temporary Cash Investments	1,010,000.00
141-1 Accts Rec--returned check	-12,346.32
143 Accum Prov for Uncoll Acct	-19,578.00
151 Plant Material & Supplies	75,120.70
162-1 Prepaid Insurance	2,585.96
162-2 Prepaid Maintenance	-435.76
171 Accrued Interest Receivable	14,911.31
<b>Total Other Current Assets</b>	<b>2,997,601.96</b>
<b>Total Current Assets</b>	<b>4,787,080.75</b>
<b>Fixed Assets</b>	
108-1 Accu Depr/Office Equip	-153,576.29
108-2 Accu Depr/Serv Equip	-184,317.93
108-3 Accu Depr/New Building	-154,959.04
108-4 Accrued Dep/Meters	-1,469,488.15
108-5 Accu Depr/Shop Equip	-33,500.87
108-6 Accu Depr/Power Equipment	-202,585.28
108-7 Accu Depr/Water Treatment	-48,473.26
108 Accu Depr/strts & Inprov	-8,341,154.40
303 Land & Land Rights	174,617.25
304-1 New Building	304,953.09
304 System Betterment	21,501,217.04
320 Water Treatment Equipment	65,918.34
334-4 Meter & Meter Inst- T&D	1,805,469.99
340 Office Furniture & Equip	186,728.84
343 Tools, Shop & Garage Equip	65,445.34
345 Power Operated Equipment	289,098.00
347 Service Equipment	268,150.31
<b>Total Fixed Assets</b>	<b>14,073,542.98</b>
<b>TOTAL ASSETS</b>	<b>18,860,623.73</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
231 Accounts Payable	48,912.10
<b>Total Accounts Payable</b>	<b>48,912.10</b>

**Henry County Water District #2**  
**Balance Sheet**  
 As of January 31, 2008

	Jan 31, 08
Credit Cards	
Chase-VISA	256.61
<b>Total Credit Cards</b>	<b>256.61</b>
Other Current Liabilities	
231-2 Construction Ret payable	47,722.70
235 Customer Deposits	104,105.33
236-2 Retirement Payable	9,260.89
237-3 Accrued Interest-Cust Dep	735.82
237-4 Accrued Interest-98 Issue	179,100.00
241-1 Social Security Payment	-6,083.23
241-10 Medicare Payment	-1,366.89
241-11 KY State Retirement Emp	-26,503.66
241-12 Other Withholding	-1,218.72
241-13 Eminence School Tax	5,706.06
241-2 Federal Withholding	489.40
241-3 KY State Withholding	4,605.53
241-4 Ky Sales Tax	-1,547.09
241-5 Henry School Tax	3,923.00
241-6 Trimble School Tax	1,377.88
241-7 Carroll School Tax	-28.30
241-8 Oldham School Tax	313.96
241-9 Shelby School Tax	413.09
242-1 Accrued Payroll Taxes	1,319.25
242-2 Accrued Wages	24,613.69
242 Accrued Vacation	21,502.23
Payroll Liabilities	1,283.79
<b>Total Other Current Liabilities</b>	<b>369,724.73</b>
<b>Total Current Liabilities</b>	<b>418,893.44</b>
Long Term Liabilities	
181-1 Unamortized Debt 2003 SER	-78,782.70
181 Amortized Debt Disc	-171,730.00
221-10 Regions Mgn Keg 2006	514,000.00
221-6 KRWFC 5th-3rd 2003	2,682,043.73
221-8 H&L 1998 Bond Issue	6,591,100.00
221-9 KRWFC 5th-3rd 2001 issue	651,833.33
<b>Total Long Term Liabilities</b>	<b>10,188,464.36</b>
<b>Total Liabilities</b>	<b>10,607,357.80</b>
Equity	
214 Approp Retained Earnings	112,000.00
215-1 R/E from income bf cont	1,939,283.87
215-2 Donated cap-cont in aid	1,187,864.73
215-3 Donated cap-tap on fees	1,682,542.85
215-4 Donated Cap- Grants	3,147,406.00
215 Unapporp Retained Earnings	150,928.35
Opening Bal Equity	-72.26
Retained Earnings	71,312.45
Net Income	-38,000.06
<b>Total Equity</b>	<b>8,253,265.93</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>18,860,623.73</b>

## Account Balances

Amount

<b>Revenue Account</b>	
Beginning Balance	\$451,416 89
Deposits (Payments)	\$269,221 47
Dpst & Int Applied to Accts	\$1,791 77
Interest on Account	\$243 92
Charges for Retured Checks	-\$87 00
ACH Fee (bank Drafts)	-\$98 20
Transferred to Operations	-\$150,000 00
Transferred to Depreciation Acct	-\$61,000 00
Transferred to Escrow	-\$1,792 00
(deposits applied to accounts)	
Returned Checks	-\$2,037 77
Misc. Payments	
Credit Card Machine Charges	-\$274 78
Bank Correction on Deposit	-\$0 90
Ending Balance	\$507,383 40
<b>Operations Account</b>	
Beginning Balance	\$119,160 42
Interest on Account	\$69 44
Transferred from Revenue	\$150,000 00
Misc. Deposits	
Operating Expenses	-\$236,510 64
Ending Balance	\$32,719 22
<b>Bond &amp; Interest Account</b>	
Beginning Balance	\$205,458 88
Interest on Account	\$197 81
Transferred from Revenue	\$61,000 00
Transferred to Line Improvement Acct.	-\$3,334 00
Loan Payments	-\$22,557 04
Ending Balance	\$240,765 65
<b>Escrow Account</b>	
Beginning Balance	\$54 05
Transferred from Revenue	\$1,792 00
Deposit & Interest Tranferred to Revenue	-\$1,791 77
Ending Balance	\$54 28
<b>Depreciation Account</b>	
Beginning Balance	\$205,873 63
Transferred from Revenue	
Interest on Account	\$104 91
Expenses	\$0 00
Ending Balance	\$205,978 54
<b>Inpact Charge Escrow Account</b>	
Beginning Balance	\$155,211 68
Inpact Fees Paid	\$2,850 00
Interest on Account	\$112 92
Ending Balance	\$158,174 60
<b>Improvement Projects Account</b>	
Beginning Balance	\$214,085 42
Interest on Account	\$110 63
Deposits	\$0 00
Paid Improvements	\$0 00
Transferred From Bond & Interest	\$3,334 00
Invested	0
Ending Balance	\$217,530 05
<b>Escrow - Customer Line Extensions Account</b>	
Beginning Balance	\$13,148 99
New Extensions	\$0 00
Interest on Account	\$6 70
Customer Contributions to Revenue	\$0 00
Ending Balance	\$13,155 69
<b>Customer Refund Account</b>	
Beginning Balance	\$4,305 34
Refunds Paid In	\$0 00
Refunds from last month's payments	\$0 00
Ending Balance	\$4,305 34



HENRY COUNTY WATER DISTRICT NO. 2  
CERTIFICATES OF DEPOSIT

								Active CD'S	
Issued Date	Account	Term	Amount	C. D. #	Bank	Rate	Maturity Date		
	Cannot Move								
11/16/04	Bond & Interest	60 mo	\$50,000.00	221796	PBI Bank	4.90	11/16/2009	Interest credited Quarterly	
06/22/07	Bond & Interest	12 mo	\$165,000.00	222945552	PBI Bank	5.30	6/22/2008	Interest credited Quarterly	
04/02/07	Bond & Interest	12 mo	\$200,000.00	28553	Bedford Loan & Dep	5.50	4/2/2008	Transferred from CD # 38978-Interest credited Semi-Ann	
06/22/07	Bond & Interest	12mo	\$100,000.00	222945542	PBI Bank	5.30	6/22/2008	Interest credited Quarterly	
10/22/07	Depreciation	12 mo	\$100,000.00	17901	Farmers of Milton	5.15	10/22/2008	Interest credited Quarterly	
05/30/05	Depreciation	60 mo	\$100,000.00	22498	Farmers of Milton	4.75	5/30/2010	Interest credited Quarterly	
11/11/04	Depreciation	60 mo	\$85,000.00	221795	PBI Bank	4.90	11/11/2009	combined CD 221795 & 220448 for 1 CD for \$85,000.00	
11/04/98	1998 Bond Issue	120 mo.	\$300,000.00	19019	Farmers of Milton	5.52	1/1/2009		
11/04/98	1998 Bond Issue	122 mo.	\$225,228.75	29273	PBI Bank	5.45	1/1/2009	Interest credited Semi-Annually	
			\$1,325,228.75						
08/17/07	Revenue	6 mth	\$100,000.00	34327	United Citizens	5.25	2/17/2008	Interest is Credited Quarterly	
03/02/07	System Improvements	12 mo	\$100,000.00	34129	United Citizens	5.50	3/2/2008	Interest is Credited Quarterly	
04/12/07	System Improvements	12 mo	\$100,000.00	34139	United Citizens	5.50	4/12/2008	Transferred from CD # 38996-Interest is credited Quarterly	
10/30/07	System Improvements	12mo	\$325,000.00	222949152	PBI Bank	5.16	10/30/2008	Interest is Credited Quarterly	
12/14/07	System Improvements	6 mo	\$350,000.00	3537	Farmers Deposit Bank	5.00	6/13/2008	Transferred from CD # 24729	
08/28/07	Plant & Well Field Repair	6 mo	\$75,000.00	34330	United Citizens	5.50	2/28/2008	Interest is Credited Quarterly	
			\$2,375,228.75						

Monthly Service Report

JAN, 2008

• New Meter Tap-ons	<u>2</u>
• Connections & Transfers	<u>40</u>
• Disconnects	<u>18</u>
• Delinquent Accounts	<u>104</u>
• Meter Changes	<u>18</u>
• Service Calls/Complaints	<u>105</u>
• Line Locates	<u>7</u>
• Leak Repairs	<u>16</u>
• Customers Billed	<u>6,268</u>

HENRY COUNTY WATER DISTRICT NO. 2  
BOARD MEETING AGENDA

March 07, 2008

Feb  
-

Guests:

Reading of Minutes & Approval of Income Statement & Balance Sheet  
Minutes from Febuary 12, 2008 Meeting  
Account Balances, Operation Expenses, Revenue Income

Report from Engineers:

Report from Attorney:

Report from Accountant:

Report from Superintendent, Chief Operating Officer & Treatment Plant Manager:

Report from any Commissioners:

New Business:

1. Filter Repair at Treatment Plant

Old Business:

1. PSC Order on OIC
2. Smith Trial Update

The minutes of the meeting of the Board of the Water District Commissioners of the Henry County Water District No. Two held at the District's office at the hour of 7:00 p.m., on February 12, 2008.

Those in attendance are shown by the attached attendance sheet.

The minutes for the January 8, 2008, meeting had been previously sent to the Commissioners for their review. A motion was made to approve the minutes by Commissioner Hawkins, seconded by Commissioner Clark and passed. A copy of the monthly financial report had been previously sent to the Commissioners for their review. A copy of that report is attached hereto and made a part hereof.

The Chief Operating Officer commented that the loss reflected with regard to the monthly financial report on line 627-6 is a result of paying refinancing costs relative to the recent \$500,000 loan. The District paid the costs and other charges associated with the transaction to make the loan amount an even \$500,000.

No one was present from the District's engineering firm Tetra Tech and the Chief Operating Officer presented their monthly engineering report, a copy of which is attached hereto and made a part hereof.

The Chief Operating Officer specifically discussed the bidding process for the Pleasureville Tank an estimated bid opening would occur on March 5<sup>th</sup>, 2008.

The District's attorney, D. Berry Baxter, advised the Commissioners that he had received a letter from the attorney representing the Pearson's with regard to the HCWD #2 vs. Smith, et al. This letter was apparently in response to a letter sent by the District's counsel in November of 2007 and was an effort to otherwise respond to a proposed settlement in the case. The District's attorney would continue to try to resolve the case along the lines and pursuant to the instructions previously received from the Board.

The District's superintendent Barry Woods presented his monthly service report as follows:

1. The crews had engaged in general maintenance during the previous month including walking lines and making leak repairs.
2. The District, pursuant to the Commissioners authorization, had purchased the Case backhoe which was anticipated to be delivered in the next three to four weeks.
3. The District continued to cooperate with the contractor and the Henry County School System with regard to the project at the Henry County High School. He estimated that the contractor was approximately ninety percent (90%) finished with the project and the District has tested and tied in the new lines which were installed. In addition, during the course of this project, the District installed a new valve behind the school which would aid District personnel with providing service to surrounding areas.

4. During the previous month there had been a ten inch leak on Sulphur Road and a couple of weeks on eight inch lines, all of which have been prepared.

5. In addition, District personnel had discovered a leak at the Plant that had traveled under the Morton Ridge Road. Apparently a service line running under some blacktop at the Plant had sprung a leak and the District made a repair after cutting the blacktop.

6. The Superintendent advised that the high service pump #3 has been rebuilt and should be back online soon.

A discussion concerning the Treatment Plant and Treatment Plant personnel then followed and an inquiry was made by Commissioner Hawkins as to whether the Plant supervisor was going to begin attending Commission meetings to advise the Commissioners of developments at the Plant. The Chief Operating Officer commented that he would address this issue and further advised that the working atmosphere at the Plant had improved greatly. Thereafter, Jay Hoffman of Wet Dry Tank Inspection advised the Commissioners that he had procured additional quotes for vacuum trucks to remove the medium from the filter that needed to be repaired. The quote that he had received of \$3,280 was initially the best price that had been received. However, after that number was quoted Gorbandt quoted \$2,222 to remove the medium. Mr. Hoffman expressed some concerns that Mr. Gorbandt had been somewhat difficult to get in touch with and he felt that it would be necessary to be very attentive to Mr. Gorbandt in order to ensure that the project was completed in a timely manner.

Mr. Hoffman went on to advise the Commissioners that he had been contacted by a new chemical company with regard to a cleaning product called Floram that can be used to safely clean the filters and interior walls of those filters at the Treatment Plant. The product is fairly expensive, but apparently as he understands the process, it will not be necessary to clean the filters as often and the product is not lethal and therefore less risk is posed to District personnel as they use this product. The previous cleaning method had called for the use of muriatic acid which is extremely hazardous. The Board took no action with regard to the items presented by Mr. Hoffman and these decisions as operational were left to the Chief Operating Officer and the Superintendent and the Plant Supervisor.

Chief Operating Officer presented his report which including the following:

1. The District had not yet received a decision from the Public Service Commission with regard to the Offsetting Improvement Charge.

2. He requested authorization from the Board to allow three (3) members of the office staff to do bank drafts to allow customers to pay their bills. Said authorization was provided.

3. The loan with Shelby RECC for \$200,000 at two percent (2%) interest is moving forward. Shelby RECC required a line of credit letter from the bank to guarantee the loan and Mr. Simpson requested authorization from the Board to pledge two (2) certificates of

deposit to the line of credit and further authorize the Chief Operating Officer to execute the necessary documents. Thereafter a motion was made by Commissioner Bohannon, seconded by Commissioner Richardson, and passed to provide said authorization.

4. The District's accountant, Dennis Raisor, has been working with District personnel to prepare the annual audit and it is anticipated that the audit will be completed by the District's March 2008 meeting. The District's accountant further recommended that the District do away with the stamp for the signature of the Board Chairman Merle Brewer and after some discussion clarification of the issue had been requested from the accountant.

5. The Chief Operating Officer complimented the Superintendent and the distribution staff for all of their hard work at the Henry County High School.

There being no further business to come before the Board, a motion to adjourn was made by Commissioner Barrickman, seconded by Commissioner St. Clair, and passed that the meeting be adjourned.

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CHAIRMAN

ATTEST:

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SECRETARY

## Account Balances

	Amount
<b>Revenue Account</b>	
Beginning Balance	\$507,383 40
Deposits (Payments)	\$245,427 68
Dpst & Int Applied to Accts	\$2,959 20
Interest on Account	\$232 89
Charges for Retured Checks	-\$54 00
ACH Fee (bank Drafts)	-\$97 60
Transferred to Operations	-\$300,000 00
Transferred to Line Improvement Acct.	\$0 00
Transferred to Depreciation Acct	\$0 00
Transferred to Escrow	-\$2,960 00
(deposits applied to accounts)	
Returned Checks	-\$1,275 48
Misc. Payments	
Credit Card Machine Charges	-\$322 67
Bank Correction on Deposit	\$0 00
Ending Balance	\$451,293 42
<b>Operations Account</b>	
Beginning Balance	\$32,719 22
Interest on Account	\$74 53
Transferred from Revenue	\$300,000 00
Misc. Deposits	
Operating Expenses	-\$171,636 96
Ending Balance	\$161,156 79
<b>Bond &amp; Interest Account</b>	
Beginning Balance	\$240,765 65
Interest on Account	\$224 09
Transferred from Revenue	\$0 00
Transferred to Line Improvement Acct.	-\$3,334 00
Loan Payments	-\$22,557 04
Ending Balance	\$215,098 70
<b>Escrow Account</b>	
Beginning Balance	\$54 28
Transferred from Revenue	\$2,960 00
Deposit & Interest Tranferred to Revenue	-\$2,959 20
Ending Balance	\$55 08
<b>Depreciation Account</b>	
Beginning Balance	\$205,978 54
Transferred from Revenue	
Interest on Account	\$104 97
Expenses	\$0 00
Ending Balance	\$206,083 51
<b>Inpact Charge Escrow Account</b>	
Beginning Balance	\$158,174 60
Inpact Fees Paid	\$1,900 00
Interest on Account	\$114 65
Ending Balance	\$160,189 25
<b>Improvement Projects Account</b>	
Beginning Balance	\$217,530 05
Interest on Account	\$112 55
Deposits	\$0 00
Paid Improvements	\$0 00
Transferred From Bond & Interest	\$3,334 00
Invested	0
Ending Balance	\$220,976 60
<b>Escrow - Customer Line Extensions Account</b>	
Beginning Balance	\$13,155 69
New Extensions	\$0 00
Interest on Account	\$6 70
Customer Contributions to Revenue	\$0 00
Ending Balance	\$13,162 39
<b>Customer Refund Account</b>	
Beginning Balance	\$4,305 34
Refunds Paid In	\$0 00
Refunds from last month's payments	\$0 00
Ending Balance	\$4,305 34

HENRY COUNTY WATER DISTRICT NO. 2  
CERTIFICATES OF DEPOSIT

		Active CD'S							
Issued Date:	Account	Term	Amount	C. D. #	Bank	Rate	Maturity Date		
	Cannot Move								
11/16/04	Bond & Interest	60 mo	\$50,000.00	221796	PBI Bank	4.90	11/16/2009	Interest credited Quarterly	
06/22/07	Bond & Interest	12 mo	\$165,000.00	222945552	PBI Bank	5.30	6/22/2008	Interest credited Quarterly	
04/02/07	Bond & Interest	12 mo	\$200,000.00	28553	Bedford Loan & Dep	5.50	4/2/2008	Transferred from CD # 38978-Interest credited Semi-Ann	
06/22/07	Bond & Interest	12mo	\$100,000.00	222945542	PBI Bank	5.30	6/22/2008	Interest credited Quarterly	
10/22/07	Depreciation	12 mo	\$100,000.00	17901	Farmers of Milton	5.15	10/22/2008	Interest credited Quarterly	
05/30/05	Depreciation	60 mo	\$100,000.00	22498	Farmers of Milton	4.75	5/30/2010	Interest credited Quarterly	
11/11/04	Depreciation	60 mo	\$85,000.00	221795	PBI Bank	4.90	11/11/2009	combined CD 221795 & 220448 for 1 CD for \$85,000.00	
11/04/98	1998 Bond Issue	120 mo.	\$300,000.00	19019	Farmers of Milton	5.52	1/1/2009		
11/04/98	1998 Bond Issue	122 mo.	\$225,228.75	29273	PBI Bank	5.45	1/1/2009	Interest credited Semi-Annually	
			\$1,325,228.75						
08/17/07	Revenue	6 mth	\$100,000.00	34327	United Citizens	3.75	10/17/2008	Interest is Credited Quarterly	
03/02/07	System Improvements	12 mo	\$100,000.00	34129	United Citizens	3.81	3/2/2009	Interest is Credited Quarterly	
04/12/07	System Improvements	12 mo	\$100,000.00	34139	United Citizens	5.50	4/12/2008	Transferred from CD # 38996-Interest is credited Quarterly	
10/30/07	System Improvements	12mo	\$325,000.00	222949152	PBI Bank	5.16	10/30/2008	Interest is Credited Quarterly	
12/14/07	System Improvements	6 mo	\$350,000.00	3537	Farmers Deposit Bank	5.00	6/13/2008	Transferred from CD # 24729	
08/28/07	Plant & Well Field Repair	6 mo	\$75,000.00	34330	United Citizens	3.75	10/28/2008	Interest is Credited Quarterly	
			\$2,375,228.75						



# Henry County Water District #2

## Profit & Loss

### February 2008

Feb 08

Ordinary Income/Expense  
Income

419 Interest	224 09
Bond & Interest	114 65
Impact Chg Escrow	112 55
Improvement Proj Acct	232 89
Revenue Acct. Interest	9,456 92
419 Interest - Other	
Total 419 Interest	10,141.10
432-1 Tap on Fees	1,725 00
432 Impact Fee	1,900 00
461-11 Metered Sales-Henry	156,834 45
461-12 Metered Sales-Trimble	24,594 41
461-13 Metered Sales-Carroll	1,044 29
461-14 Metered Sales-Oldham	7,633 75
461-18 Metered Sales- Eminence	4,490 08
461-19 Metered Sales-Shelby	8,543 85
461-2 Metered Sales-Wholesale	18,217 23
470 Penalties/ Late Charges	6,086 70
471-1 Connections & Transfers	1,225 00
471-3 Other Income	2,850 45
471 Miscellaneous Service Charg	20 00
Total Income	245,306.31

Expense

408-12 Payroll Taxes Employer	4,617 70
471-Credit Card Service Charges	-271 25
471 Bank Charges for Returned C	-198 00
601-1 Employee Salaries	55,203 50
603-8 Commissioners Per Diem	1,800 00
604-1 Employee Benefits	12,520 44
604-1 Retirement Employee	3,056 06
609 Depreciation Expenses	66,500 00
615-1 Electric, Distribution	32,674 40
615-1A Electric, Office	599 31
615-2 Gas, Office	977 41
615-3 Water, Office	30 69
615-4 Sewer, Office	42 46
615-6 Garbage, Plant	368 45
618-1 Chemicals	3,411 86
618-2 Plant Supplies	496 58
620-2 Service Department Suppli	7,058 60
620-7 Office Supplies	97 60
ACH FEE	1,568 35
Postage	1,060 82
620-7 Office Supplies - Other	
Total 620-7 Office Supplies	2,726 77
620-8 Office Supplies, Office	586 41
620-9 Office Supplies-Plant	1,515 13
627-1 Int 2001 Issue	13,184 14
627-5 Int On H&L 1998 Issue	26,000 00
628 Amortization of Debt Disc	511 42
631-1 Cont Serv Mowing	1,440 00
631-2 Cont Serv Plant	110 00
631-4 Contr Serv Office	71 76
Office Copier	100 00
Pest Control	90 60
Rugs	960 00
631-4 Contr Serv Office - Other	
Total 631-4 Contr Serv Office	1,222 36

Henry County Water District #2  
Profit & Loss  
February 2008

	Feb 08
631-8 Engineering	6,500 00
633-8 Legal	20 00
634-2 Cont Serv- Meter Readings	8,171 03
634-3 Contract Serv MGT MAINT	246 46
636 Contractual Services	322 67
650-5 Bkhoe & Trk Fuel	2,494 45
650-8 Mileage	2,002 09
656-1 Insur Vehicle/Operation	969 58
656-8 Bonds	671 71
657-1 General Insurance	2,572 57
657-2 Insurance Gen liab/maint	889 66
658-1 Insur Wkmns Comp/Operatio	2,034 00
675-2 Miscellaneous Exp.	305 10
675-3 Water Analysis	4,597 50
675-4 Repairs Equipment	2,109 44
675-5 Repairs Building	
Plant & Well Field Repairs	14,755 30
Total 675-5 Repairs Building	14,755 30
675-6 Repairs Other	180 00
675-7 Utilities-Telephone	
Cellular Phones	690 46
Land Lines	486 44
Online Services	99 95
Pagers	54 18
Total 675-7 Utilities-Telephone	1,331 03
675-8 Dues & Subscriptions	388 92
Total Expense	286,745 95
Net Ordinary Income	-41,439 64
Net Income	-41,439 64

**Henry County Water District #2**  
**Balance Sheet**  
**As of March 6, 2008**

Mar 6, 08

**ASSETS**

## Current Assets

## Checking/Savings

131-14 Cust Line Ext Escrow	13,162 39
131-15 Cust Contribution Refund	4,305 34
131-17 Impact Charge Escrow	160,189 25
131-2 Revenue Account	460,134 20
131-3 Operations Account	90,909 03
131-4 Bond & Interest Account	211,764 70
131-5 Depreciation Account	206,083 51
131-6 Escrow Account	55 08
131-7 Improvement Proj Account	224,310 60

Total Checking/Savings	1,370,914 10
------------------------	--------------

## Accounts Receivable

141-1 Accts Rec Returned Checks	1,573 30
141 Accounts Receivable	275,014 64
142 Other Accounts Receivable	144,761 25

Total Accounts Receivable	421,349 19
---------------------------	------------

## Other Current Assets

105 Work In Progress	561,615 32
131-1 Cash on Hand	500 00
132 Special Deposits	50,000 00
135-1 Temp Cash Investment Sink	1,030,228 75
135-2 Temp Cash Invst Depr Fd	285,000 00
135 Tempoary Cash Investments	1,010,000 00
141-1 Accts Rec--returned check	-10,873 21
143 Accum Prov for Uncoll Acct	-19,578 00
151 Plant Material & Supplies	75,120 70
162-1 Prepaid Insurance	-3,163 68
162-2 Prepaid Maintenance	-811 14
171 Accrued Interest Receivable	14,911 31

Total Other Current Assets	2,992,950 05
----------------------------	--------------

Total Current Assets	4,785,213 34
----------------------	--------------

## Fixed Assets

108-1 Accu Depr/Office Equip	-154,250 79
108-2 Accu Depr/Serv Equip	-186,317 93
108-3 Accu Depr/New Building	-155,992 03
108-4 Accrued Dep/Meters	-1,476,511 67
108-5 Accu Depr/Shop Equip	-33,704 03
108-6 Accu Depr/Power Equipment	-203,483 36
108-7 Accu Depr/Water Treatment	-50,331 74
108 Accu Depr/strts & Inprov	-8,393,963 67
303 Land & Land Rights	174,617 25
304-1 New Building	304,953 09
304 System Betterment	21,501,217 04
320 Water Treatment Equipment	65,918 34
334-4 Meter & Meter Inst- T&D	1,805,469 99
340 Office Furniture & Equip	186,728 84
343 Tools, Shop & Garage Equip	65,445 34
345 Power Operated Equipment	289,098 00
347 Service Equipment	268,150 31

Total Fixed Assets	14,007,042 98
--------------------	---------------

TOTAL ASSETS	18,792,256 32
--------------	---------------

## LIABILITIES &amp; EQUITY

## Liabilities

## Current Liabilities

## Accounts Payable

231 Accounts Payable	48,912 10
----------------------	-----------

Total Accounts Payable	48,912 10
------------------------	-----------

**Henry County Water District #2**  
**Balance Sheet**  
 As of March 6, 2008

	Mar 6, 08
Credit Cards	
Chase-VISA	256 61
Total Credit Cards	256 61
Other Current Liabilities	
231-2 Construction Ret payable	47,722 70
235 Customer Deposits	106,355 33
236-2 Retirement Payable	9,260 89
237-3 Accrued Interest-Cust Dep	735 82
237-4 Accrued Interest-98 Issue	205,100 00
241-1 Social Security Payment	-6,736 54
241-10 Medicare Payment	-1,519 66
241-11 KY State Retirement Emp	-42,553 22
241-12 Other Withholding	-1,218 72
241-13 Eminence School Tax	5,713 47
241-2 Federal Withholding	-740 60
241-3 KY State Withholding	1,456 67
241-4 Ky Sales Tax	-1,700 43
241-5 Henry School Tax	3,982 97
241-6 Trimble School Tax	1,337 07
241-7 Carroll School Tax	-36 67
241-8 Oldham School Tax	337 89
241-9 Shelby School Tax	431 64
242-1 Accrued Payroll Taxes	1,319 25
242-2 Accrued Wages	24,613 69
242 Accrued Vacation	21,502 23
Payroll Liabilities	1,283 79
Total Other Current Liabilities	376,647 57
Total Current Liabilities	425,816.28
Long Term Liabilities	
181-1 Unamortized Debt 2003 SER	-78,661.28
181 Amortized Debt Disc	-171,340.00
221-10 Regions Mgn Keg 2006	503,071.56
221-6 KRWFC 5th-3rd 2003	2,676,920.83
221-8 H&L 1998 Bond Issue	6,591,100.00
221-9 KRWFC 5th-3rd 2001 issue	647,583.33
Total Long Term Liabilities	10,168,674.44
Total Liabilities	10,594,490.72
Equity	
214 Approp Retained Earnings	112,000 00
215-1 R/E from income bf cont	1,939,283.87
215-2 Donated cap-cont in aid	1,187,864.73
215-3 Donated cap-tap on fees	1,682,542.85
215-4 Donated Cap- Grants	3,147,406 00
215 Unapporp Retained Earnings	150,928 35
Opening Bal Equity	-72 26
Retained Earnings	71,312 45
Net Income	-93,500 39
Total Equity	8,197,765 60
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>18,792,256.32</b>

# MONTHLY WATER LOSS REPORT

For the month of: JANUARY Year 200

**A. Gallons of Water Sold**

Commercial	180000	
Fire Departments	- 0 -	
Industrial	978600	
Public Gov. Schools	502450	
Residential	34457800	
Bulk	770000	
<b>TOTAL GALLONS SOLD</b>		

45557800

**B. Gallons of Water Accounted For:**

Leaks	5772740	
Flushing	62800	
Plant Loss	6576045	
Unmetered	750000	
Fire Departments	3000	
Other		
<b>Gallons Accounted For</b>		

13143785

**TOTAL GALLONS ACCOUNTED FOR**

58702445

**C. TOTAL GALLONS PRODUCED**

65426310

**D. Loss:**

TOTAL GALLONS PRODUCED: 65426310

TOTAL ACCOUNTED FOR: - 58702445

LOSS

6723865

% LOSS

10.27%

MONTHLY WATER LOSS REPORT

For the month of: February Year 2008

A. Gallons of Water Sold

Commercial	<u>1847810</u>
Fire Departments	<u>-0-</u>
Industrial	<u>896970</u>
Public Gov. Schools	<u>519050</u>
Residential	<u>28986520</u>
Bulk	<u>8279770</u>
TOTAL GALLONS SOLD	

49530120

B. Gallons of Water Accounted For:

Leaks	<u>6530780</u>
Flushing	<u>180600</u>
Plant Loss	<u>4789905</u>
Unmetered	<u>82600</u>
Fire Departments	<u></u>
Other	<u></u>
Gallons Accounted For	

11533885

TOTAL GALLONS ACCOUNTED FOR

52064005

C. TOTAL GALLONS PRODUCED

62229910

D. Loss:

TOTAL GALLONS PRODUCED: 62229910

TOTAL ACCOUNTED FOR: - 52064005

LOSS

10165905

% LOSS

16.3%

Monthly Service Report  
February 2008

• New Meter Tap-ons	<u>5</u>
• Connections & Transfers	<u>72</u>
• Disconnects	<u>22</u>
• Delinquent Accounts	<u>70</u>
• Meter Changes	<u>6</u>
• Service Calls/Complaints	<u>60</u>
• Line Locates	<u>6</u>
• Leak Repairs	<u>8</u>
• Customers Billed	<u>6271</u>

HENRY COUNTY WATER DISTRICT NO. 2  
BOARD MEETING AGENDA  
April 8, 2008

Guest:

Reading of Minutes & Approval of Income Statement & Balance Sheet  
Minutes from March 11, 2008  
Account Balances, Operation Expenses, Revenue Income

Report from Engineers:

Report from Attorney:

Report from Accountant:

Report from Superintendent, Chief Operating Officer & Treatment Plant Supervisor:

Report from any Commissioners:

New Business:

1. Filter Repair at Plant
2. Leak Adjustment Policy
3. Pleasureville Tank Project
4. Audit Report

Old Business:

1. PSC Order on OIC
2. Smith Trial Update



The minutes of the meeting of the Board of the Water District Commissioners of the Henry County Water District No. Two held at the District's office at the hour of 7:00 p.m., on March 11, 2008.

Those in attendance are shown by the attached attendance sheet.

The minutes for the February 12, 2008, meeting had been previously sent to the Commissioners for their review. A motion was made to approve the minutes by Commissioner Richardson, seconded by Commissioner Bohannon and passed. A copy of the monthly financial report had been previously sent to the Commissioners for their review. A copy of that report is attached hereto and made a part hereof.

Tom Green, from the District's engineering firm Tetra Tech was present and presented the monthly engineering report. In addition, he advised the Commissioners that bids for the Pleasureville Tank are scheduled to be opened on March 12, 2008. At this point, based upon communications that he has had with contractors, he anticipates receiving two (2) different bids. Otherwise, it appears that the project is progressing forward and is otherwise online.

The District's attorney, D. Berry Baxter, advised the Commissioners that he had received a letter from the attorney representing the Pearson's with regard to the HCWD #2 vs. Smith, et al., and Pearson's attorney asked if the District's attorney would prepare the proposed settlement documents in order to finalize this matter. Counsel wanted authorization from the Chief Operating Officer to move forward which authorization was given at our meeting.

The District's attorney further inquired as to how various District employees who regularly use their personal vehicles for District business are insured and suggested that there be a clarification with both the District's carrier and the individual employees carrier as to where the insurance coverage will come from. The District's attorney commented that he is aware that many District employees, including the Chief Operating Officer and the Superintendent, utilize their personal vehicles while driving substantial miles on behalf of the District and for their protection and protection of the District it is important to make sure that those vehicles are fully covered for liability purposes while being used for District business. The Chief Operating Officer indicated that he would discuss this with the District's insurance agent.

Superintendent Barry Woods advised the Commissioners as to work that had been performed by distribution staff during the previous month. In particular, the crews had engaged in standard maintenance as well as repairing vaults and setters, walking lines, performing clean up and other maintenance at the high school project and repairing District equipment in the shop during times when the weather was bad. He further advised the Commissioners that there had been three (3) substantial leaks during the previous month which are reflected on the February water loss report which shows an unusually high loss for that month. He further advised the Commissioners that the line on Pattons Creek had been installed and tested and that hopefully it would be in service in the next few weeks.

He also advised that Mr. Armstrong's crew had changed a substantial number of one and one-half to two inch meters and that this work would continue. Mr. Woods went on to advise that the new backhoe should be delivered this week and that some apparent confusion on behalf of the vendor concerning the bid specifications resulted in a windfall to the District with the District receiving a slightly larger backhoe for the same price. Mr. Woods further advised the Commissioners of a request made by Plant neighbor, John Doty, whose pond is leaking again. Mr. Woods reminded the Commissioners that the District had performed maintenance on Mr. Doty's pond on previous occasions and apparently Mr. Doty was requesting such maintenance again and Mr. Woods was making the Commissioners aware of the request. No action was taken by the Board on Mr. Doty's request.

Mr. Woods, with the assistance of the Chief Operating Officer, and Jay Hoffman of Wet Dry Tank Inspection, updated the Commissioners concerning the status of the filter repairs at the Plant. It was believed that repairs that were necessary to the filters relative to support for a false bottom that supported the medium were going to need to be done again. Those repairs required removing the medium and allowing a welder into a small crawl space to make the welding repairs. Unfortunately, it has been discovered that in fact the welds that need to be repaired are on the large side of the false bottom meaning that there will be more welding that will need to take place and the repairs will be significantly more difficult and time consuming to undertake. District personnel removed the medium by hand and removed fourteen hundred (1400) nozzles that are located on the bottom of the false bottom area to allow the welder to have access to this portion of the filter. Unfortunately, it appears that the same type of repairs will be eventually be necessary with regard to both of the other filters. Mr. Simpson further advised the Commissioners that he had contacted the District's insurance agent in an effort to see if there was any possible relief that could be afforded the District for these repairs and that an adjuster had been to the Plant to review the damage. The District is facing potential costs in excess of \$60,000 to repair all three (3) filters and while only one filter is leaking at this point a decision will have to be made as to whether repairs to the other filters should be made in the near future. Mr. Hoffman did note that the weld that had been done on the small side of the false bottom area did look good and apparently are holding up quite well.

Plant Operator Gary Johnson was present and advised the Commissioners that the high service pump #3 still needs to be repaired. However, he anticipates having these repairs done in the near future and when this pump goes back online #1 will also need to be repaired pursuant to its warranty with Gotterdam.

The Chief Operating Officer advised the Commissioners concerning the following:

1. The audit is now complete and will be presented to the Commissioners at the April 8<sup>th</sup>, 2008 meeting.
2. Consistent with the Certified Public Accountants recommendation that the signature stamp for the chairman be destroyed. It was suggested that the Chief Operating Officer be given authority to execute checks on the District's account not to exceed

\$1,000.00 total. Thereafter, a motion was made to authorize the Chief Operating Officer, James Simpson, to be allowed to execute checks bearing his signature only on the District's bank account in an amount not to exceed \$1,000.00, said motion was made by Commissioner Jones, seconded Commissioner Hawkins and passed.

3. The Chief Operating Officer requested that a grievance committee be appointed for the 2008 and the Chairman appointed Commissioners Bohannon, Jennings and Barrickman to that committee.

There being no further business to come before the Board, a motion to adjourn was made by Commissioner Barrickman, seconded by Commissioner St. Clair, and passed that the meeting be adjourned.

\_\_\_\_\_  
CHAIRMAN

ATTEST:

\_\_\_\_\_  
SECRETARY

10:27 AM

04/04/08

Accrual Basis

Henry County Water District #2  
Profit & Loss  
March 2008

	Mar 08
Ordinary Income/Expense	
Income	
419 Interest	
Bond & Interest	239 59
Cust Line Ext Escrow	6 70
Depreciation Acct	203 21
Impact Chg Escrow	108 92
Operations Acct Interest	130 34
Revenue Acct. Interest	244 62
419 Interest - Other	6,103 16
Total 419 Interest	7,036 54
432-1 Tap on Fees	1,150 00
432 Impact Fee	1,900 00
461-11 Metered Sales-Henry	158,882 37
461-12 Metered Sales-Trimble	22,522 12
461-13 Metered Sales-Carroll	774 74
461-14 Metered Sales-Oldham	7,101 99
461-18 Metered Sales- Eminence	4,334 21
461-19 Metered Sales-Shelby	7,223 85
461-2 Metered Sales-Wholesale	16,053 49
470 Penalties/ Late Charges	6,534 18
471-1 Connections & Transfers	1,600 00
471-3 Other Income	10,693 98
471 Miscellaneous Service Chrg	200 00
Total Income	246,007 47
Expense	
408-12 Payroll Taxes Employer	8,539 62
471-Credit Card Service Charges	-262 07
471 Bank Charges for Returned C	-368 00
601-1 Employee Salaries	51,483 48
603-8 Commissioners Per Diem	2,025 00
604-1 Employee Benefits	9,375 55
604-1 Retirement Employee	2,760 18
609 Depreciation Expenses	66,500 00
615-1 Electric, Distribution	30,515 08
615-1A Electric, Office	223 79
615-2 Gas, Office	852 66
615-3 Water, Office	27 14
615-4 Sewer, Office	39 37
615-5 Garbage, Office	118 41
615-6 Garbage, Plant	300 00
618-1 Chemicals	9,647 15
618-2 Plant Supplies	18 00
620-2 Service Department Suppli	7,588 57
620-7 Office Supplies	
ACH FEE	98 20
Office Supplies	31 17
Postage	1,632 51
620-7 Office Supplies - Other	555 93
Total 620-7 Office Supplies	2,317 81
620-8 Office Supplies, Office	218 66
620-9 Office Supplies-Plant	220 92
627-1 Int 2001 Issue	13,183 63
627-5 Int On H&L 1998 Issue	26,000 00
628 Amortization of Debt Disc	511 42
631-1 Cont Serv Mowing	1,440 00
631-2 Cont Serv Plant	10,800 00
631-4 Contr Serv Office	
Office Copier	35 88
Rugs	90 60
631-4 Contr Serv Office - Other	275 00
Total 631-4 Contr Serv Office	401 48

10:21 AM  
04/04/13  
Accrual Basis

Henry County Water District #2  
Profit & Loss  
March 2008

	Mar 08
631-8 Engineering	830 00
633-8 Legal	50 00
634-2 Cont Serv- Meter Readings	5,130 93
634-3 Contract Serv MGT MAINT	246 46
636 Contractual Services	305 80
650-5 Bkhoe & Trk Fuel	2,309 05
650-8 Mileage	1,894 38
656-1 Insur Vehicle/Operation	969 58
656-8 Bonds	671 71
657-1 General Insurance	2,572 57
657-2 Insurance Gen liab/maint	889 66
658-1 Insur Wkmns Comp/Operatio	2,034 00
675-2 Miscellaneous Exp.	583 40
675-3 Water Analysis	830 00
675-4 Repairs Equipment	18 17
675-5 Repairs Building	
Plant & Well Field Repairs	8,998 28
675-5 Repairs Building - Other	26 63
Total 675-5 Repairs Building	9,024 91
675-6 Repairs Other	370 00
675-7 Utilities-Telephone	
Cellular Phones	795 77
Land Lines	489 04
Online Services	99 95
Pagers	55 33
Total 675-7 Utilities-Telephone	1,440 09
675-8 Dues & Subscriptions	128 92
Total Expense	274,777 48
Net Ordinary Income	-28,770 01
Net Income	-28,770.01

10:25 AM  
 04/04/08  
 Accrual Basis

**Henry County Water District #2**  
**Balance Sheet**  
 As of April 4, 2008

Apr 4, 08

<b>ASSETS</b>	
Current Assets	
Checking/Savings	
131-14 Cust Line Ext Escrow	13,168.67
131-15 Cust Contribution Refund	4,305.34
131-17 Impact Charge Escrow	162,198.17
131-2 Revenue Account	520,743.20
131-3 Operations Account	60,584.41
131-4 Bond & Interest Account	250,447.25
131-5 Depreciation Account	206,181.75
131-6 Escrow Account	55.08
131-7 Improvement Proj Account	227,644.60
Total Checking/Savings	1,445,328.47
Accounts Receivable	
141-1 Accts Rec Returned Checks	1,573.30
141 Accounts Receivable	258,313.49
142 Other Accounts Receivable	144,761.25
Total Accounts Receivable	404,648.04
Other Current Assets	
105 Work In Progress	561,615.32
131-1 Cash on Hand	500.00
132 Special Deposits	50,000.00
135-1 Temp Cash Investment Sink	1,030,228.75
135-2 Temp Cash Invst Depr Fd	285,000.00
135 Tempoary Cash Investments	1,010,000.00
141-1 Accts Rec--returned check	-11,465.73
143 Accum Prov for Uncoll Acct	-19,578.00
151 Plant Material & Supplies	75,120.70
162-1 Prepaid Insurance	-9,065.57
162-2 Prepaid Maintenance	-1,186.52
171 Accrued Interest Receivable	14,911.31
Total Other Current Assets	2,986,080.26
Total Current Assets	4,836,056.77
Fixed Assets	
108-1 Accu Depr/Office Equip	-154,925.29
108-2 Accu Depr/Serv Equip	-188,317.93
108-3 Accu Depr/New Building	-157,025.02
108-4 Accrued Dep/Meters	-1,483,535.19
108-5 Accu Depr/Shop Equip	-33,907.19
108-6 Accu Depr/Power Equipment	-204,381.44
108-7 Accu Depr/Water Treatment	-52,190.22
108 Accu Depr/strts & Inprov	-8,446,772.94
303 Land & Land Rights	174,617.25
304-1 New Building	304,953.09
304 System Betterment	21,501,217.04
320 Water Treatment Equipment	65,918.34
334-4 Meter & Meter Inst- T&D	1,805,469.99
340 Office Furniture & Equip	186,728.84
343 Tools, Shop & Garage Equip	65,445.34
345 Power Operated Equipment	289,098.00
347 Service Equipment	268,150.31
Total Fixed Assets	13,940,542.98
<b>TOTAL ASSETS</b>	<b>18,776,599.75</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
231 Accounts Payable	18,912.10
Total Accounts Payable	18,912.10

10:25 AM

04/04/08

Accrual Basis

Henry County Water District #2  
Balance Sheet  
As of April 4, 2008

	Apr 4, 08
Credit Cards	
Chase-VISA	256 61
Total Credit Cards	256 61
Other Current Liabilities	
231-2 Construction Ret payable	47,722 70
235 Customer Deposits	108,205 33
236-2 Retirement Payable	9,260 89
237-3 Accrued Interest-Cust Dep	735 82
237-4 Accrued Interest-98 Issue	-75,100 00
241-1 Social Security Payment	-3,616 37
241-10 Medicare Payment	-789 95
241-11 KY State Retirement Emp	-47,011 06
241-12 Other Withholding	-923 98
241-13 Eminence School Tax	-5,317 84
241-2 Federal Withholding	4,800 40
241-3 KY State Withholding	973 41
241-4 Ky Sales Tax	-170 31
241-5 Henry School Tax	367 79
241-6 Trimble School Tax	605 16
241-7 Carroll School Tax	-13 64
241-8 Oldham School Tax	55 42
241-9 Shelby School Tax	-20 79
242-1 Accrued Payroll Taxes	1,319 25
242-2 Accrued Wages	24,613 69
242 Accrued Vacation	21,502 23
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Total Current Liabilities	137,650 65
Long Term Liabilities	
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181 Amortized Debt Disc	-172,526 20
221-10 Regions Mgn Keg 2006	503,071 56
221-6 KRWFC 5th-3rd 2003	2,671,631 30
221-8 H&L 1998 Bond Issue	6,591,100 00
221-9 KRWFC 5th-3rd 2001 issue	643,249 49
Total Long Term Liabilities	10,159,562 49
Total Liabilities	10,297,213 14
Equity	
214 Approp Retained Earnings	112,000 00
215-1 R/E from income bf cont	1,939,283 87
215-2 Donated cap-cont in aid	1,187,864 73
215-3 Donated cap-tap on fees	1,682,542 85
215-4 Donated Cap- Grants	3,147,406 00
215 Unapporp Retained Earnings	150,928 35
Opening Bal Equity	-72 26
Retained Earnings	398,539 09
Net Income	-139,106 02
Total Equity	8,479,386 61
TOTAL LIABILITIES & EQUITY	18,776,599 75

## Account Balances

	Amount
<b>Revenue Account</b>	
Beginning Balance	\$451,293 42
Deposits (Payments)	\$278,267 71
Dpst & Int Applied to Accts	\$0 00
Interest on Account	\$244 62
Charges for Retured Checks	-\$36 00
ACH Fee (bank Drafts)	-\$98 20
Transferred to Operations	-\$150,000 00
Transferred to Line Improvement Acct.	\$0 00
Transferred to Depreciation Acct	\$0 00
Transferred to Escrow	\$0 00
(deposits applied to accounts)	
Transferred to Bond & Interest	-\$61,000 00
Returned Checks	-\$909 23
Misc. Payments	
Credit Card Machine Charges	-\$305 80
Bank Correction on Deposit	
Ending Balance	\$517,492 14
<b>Operations Account</b>	
Beginning Balance	\$161,156 79
Interest on Account	\$55 81
Transferred from Revenue	\$150,000 00
Misc. Deposits	
Operating Expenses	-\$166,045 48
Ending Balance	\$145,167 12
<b>Bond &amp; Interest Account</b>	
Beginning Balance	\$215,098 70
Interest on Account	\$239 59
Transferred from Revenue	\$61,000 00
Transferred to Line Improvement Acct.	-\$6,668 00
Loan Payments	-\$22,557 04
Ending Balance	\$247,113 25
<b>Escrow Account</b>	
Beginning Balance	\$55 08
Transferred from Revenue	\$0 00
Deposit & Interest Tranferred to Revenue	\$0 00
Ending Balance	\$55 08
<b>Depreciation Account</b>	
Beginning Balance	\$206,083 51
Transferred from Revenue	
Interest on Account	\$98 24
Expenses	\$0 00
Ending Balance	\$206,181 75
<b>Impact Charge Escrow Account</b>	
Beginning Balance	\$160,189 25
Impact Fees Paid	\$1,900 00
Interest on Account	\$108 92
Ending Balance	\$162,198 17
<b>Improvement Projects Account</b>	
Beginning Balance	\$220,976 60
Interest on Account	\$106 88
Deposits	\$0 00
Paid Improvements	\$0 00
Transferred From Bond & Interest	\$3,334 00
Invested	0
Ending Balance	\$224,417 48
<b>Escrow - Customer Line Extensions Account</b>	
Beginning Balance	\$13 162 39
New Extensions	\$0 00
Interest on Account	\$6 28
Customer Contributions to Revenue	\$0 00
Ending Balance	\$13 168 67
<b>Customer Refund Account</b>	
Beginning Balance	\$4 305 34
Refunds Paid In	\$0 00
Refunds from last month's payments	\$0 00
Ending Balance	\$4 305 34



HENRY COUNTY WATER DISTRICT NO. 2  
CERTIFICATES OF DEPOSIT

		Active CD'S					
Issued Date:	Account	Term	Amount	C. D. #	Bank	Rate	Maturity Date
11/16/04	Cannot Move	60 mo	\$50,000.00	221796	PBI Bank	4.90	11/16/2009 Interest credited Quarterly
06/22/07	Bond & Interest	12 mo	\$165,000.00	222945552	PBI Bank	5.30	6/22/2008 Interest credited Quarterly
04/02/07	Bond & Interest	12 mo	\$200,000.00	28553	Bedford Loan & Dep	5.50	4/2/2008 Transferred from CD # 38978-Interest credited Semi-Ann
06/22/07	Bond & Interest	12mo	\$100,000.00	222945542	PBI Bank	5.30	6/22/2008 Interest credited Quarterly
10/22/07	Depreciation	12 mo	\$100,000.00	17901	Farmers of Milton	5.15	10/22/2008 Interest credited Quarterly
05/30/05	Depreciation	60 mo	\$100,000.00	22498	Farmers of Milton	4.75	5/30/2010 Interest credited Quarterly
11/11/04	Depreciation	60 mo	\$85,000.00	221795	PBI Bank	4.90	11/11/2009 combined CD 221795 & 220448 for 1 CD for \$85,000.00
11/04/98	1998 Bond Issue	120 mo.	\$300,000.00	19019	Farmers of Milton	5.52	1/1/2009
11/04/98	1998 Bond Issue	122 mo.	\$225,228.75	29273	PBI Bank	5.45	1/1/2009 Interest credited Semi-Annually
			\$1,325,228.75				
08/17/07	Revenue	6 mth	\$101,323.29	34327	United Citizens	3.75	10/17/2008 Interest is Credited Quarterly-Investing
03/02/07	System Improvements	12 mo	\$100,000.00	34129	United Citizens	3.81	3/2/2009 Interest is Credited Quarterly-pledge as security
04/12/07	System Improvements	12 mo	\$100,000.00	34139	United Citizens	5.50	4/12/2008 Transferred from CD # 38996-Interest is credited Quarterly-pledged as security
10/30/07	System Improvements	12mo	\$325,000.00	222949152	PBI Bank	5.16	10/30/2008 Interest is Credited Quarterly
12/14/07	System Improvements	6 mo	\$350,000.00	3537	Farmers Deposit Bank	5.00	6/13/2008 Transferred from CD # 24729
08/28/07	Plant & Well Field Repair	6 mo	\$75,981.67	34330	United Citizens	3.75	10/28/2008 Interest is Credited Quarterly
			\$2,377,533.71				

Monthly Service Report

April 2008

• New Meter Tap-ons	<u>3</u>
• Connections & Transfers	<u>43</u>
• Disconnects	<u>25</u>
• Delinquent Accounts	<u>105</u>
• Meter Changes	<u>206</u>
• Service Calls/Complaints	<u>54</u>
• Line Locates	<u>3</u>
• Leak Repairs	<u>3</u>
• Customers Billed	<u>6252</u>

HENRY COUNTY WATER DISTRICT  
LEAK ADJUSTMENT

Account No. \_\_\_\_\_ Date \_\_\_\_\_ Phone \_\_\_\_\_  
 Name \_\_\_\_\_ Address \_\_\_\_\_  
 City & State & Zip \_\_\_\_\_

Average Usage \_\_\_\_\_ 25% of average \_\_\_\_\_  
 Gallons to qualify \_\_\_\_\_ Gallons Used \_\_\_\_\_

0 to Average	@	reg rate	
Average to 20,000	@	2.50	
20,000 to 25,000	@	1.85	
25,000 to 50,000	@	1.60	
50,000 to 100,000	@	1.35	
100,000 to infinity	@	1.20	
TOTALS			
		3% tax	
		6% tax	
		Total	

Adjustment: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

AMOUNT NOW DUE \_\_\_\_\_

Comments: \_\_\_\_\_  
 \_\_\_\_\_

HENRY COUNTY WATER DISTRICT NO. 2  
BOARD MEETING AGENDA

May 13, 2008

Guests:

Reading of Minutes & Approval of Income Statement & Balance Sheet  
Minutes from April 8, 2008 Meeting  
Account Balances, Operation Expenses, Revenue Income

Report from Engineers:

Report from Attorney:

Report from Accountant:

Report from Superintendent, Chief Operating Officer & Treatment Supervisor:

Report from any Commissioners:

New Business:

1. Filter Repair at Treatment Plant
2. New Tank Progress Report

Old Business:

1. PSC Order on OIC
2. Smith Trial Update

Henry County Water District #2  
**Profit & Loss**  
 April 1 - 27, 2008

Apr 1 - 27, 08

Ordinary Income/Expense	
Income	
419 Interest	
Bond & Interest	243.38
Cust Line Ext Escrow	6.28
Depreciation Acct	70.86
Improvement Proj Acct	100.59
Operations Acct Interest	54.14
Revenue Acct. Interest	238.51
419 Interest - Other	8,170.27
Total 419 Interest	8,884.03
432-1 Tap on Fees	3,825.00
461-11 Metered Sales-Henry	148,537.23
461-12 Metered Sales-Trimble	21,209.24
461-13 Metered Sales-Carroll	813.44
461-14 Metered Sales-Oldham	6,095.70
461-18 Metered Sales- Eminence	3,606.69
461-19 Metered Sales-Shelby	7,733.07
461-2 Metered Sales-Wholesale	18,256.20
470 Penalties/ Late Charges	6,008.23
471-1 Connections & Transfers	1,775.00
471-3 Other Income	2,749.99
471 Bank Charges for Returned C	231.00
471 Miscellaneous Service Charg	80.00
Total Income	229,804.82
Expense	
408-12 Payroll Taxes Employer	4,502.28
471-Credit Card Service Charges	-209.62
601-1 Employee Salaries	50,103.18
603-8 Commissioners Per Diem	2,250.00
604-1 Employee Benefits	10,861.47
604-1 Retirement Employee	2,564.09
609 Depreciation Expenses	66,500.00
615-1 Electric, Distribution	33,585.55
615-1A Electric, Office	195.68
615-2 Gas, Office	841.01
615-4 Sewer, Office	42.46
615-5 Garbage, Office	68.45
618-1 Chemicals	566.00
618-2 Plant Supplies	1,736.96
620-1 Materials & Supplies	107.73
620-2 Service Department Suppli	1,050.77
620-7 Office Supplies	
ACH FEE	98.20
Office Supplies	42.40
Postage	1,787.75
620-7 Office Supplies - Other	318.78
Total 620-7 Office Supplies	2,247.13
620-8 Office Supplies, Office	454.44
627-1 Int 2001 Issue	13,183.63
627-5 Int On H&L 1998 Issue	26,000.00
627-7 Trustee Fee	950.00
628 Amortization of Debt Disc	511.42
631-1 Cont Serv Mowing	1,440.00
631-4 Contr Serv Office	
Office Copier	35.88
Pest Control	100.00
Rugs	92.60
631-4 Contr Serv Office - Other	220.00
Total 631-4 Contr Serv Office	448.48

12:49 PM  
05/08/08  
Accrual Basis

Henry County Water District #2  
Profit & Loss  
April 1 - 27, 2008

	Apr 1 - 27, 08
631-5 Contr Serv Mtr Repair	1,170.00
631-8 Engineering	16,070.00
634-2 Cont Serv- Meter Readings	8,083.80
634-3 Contract Serv MGT MAINT	246.46
636 Contractual Services	2,938.97
650-5 Bkhoe & Trk Fuel	4,128.88
650-8 Mileage	1,292.65
656-1 Insur Vehicle/Operation	969.58
656-8 Bonds	671.71
657-1 General Insurance	2,572.57
657-2 Insurance Gen liab/maint	889.66
658-1 Insur Wkmns Comp/Operatio	2,034.00
660-8 Advertising Expense	719.00
667-1 School & Related Expenses	238.18
675-3 Water Analysis	1,650.00
675-4 Repairs Equipment	18.99
675-5 Repairs Building	
Plant & Well Field Repairs	40,918.29
Total 675-5 Repairs Building	40,918.29
675-7 Utilities-Telephone	
Cellular Phones	739.49
Land Lines	484.32
Online Services	99.95
Pagers	62.35
Total 675-7 Utilities-Telephone	1,386.11
675-8 Dues & Subscriptions	128.92
Total Expense	306,128.88
Net Ordinary Income	-76,324.06
Net Income	-76,324.06

**Henry County Water District #2**  
**Balance Sheet**  
As of April 27, 2008

Apr 27, 08

**ASSETS**

## Current Assets

## Checking/Savings

131-14 Cust Line Ext Escrow	13,175.37
131-15 Cust Contribution Refund	4,305.34
131-17 Impact Charge Escrow	162,198.17
131-2 Revenue Account	541,814.56
131-3 Operations Account	46,168.12
131-4 Bond & Interest Account	289,131.45
131-5 Depreciation Account	143,452.61
131-6 Escrow Account	55.42
131-7 Improvement Proj Account	231,186.07

Total Checking/Savings	1,431,487.11
------------------------	--------------

## Accounts Receivable

141-1 Accts Rec Returned Checks	1,573.30
141 Accounts Receivable	256,269.37
142 Other Accounts Receivable	162,038.22

Total Accounts Receivable	419,880.89
---------------------------	------------

## Other Current Assets

105 Work In Progress	637.17
131-1 Cash on Hand	1,450.00
132 Special Deposits	50,000.00
135-1 Temp Cash Investment Sink	1,031,210.42
135-2 Temp Cash Invst Depr Fd	285,000.00
135 Temporary Cash Investments	1,015,451.95
141-1 Accts Rec--returned check	-203.50
143 Accum Prov for Uncoll Acct	-52,484.00
151 Plant Material & Supplies	72,797.99
162-1 Prepaid Insurance	-14,343.05
162-2 Prepaid Maintenance	3,243.00
171 Accrued Interest Receivable	27,269.34

Total Other Current Assets	2,420,029.32
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Total Current Assets	4,271,397.32
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## Fixed Assets

108-1 Accu Depr/Office Equip	-158,119.17
108-2 Accu Depr/Serv Equip	-185,148.76
108-3 Accu Depr/New Building	-158,057.99
108-4 Accrued Dep/Meters	-1,493,138.73
108-5 Accu Depr/Shop Equip	-32,400.73
108-6 Accu Depr/Power Equipment	-208,920.30
108-7 Accu Depr/Water Treatment	-38,741.39
108 Accu Depr/strts & Inprov	-8,519,434.77
303 Land & Land Rights	174,617.25
304-1 New Building	304,953.09
304 System Betterment	22,075,496.32
320 Water Treatment Equipment	65,918.34
334-4 Meter & Meter Inst- T&D	1,854,694.99
340 Office Furniture & Equip	186,728.84
343 Tools, Shop & Garage Equip	34,006.46
345 Power Operated Equipment	289,098.00
347 Service Equipment	357,635.19

Total Fixed Assets	14,549,186.64
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<b>TOTAL ASSETS</b>	<b>18,820,583.96</b>
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## LIABILITIES &amp; EQUITY

## Liabilities

## Current Liabilities

## Accounts Payable

231 Accounts Payable	110,757.40
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Total Accounts Payable	110,757.40
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**Henry County Water District #2**  
**Balance Sheet**  
 As of April 27, 2008

	Apr 27, 08
Credit Cards	
Chase-VISA	256.61
<b>Total Credit Cards</b>	<b>256.61</b>
Other Current Liabilities	
235 Customer Deposits	86,535.86
236-2 Retirement Payable	10,021.46
237-3 Accrued Interest-Cust Dep	1,206.46
237-4 Accrued Interest-98 Issue	123,695.11
241-1 Social Security Payment	-7,241.18
241-10 Medicare Payment	-67.62
241-11 KY State Retirement Emp	-30,940.25
241-12 Other Withholding	-746.12
241-13 Eminence School Tax	-5,205.49
241-2 Federal Withholding	-740.60
241-3 KY State Withholding	2,186.15
241-4 Ky Sales Tax	444.58
241-5 Henry School Tax	10,774.77
241-6 Trimble School Tax	1,247.26
241-7 Carroll School Tax	13.93
241-8 Oldham School Tax	242.83
241-9 Shelby School Tax	212.36
242-1 Accrued Payroll Taxes	191.36
242-2 Accrued Wages	27,806.46
242 Accrued Vacation	19,977.65
Payroll Liabilities	1,283.79
<b>Total Other Current Liabilities</b>	<b>240,898.77</b>
<b>Total Current Liabilities</b>	<b>351,912.78</b>
Long Term Liabilities	
181-1 Unamortized Debt 2003 SER	-76,842.24
181 Amortized Debt Disc	-172,136.20
221-10 Regions Mgn Keg 2006	515,071.56
221-6 KRWFC 5th-3rd 2003	2,666,508.40
221-8 H&L 1998 Bond Issue	6,591,100.00
221-9 KRWFC 5th-3rd 2001 issue	638,998.98
<b>Total Long Term Liabilities</b>	<b>10,162,700.50</b>
<b>Total Liabilities</b>	<b>10,514,613.28</b>
Equity	
214 Approp Retained Earnings	112,000.00
215-1 R/E from income bf cont	1,939,283.87
215-2 Donated cap-cont in aid	1,187,864.73
215-3 Donated cap-tap on fees	1,682,542.85
215-4 Donated Cap- Grants	3,147,406.00
215 Unapporp Retained Earnings	150,928.35
Opening Bal Equity	-72.26
Retained Earnings	269,883.52
Net Income	-183,866.38
<b>Total Equity</b>	<b>8,305,970.68</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>18,820,583.96</b>



The minutes of the meeting of the Board of the Water District Commissioners of the Henry County Water District No. Two held at the District's office at the hour of 7:00 p.m., on April 8, 2008.

Those in attendance are shown by the attached attendance sheet.

The minutes for the March 11, 2008, meeting had been previously sent to the Commissioners for their review. A motion was made to approve the minutes by Commissioner Jennings, seconded by Commissioner Richardson and passed. A copy of the monthly financial report had been previously sent to the Commissioners for their review. A copy of that report is attached hereto and made a part hereof.

The District's accountant, Dennis Raisor, was present and presented the attached audit report and management recommendation letter. He advised the Commissioners that generally speaking the District is reasonably good financial condition especially considering the fact that there has been no rate increases since 1996. He further discussed the recommendations in the management letter with the Board and was aware that many of these issues have already been addressed by the Chief Operating Officer.

Tom Green, from the District's engineering firm Tetra Tech was present and presented the monthly engineering report, a copy of which is attached hereto. Mr. Green went into some detail explaining the bid opening for the Pleasureville Tank and advised the Commissioners that the bid from Caldwell Tank was significantly higher than was expected due to the fact that the tank bid exceeded the District's budget by over \$200,000, the bid had not yet been awarded and he was seeking direction from the Commissioners as to how to proceed. At this point, the Chief Operating Officer asked the Commissioners to discuss this matter and advised the Commissioners that it is his opinion that this tank needs to be constructed even at the cost of \$813,000. Thereafter, a motion was made by Commissioner Powell to accept the bid of Caldwell Tank which motion was seconded by Commissioner Bohannon and passed and Mr. Green was directed to send a notice of award to Caldwell Tank.

The District's attorney, D. Berry Baxter, advised that he was continuing to work with regard to resolving the case involving Smith and Pearson and he further advised the Commissioners of an issue that had arisen regarding lack of internal control with the Oldham County Sewer District and suggested that they make every effort to review the monthly financial reports and ask questions should they be concerned about anything contained in that report.

The Chief Operating Officer, James Simpson, reported for Superintendent Barry Woods.

1. Distribution staff had attended school in Carrollton for two (2) days and were re-certified for the upcoming year.
2. The high-service pump #3 was back online, but pump #1 had an alignment

problem and is currently out of service.

3. Reynolds had tested all the wells at the Well Field. Well #3 needs to be cleaned within the next few months and well #6 will need to be cleaned in the next couple of years. Well #1 also required a small repair.

4. The welding was completed on Filter #3 at the Treatment Plant. Distribution staff is in the process of prepping and painting that filter. Jay Armstrong advised that approximately of this prep work was completed. The Chief Operating Officer continue that when the filter was taken out of service a valve had been located that was not functioning properly and had caused water to re-circulate through the Plant which resulted in the water being filtered on more than one occasion and also contributed to increased monthly loss report numbers. This valve will need to be replaced on each of the filters at a cost of approximately of \$2,400 each.

5. Mr. Woods crews had worked on the Franklinton booster and had also fixed a latch on the climbing apparatus located on that tank.

6. Mr. Woods wanted the Commissioners to review the monthly loss report. The numbers reflected on that report include losses due to the Spring flushing all of which had been completed as of the date of this meeting.

The Chief Operating Officer then presented the Plant report and in addition to the items referenced hereinabove he advised the Commissioners that Jim Donaldson had replaced a diaphragm on a check valve at the Plant and that he is in the process of making repairs to high service pump #1 which hopefully will address the noise in the motor and it will function properly. In addition, it was reported that distribution staff had removed approximately 1400 air scour nozzles from the filter which nozzles had been cleaned by Treatment Plant staff and would be reinstalled by distribution staff.

The Chief Operating Officer then presented his report which included the following:

1. The insurance company had denied the claim to repair the filters expressing their opinion that the problems with the filters were due to wear and tear and faulty design. The Chief Operating Officer requested permission to have the District's attorney send a letter to the filter manufacturer to address the faulty design aspect and see if a portion of the repair costs would be covered by the filter manufacturer.

2. The Chief Operating Officer commented that there is a new executive director at the Public Service Commission and he hoped that this would have a favorable outcome for the District as it relates to the Offsetting Improvement Charge Tariff case.

3. He advised the Commissioners that PSC approval was required for the District's leak adjustment policy and that same needed to be included in the District's tariff. The Chief Operating Officer made recommendations to the Commissioners to simplify this policy and a motion was made by Commissioner Powell, seconded by Commissioner

Jennings and passed that the recommended modifications be adopted as the District's leak adjustment policy and the Chief Operating Officer was directed to provide a copy of the amended tariff to the District's attorney for review.

4. The Chief Operating Officer attended the Kentucky Rural Water Association Conference in the previous month.

5. The new backhoe had been delivered and was operational.

6. As a result of the Chief Operating Officers work with the legislatures representing the interest of the District in Frankfort, the District had received a \$300,000 grant from the State to be applied to the Pleasureville Tank project and in addition had received funds to construct lines on two (2) roads in Henry County and one (1) road in Trimble County.

7. The Chief Operating Officer requested an amendment to the minutes of the meeting on March 11, 2008 and the motion as it related to his ability to sign on the District's operations account with United Citizens Bank & Trust Co. The motion specifically needs to provide that Mr. Simpson is authorized to execute checks relative to the Operations Account #600-017-7 with United Citizens Bank & Trust Co., and not other accounts located at that financial institution. Said motion was made by Commissioner St. Clair, seconded by Commissioner Richardson and passed.

Thereafter, a motion was made by Commissioner Powell that the District move into executive session to discuss a personnel matter, said motion being seconded by Commissioner Jennings and passed. After returning from executive session no further action was taken.

There being no further business to come before the Board, a motion to adjourn was made by Commissioner St. Clair, seconded by Commissioner Barrickman, and passed that the meeting be adjourned.

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CHAIRMAN

ATTEST:

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SECRETARY

Account Balances

Amount

<b>Revenue Account</b>	
Beginning Balance	\$517,211 90
Deposits (Payments)	\$240,203 77
Dpst & Int Applied to Accts	
Interest on Account	\$ 238 51
Charges for Retured Checks	-\$27 00
ACH Fee (bank Drafts)	-\$98 20
Transferred to Operations	-\$150,000 00
Transferred to Line Improvement Acct.	-\$3,334 00
Transferred to Depreciation Acct	\$0 00
Transferred to Escrow	-\$1,260 00
(deposits applied to accounts)	
Transferred to Bond & Interest	-\$61,000 00
Returned Checks	-\$455 93
Misc. Payments	
Credit Card Machine Charges	-\$323 97
Bank Correction on Deposit	-\$0 07
Ending Balance	\$541,155 01
<b>Operations Account</b>	
Beginning Balance	\$145,167 12
Interest on Account	\$54 14
Transferred from Revenue	\$150,000 00
Misc. Deposits	
Operating Expenses	-\$189,919 43
Ending Balance	\$105,301 83
<b>Bond &amp; Interest Account</b>	
Beginning Balance	\$250,447 25
Interest on Account	\$243 38
Transferred from Revenue	\$61,000 00
Transferred to Line Improvement Acct.	
Loan Payments	-\$22,557 04
Ending Balance	\$289,133 59
<b>Escrow Account</b>	
Beginning Balance	\$55 08
Transferred from Revenue	\$1,260 00
Deposit & Interest Tranferred to Revenue	-\$1,259 66
Ending Balance	\$55 42
<b>Depreciation Account</b>	
Beginning Balance	\$206,181 75
Transferred from Revenue	
Interest on Account	\$70 86
Expenses	-\$62,800 00
Ending Balance	\$143,452 61
<b>Impact Charge Escrow Account</b>	
Beginning Balance	\$162,198 17
Impact Fees Paid	\$950 00
Interest on Account	\$102 04
Ending Balance	\$163,250 21
<b>Improvement Projects Account</b>	
Beginning Balance	\$224,417 48
Interest on Account	\$100 59
Deposits	
Paid Improvements	\$0 00
Transferred From Revenue	\$3,334 00
Invested	0
Ending Balance	\$227,852 07
<b>Escrow - Customer Line Extensions Account</b>	
Beginning Balance	\$13,162 39
New Extensions	\$0 00
Interest on Account	\$6 23
Customer Contributions to Revenue	\$0 00
Ending Balance	\$13,168 62
<b>Customer Refund Account</b>	
Beginning Balance	\$0 00
Refunds Paid in	\$0 00
Refunds from last location payments	\$0 00
Ending Balance	\$0 00

HENRY COUNTY WATER DISTRICT NO. 2  
CERTIFICATES OF DEPOSIT

		Active CD'S							
Issued Date	Account	Term	Amount	C. D. #	Bank	Rate	Maturity Date		
	Cannot Move								
11/16/04	Bond & Interest	60 mo	\$50,000.00	221796	PBI Bank	4.90	11/16/2009	Interest credited Quarterly	
06/22/07	Bond & Interest	12 mo	\$165,000.00	222945552	PBI Bank	5.30	6/22/2008	Interest credited Quarterly	
04/02/07	Bond & Interest	12 mo	\$200,000.00	28553	Bedford Loan & Dep	2.25	4/2/2009	Transferred from CD # 38978-Interest credited Semi-Ann	
06/22/07	Bond & Interest	12mo	\$100,000.00	222945542	PBI Bank	5.30	6/22/2008	Interest credited Quarterly	
10/22/07	Depreciation	12 mo	\$100,000.00	17901	Farmers of Milton	5.15	10/22/2008	Interest credited Quarterly	
05/30/05	Depreciation	60 mo	\$100,000.00	22498	Farmers of Milton	4.75	5/30/2010	Interest credited Quarterly	
11/11/04	Depreciation	60 mo	\$85,000.00	221795	PBI Bank	4.90	11/11/2009	combined CD 221795 & 220448 for 1 CD for \$85,000.00	
11/04/98	1998 Bond Issue	120 mo.	\$300,000.00	19019	Farmers of Milton	5.52	1/1/2009		
11/04/98	1998 Bond Issue	122 mo.	\$225,228.75	29273	PBI Bank	5.45	1/1/2009	Interest credited Semi-Annually	
			\$1,325,228.75						
08/17/07	Revenue	6 mth	\$102,664.09	34327	United Citizens	3.75	10/17/2008	Interest is Credited Quarterly-Investing-as of 04/29/08	
03/02/07	System Improvements	12 mo	\$100,000.00	34129	United Citizens	3.81	3/2/2009	Interest is Credited Quarterly-pledge as security	
04/12/07	System Improvements	12 mo	\$100,000.00	34139	United Citizens	2.27	4/12/2008	Transferred from CD # 38996-Interest is credited Quarterly-pledged as security	
10/30/07	System Improvements	12mo	\$325,000.00	222949152	PBI Bank	5.16	10/30/2008	Interest is Credited Quarterly	
12/14/07	System Improvements	6 mo	\$350,000.00	3537	Farmers Deposit Bank	5.00	6/13/2008	Transferred from CD # 24729	
08/28/07	Plant & Well Field Repair	6 mo	\$76,976.20	34330	United Citizens	3.75	10/28/2008	Interest is Credited Quarterly-as of 04/29/08	
			\$2,379,869.04						

1	Bond Funds	500,000	-0-
2	009. Green River Valley Water District - Water Main Extensions Magnolia Gas		
3	Storage Road (WX21099013)		
4	Bond Funds	20,000	-0-
5	<b>Henry County</b>		
* 6	001. City of Campbellsburg - Henry County Industrial Park Pump Station		
7	Bond Funds	100,000	-0-
* 8	002. City of Eminence - Wastewater Treatment Plant Expansion (SX21103001)		
9	Bond Funds	350,000	-0-
* 10	003. City of New Castle - Wastewater Line Extension (SX21103007)		
11	Bond Funds	425,000	-0-
* 12	004. City of New Castle - Wastewater Line Extension (WX21103007)		
13	Bond Funds	50,000	-0-
* 14	005. Henry County Water District #2 - KY 389 Extension (WX21103030)		
15	Bond Funds	25,000	-0-
* 16	006. Henry County Water District #2 - Pennywinkle Road Extension		
17	(WX21103031)		
18	Bond Funds	55,000	-0-
* 19	007. Henry County Water District #2 - Systemwide Betterment Project		
20	(WX21103042)		
21	Bond Funds	50,000	-0-
* 22	008. Henry County Water District #2 - Systemwide Betterment Project		
23	(WX21103042)		
24	Bond Funds	300,000	-0-
25	<b>Hickman County</b>		
26	001. City of Clinton - Sewer Rehabilitation (SX21105004)		
27	Bond Funds	730,000	-0-

# Monthly Service Report

• New Meter Tap-ons	<u>4</u>
• Connections & Transfers	<u>61</u>
• Disconnects	<u>20</u>
• Delinquent Accounts	<u>82</u>
• Meter Changes	<u>56</u>
• Service Calls/Complaints	<u>58</u>
• Line Locates	<u>22</u>
• Leak Repairs	<u>8</u>
• Customers Billed	<u>6,236</u>

## Henry County Water District #2

## Profit &amp; Loss

May 2008

	<u>May 08</u>
Ordinary Income/Expense	
Income	
419 Interest	
Bond & Interest	397.16
Cust Line Ext Escrow	5.50
Depreciation Acct	82.54
Impact Chg Escrow	134.06
Improvement Proj Acct	131.70
Operations Acct Interest	92.81
Revenue Acct. Interest	239.05
419 Interest - Other	1,603.28
Total 419 Interest	<u>2,686.10</u>
432-1 Tap on Fees	4,075.00
432 Impact Fee	950.00
461-11 Metered Sales-Henry	167,193.88
461-12 Metered Sales-Trimble	25,409.08
461-13 Metered Sales-Carroll	1,046.97
461-14 Metered Sales-Oldham	8,309.86
461-18 Metered Sales- Eminence	4,539.94
461-19 Metered Sales-Shelby	7,818.84
461-2 Metered Sales-Wholesale	16,600.01
470 Penalties/ Late Charges	5,198.38
471-1 Connections & Transfers	1,850.00
471-3 Other Income	4,365.07
471 Bank Charges for Returned C	124.00
471 Miscellaneous Service Chrg	70.00
Total Income	<u>250,237.13</u>
Expense	
408-12 Payroll Taxes Employer	5,650.92
471-Credit Card Service Charges	-290.02
601-1 Employee Salaries	76,830.29
603-8 Commissioners Per Diem	2,475.00
604-1 Employee Benefits	480.99
604-1 Retirement Employee	2,505.18
609 Depreciation Expenses	66,500.00
615-1 Electric, Distribution	30,265.10
615-1A Electric, Office	142.48
615-2 Gas, Office	209.75
615-3 Water, Office	54.89
615-4 Sewer, Office	34.71
615-5 Garbage, Office	70.69
618-1 Chemicals	2,325.17
618-2 Plant Supplies	24,227.73
620-1 Materials & Supplies	249.37
620-2 Service Department Suppli	12,278.97
620-7 Office Supplies	
ACH FEE	98.20
Postage	1,300.00
620-7 Office Supplies - Other	336.72
Total 620-7 Office Supplies	<u>1,734.92</u>
620-8 Office Supplies, Office	6.95
627-1 Int 2001 Issue	13,183.63
627-5 Int On H&L 1998 Issue	26,000.00
628 Amortization of Debt Disc	511.42
631-1 Cont Serv Mowing	3,245.00
631-2 Cont Serv Plant	110.00
631-4 Contr Serv Office	
Office Copier	35.88
Rugs	46.30
631-4 Contr Serv Office - Other	1,838.08
Total 631-4 Contr Serv Office	<u>1,920.26</u>



2:27 PM

06/05/08

Accrual Basis

## Henry County Water District #2

### Profit & Loss

May 2008

	<u>May 08</u>
633-8 Legal	25.00
634-2 Cont Serv- Meter Readings	8,081.18
634-3 Contract Serv MGT MAINT	246.46
636 Contractual Services	270.80
650-5 Bkhoe & Trk Fuel	2,407.08
650-8 Mileage	2,016.47
656-1 Insur Vehicle/Operation	969.58
656-8 Bonds	671.71
657-1 General Insurance	2,572.57
657-2 Insurance Gen liab/maint	889.66
658-1 Insur Wkmns Comp/Operatio	976.00
675-2 Miscellaneous Exp.	466.23
675-3 Water Analysis	4,097.50
675-4 Repairs Equipment	642.35
675-5 Repairs Building	
Plant & Well Field Repairs	2,148.85
675-5 Repairs Building - Other	238.18
Total 675-5 Repairs Building	<u>2,387.03</u>
675-7 Utilities-Telephone	
Cellular Phones	760.76
Land Lines	493.29
Online Services	99.95
Pagers	55.40
Total 675-7 Utilities-Telephone	<u>1,409.40</u>
675-8 Dues & Subscriptions	128.92
Total Expense	<u>298,981.34</u>
Net Ordinary Income	<u>-48,744.21</u>
Net Income	<u><u>-48,744.21</u></u>

# Henry County Water District #2

## Profit & Loss

May 2008

May 08

Ordinary Income/Expense

Income

419 Interest	
Revenue Acct. Interest	239.05
419 Interest - Other	1,603.28
<b>Total 419 Interest</b>	<b>1,842.33</b>
432-1 Tap on Fees	4,075.00
432 Impact Fee	950.00
461-11 Metered Sales-Henry	167,193.88
461-12 Metered Sales-Trimble	25,409.08
461-13 Metered Sales-Carroll	1,046.97
461-14 Metered Sales-Oldham	8,309.86
461-18 Metered Sales- Eminence	4,539.94
461-19 Metered Sales-Shelby	7,818.84
461-2 Metered Sales-Wholesale	16,600.01
470 Penalties/ Late Charges	5,198.38
471-1 Connections & Transfers	1,850.00
471-3 Other Income	4,365.07
471 Bank Charges for Returned C	124.00
471 Miscellaneous Service Charg	70.00
<b>Total Income</b>	<b>249,393.36</b>

Expense

408-12 Payroll Taxes Employer	5,650.92
471-Credit Card Service Charges	-290.02
601-1 Employee Salaries	76,830.29
603-8 Commissioners Per Diem	2,475.00
604-1 Employee Benefits	480.99
604-1 Retirement Employee	2,505.18
609 Depreciation Expenses	66,500.00
615-1 Electric, Distribution	30,265.10
615-1A Electric, Office	142.48
615-2 Gas, Office	209.75
615-3 Water, Office	54.89
615-4 Sewer, Office	34.71
615-5 Garbage, Office	70.69
618-1 Chemicals	2,325.17
618-2 Plant Supplies	24,227.73
620-1 Materials & Supplies	249.37
620-2 Service Department Suppli	12,278.97
620-7 Office Supplies	
ACH FEE	98.20
Postage	1,300.00
620-7 Office Supplies - Other	336.72
<b>Total 620-7 Office Supplies</b>	<b>1,734.92</b>
620-8 Office Supplies, Office	6.95
627-1 Int 2001 Issue	13,183.63
627-5 Int On H&L 1998 Issue	26,000.00
628 Amortization of Debt Disc	511.42
631-1 Cont Serv Mowing	3,245.00
631-2 Cont Serv Plant	110.00
631-4 Contr Serv Office	
Office Copier	35.88
Rugs	46.30
631-4 Contr Serv Office - Other	1,838.08
<b>Total 631-4 Contr Serv Office</b>	<b>1,920.26</b>

167,193.88 = 167,193.88  
25,409.08 = 25,409.08

24,227.73 - Southeastern Lab? 400  
Individuals

✓ on Dep. Refunds - Adj.  
1,920.26

10:24 AM  
06/05/08  
Accrual Basis

Henry County Water District #2  
Profit & Loss  
May 2008

	May 08
633-8 Legal	25.00
634-2 Cont Serv- Meter Readings	8,081.18
634-3 Contract Serv MGT MAINT	246.46
650-5 Bkhoe & Trk Fuel	2,407.08
650-8 Mileage	2,016.47
656-1 Insur Vehicle/Operation	969.58
656-8 Bonds	671.71
657-1 General Insurance	2,572.57
657-2 Insurance Gen liab/maint	889.66
658-1 Insur Wkmns Comp/Operatio	976.00
675-2 Miscellaneous Exp.	466.23
675-3 Water Analysis	4,097.50
675-4 Repairs Equipment	642.35
675-5 Repairs Building	
Plant & Well Field Repairs	2,148.85
675-5 Repairs Building - Other	238.18
Total 675-5 Repairs Building	2,387.03
675-7 Utilities-Telephone	
Cellular Phones	760.76
Land Lines	493.29
Online Services	99.95
Pagers	55.40
Total 675-7 Utilities-Telephone	1,409.40
675-8 Dues & Subscriptions	128.92
Total Expense	298,710.54
Net Ordinary Income	-49,317.18
Net Income	-49,317.18

2:28 PM  
 06/05/08  
 Accrual Basis

## Henry County Water District #2

# Balance Sheet

As of May 31, 2008

	May 31, 08
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
131-14 Cust Line Ext Escrow	1,655.01
131-15 Cust Contribution Refund	4,305.34
131-17 Impact Charge Escrow	166,217.00
131-2 Revenue Account	411,985.54
131-3 Operations Account	101,526.04
131-4 Bond & Interest Account	387,973.71
131-5 Depreciation Account	143,535.15
131-6 Escrow Account	56.22
131-7 Improvement Proj Account	231,317.77
<b>Total Checking/Savings</b>	1,448,571.78
<b>Accounts Receivable</b>	
141-1 Accts Rec Returned Checks	1,573.30
141 Accounts Receivable	321,840.92
142 Other Accounts Receivable	162,038.22
<b>Total Accounts Receivable</b>	485,452.44
<b>Other Current Assets</b>	
131-1 Cash on Hand	1,450.00
132 Special Deposits	50,000.00
135-1 Temp Cash Investment Sink	1,066,210.42
135-2 Temp Cash Invest Depr Fd	285,000.00
135 Temporary Cash Investments	980,451.95
141-1 Accts Rec--returned check	1,735.46
143 Accum Prov for Uncoll Acct	-36,031.00
151 Plant Material & Supplies	72,797.99
162-1 Prepaid Insurance	-20,309.57
162-2 Prepaid Maintenance	2,867.62
171 Accrued Interest Receivable	27,269.34
<b>Total Other Current Assets</b>	2,431,442.21
<b>Total Current Assets</b>	4,365,466.43
<b>Fixed Assets</b>	
108-1 Accu Depr/Office Equip	-158,793.67
108-2 Accu Depr/Serv Equip	-187,148.76
108-3 Accu Depr/New Building	-159,090.98
108-4 Accrued Dep/Meters	-1,500,162.25
108-5 Accu Depr/Shop Equip	-32,603.89
108-6 Accu Depr/Power Equipment	-209,818.38
108-7 Accu Depr/Water Treatment	-40,599.87
108 Accu Depr/strts & Inprov	-8,572,244.04
303 Land & Land Rights	174,617.25
304-1 New Building	304,953.09
304 System Betterment	22,075,496.32
320 Water Treatment Equipment	65,918.34
334-4 Meter & Meter Inst- T&D	1,854,694.99
340 Office Furniture & Equip	186,728.84
343 Tools, Shop & Garage Equip	34,006.46
345 Power Operated Equipment	289,098.00
347 Service Equipment	357,635.19
<b>Total Fixed Assets</b>	14,482,686.64
<b>TOTAL ASSETS</b>	18,848,153.07
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
231 Accounts Payable	61,845.30
<b>Total Accounts Payable</b>	61,845.30

2:28 PM  
06/05/08  
Accrual Basis

Henry County Water District #2  
Balance Sheet  
As of May 31, 2008

	<u>May 31, 08</u>
Other Current Liabilities	
235 Customer Deposits	130,594.12
236-2 Retirement Payable	10,021.46
237-3 Accrued Interest-Cust Dep	1,170.90
237-4 Accrued Interest-98 Issue	138,766.67
241-1 Social Security Payment	-777.35
241-10 Medicare Payment	-53.84
241-11 KY State Retirement Emp	-1,744.85
241-13 Eminence School Tax	80.84
241-2 Federal Withholding	-86.00
241-3 KY State Withholding	3,490.60
241-4 Ky Sales Tax	398.64
241-5 Henry School Tax	5,224.72
241-6 Trimble School Tax	574.21
241-7 Carroll School Tax	-43.90
241-8 Oldham School Tax	22.60
241-9 Shelby School Tax	-22.92
242-1 Accrued Payroll Taxes	191.36
242-2 Accrued Wages	27,806.46
242 Accrued Vacation	19,977.65
Total Other Current Liabilities	<u>335,591.37</u>
Total Current Liabilities	397,436.67
Long Term Liabilities	
181-1 Unamortized Debt 2003 SER	-76,720.82
181 Amortized Debt Disc	-170,430.00
221-10 Regions Mgn Keg 2006	500,000.00
221-6 KRWFC 5th-3rd 2003	2,661,385.50
221-8 H&L 1998 Bond Issue	6,545,000.00
221-9 KRWFC 5th-3rd 2001 issue	634,748.47
Total Long Term Liabilities	<u>10,093,983.15</u>
Total Liabilities	10,491,419.82
Equity	
214 Approp Retained Earnings	112,000.00
215-1 R/E from income bf cont	1,939,283.87
215-2 Donated cap-cont in aid	1,187,864.73
215-3 Donated cap-tap on fees	1,682,542.85
215-4 Donated Cap- Grants	3,147,406.00
215 Unapporp Retained Earnings	150,928.35
Retained Earnings	374,258.50
Net Income	-237,551.05
Total Equity	<u>8,356,733.25</u>
TOTAL LIABILITIES & EQUITY	<u><u>18,848,153.07</u></u>

HENRY COUNTY WATER DISTRICT NO. 2  
CERTIFICATES OF DEPOSIT

Issued Date	Account	Active CD'S					Maturity Date	
		Term	Amount	C. D. #	Bank	Rate		
	Cannot Move							
11/16/04	Bond & Interest	60 mo	\$50,000.00	221796	PBI Bank	4.90	11/16/2009	Interest credited Quarterly
06/22/07	Bond & Interest	12 mo	\$165,000.00	222945552	PBI Bank	5.30	6/22/2008	Interest credited Quarterly
04/02/07	Bond & Interest	12 mo	\$200,000.00	28553	Bedford Loan & Dep	2.25	4/2/2009	Transferred from CD # 38978-Interest credited Semi-Ann
06/22/07	Bond & Interest	12mo	\$100,000.00	222945542	PBI Bank	5.30	6/22/2008	Interest credited Quarterly
10/22/07	Depreciation	12 mo	\$100,000.00	17901	Farmers of Milton	5.15	10/22/2008	Interest credited Quarterly
05/30/05	Depreciation	60 mo	\$100,000.00	22498	Farmers of Milton	4.75	5/30/2010	Interest credited Quarterly
11/11/04	Depreciation	60 mo	\$85,000.00	221795	PBI Bank	4.90	11/11/2009	combined CD 221795 & 220448 for 1 CD for \$85,000.00
11/04/98	1998 Bond Issue	120 mo.	\$300,000.00	19019	Farmers of Milton	5.52	1/1/2009	
11/04/98	1998 Bond Issue	122 mo.	\$225,228.75	29273	PBI Bank	5.45	1/1/2009	Interest credited Semi-Annually
			\$1,325,228.75					
08/17/07	Revenue	6 mth	\$103,613.38	34327	United Citizens	3.75	10/17/2008	Interest is Credited Quarterly-Investing-as of 05/17/08
03/02/07	System Improvements	12 mo	\$100,000.00	34129	United Citizens	3.81	3/2/2009	Interest is Credited Quarterly-pledge as security
04/12/07	System Improvements	12 mo	\$100,000.00	34139	United Citizens	2.27	4/12/2008	Transferred from CD # 38996-Interest is credited Quarterly-pledged as security
10/30/07	System Improvements	12mo	\$333,264.32	222949152	PBI Bank	5.16	10/30/2008	Interest is Credited Quarterly - as of 3/19/08
12/14/07	System Improvements	6 mo	\$350,000.00	3537	Farmers Deposit Bank	5.00	6/13/2008	Transferred from CD # 24729
08/28/07	Plant & Well Field Repair	6 mo	\$77,703.78	34330	United Citizens	3.75	10/28/2008	Interest is Credited Quarterly-as of 04/29/08
			\$2,389,810.23					

**May 2008**  
**Account Balances**

Revenue Account	Amount
Beginning Balance	\$541,155 01
Deposits (Payments)	\$243,038 85
Dpst & Int Applied to Accts	
Interest on Account	\$239 05
Charges for Retured Checks	-\$72 00
ACH Fee (bank Drafts)	-\$98 20
Transferred to Operations	-\$100,000 00
Transferred to Line Improvement Acct.	
Transferred to Depreciation Acct	\$0.00
Transferred to Escrow	
(deposits applied to accounts)	
Transferred to Bond & Interest	-\$60,000 00
Returned Checks	-\$2,370 45
Misc. Payments	
Credit Card Machine Charges	-\$323 97
Bank Correction on Deposit	-\$0 90
Ending Balance	\$409,630 56
<b>Operations Account</b>	
Beginning Balance	\$105,301 83
Interest on Account	\$92 81
Transferred from Revenue	\$250,000 00
Misc. Deposits	\$3,109 25
Operating Expenses	-\$244,187 68
Ending Balance	\$114,316 21
<b>Bond &amp; Interest Account</b>	
Beginning Balance	\$289,133 59
Interest on Account	\$397 16
Transferred from Revenue	\$121,000 00
Transferred to Line Improvement Acct.	
Loan Payments	-\$22,557 04
Ending Balance	\$387,973 71
<b>Escrow Account</b>	
Beginning Balance	\$55.42
Transferred from Revenue	
Deposit & Interest Tranferred to Revenue	
Ending Balance	\$55 42
<b>Depreciation Account</b>	
Beginning Balance	\$143,452.61
Transferred from Revenue	
Interest on Account	\$82 54
Expenses	
Ending Balance	\$143,535 15
<b>Inpact Charge Escrow Account</b>	
Beginning Balance	\$163,250 21
Inpact Fees Paid	\$1,900 00
Interest on Account	\$134 06
Ending Balance	\$165,284 27
<b>Improvement Projects Account</b>	
Beginning Balance	\$227,852 07
Interest on Account	\$131 70
Deposits	
Paid Improvements	\$0 00
Transferred From Revenue	\$3,334 00
Invested	0
Ending Balance	\$231,317 77
<b>Escrow - Customer Line Extensions Account</b>	
Beginning Balance	\$13,174 51
New Extensions	\$0 00
Interest on Account	\$5 50
Impact Chg Escrow	-\$950 00
Customer Contributions to Revenue	-\$10,575 00
Ending Balance	\$1,655 01
<b>Customer Refund Account</b>	
Beginning Balance	\$4,305 34
Refunds Paid In	\$0 00
Refunds from last month's payments	\$0 00
Ending Balance	\$4,305 34

**HENRY COUNTY WATER DISTRICT NO. 2  
BOARD MEETING AGENDA**

June 10, 2008

Guests:

Reading of Minutes & Approval of Income Statement & Balance Sheet  
Minutes from May 13, 2008 Meeting  
Account Balances, Operation Expenses, Revenue Income

Report from Engineers:

Report from Attorney:

Report from Accountant:

Report from Superintendent, Chief Operating Officer & Treatment Supervisor:

Report from any Commissioners:

New Business:

1. Filter Repair at Treatment Plant
2. Tank Demolition at Pleasureville
3. KIA Funding Update

Old Business:

1. PSC Order on OIC
2. Smith Trial Update



The minutes of the meeting of the Board of Water District Commissioners of the Henry County Water District No. Two held at the District's office at the hour of 7:00 p.m. on May 13, 2008.

Those in attendance are shown by the attached attendance sheet.

The minutes of the April 8, 2008, meeting had been previously provided to the Commissioners for their review. A motion to approve the minutes was made by Commissioner Jennings, seconded by Commission Bohannon and passed. A copy of the monthly Financial Report had been sent to the Commissioners for their review. A copy of that report is attached hereto and made a part hereof. In addition, the District's Chief Operating Officer explained to the Commissioners that the \$76,000 loss reflected on the Profit & Loss was due to a number of items including the billing cycle, significant repairs that had been performed at the plant in the previous month, and expense relative to the new tank project in Pleasureville.

Tom Green of the District's engineering firm, Tetra Tech, was present and discussed the monthly Engineering Report, a copy of which is attached hereto, including discussing the status of the Pleasureville tank project.

The District's attorney, D. Berry Baxter, advised the Commissioners the status of two pending law suits involving Smith and Kallenberger. He advised the Commissioners that the Pearsons, one of the defendants in the Smith Case, had recently fired their attorney and that he felt it would be necessary to file a Motion to set the case for trial in order to try to move this litigation along in light of this development. He further advised the Commissioners that he had been contacted by the attorney for Ted Dwenger, one of the litigants involved in the Kallenberger Case, and that she had represented that she was considering filing a claim against the Water District for Mr. Dwenger's alleged damages. The District's attorney advised that he would keep the Commissioners aware of developments as they occur.

Jay Hoffman of Wet/Dry Tank Inspection was present and commented that he is generally monitoring the Pleasureville tank situation on behalf of the District as an outside consultant.

Supt. Barry Woods presented the monthly staff report to the Commissioners and advised that the crews had been engaged in various duties on behalf of the District in the previous month. In particular, they had worked at the plant repairing the filter, had performed cleanup and general maintenance in the previous month. In addition, Mr. Woods advised the Commissioners that lightning had knocked out high service pump #3 and that an electrician had been engaged to fix the surge protectors for that problem. In addition, the well field had also been effected by lightning. He further advised that when Reynolds had performed testing at the well field, they had broken part of the equipment on wells #2 and #3 and that repairs had been made by Reynolds at no expense to the District. He further advised the Commissioners that most of the District's employees had received schooling in the previous month in order to get their necessary continuing education requirements fulfilled. Mr. Woods went on to describe the work that had been performed by distribution staff on filter #3 at the treatment plant including painting, sanding and had scooping the medium back into the filter. It is hoped that this filter will be back on line next month. Finally, Mr. Woods reported that the coupling for high service pump #1 had been received and it is hoped

that it will be installed within the next couple of days.

The Chief Operating Officer presented the Plant Report and advised the Commissioners that the Consumer Confidence Report was ready to be mailed out, but that the Plant Operator had forwarded same to Frankfort for the purpose of having it reviewed by the Public Service Commission to make sure that it complied with all of its requirements. As the Commissioners will recall, this would be the first Consumer Confidence Report prepared by the new Plant Operator and he is trying to ensure that there are no mistakes in this regard. Additionally, the decant pump had a problem in the previous month which was repaired by the Plant Operator and those pumps placed back on line. The Plant Operator reported that the new member of treatment plant staff, Rick Wheeler, will be resigning due to the expense associated with traveling from his home in southern Indiana to the plant. Mr. Wheeler will be seeking a job closer to home. The Chief Operating Officer has commenced interviewing new candidates to fill this job. Finally, the medium will be cleaned with the chemical, Flouran, which will hopefully increase the medium's effectiveness and reduce chemical costs.

The Chief Operating Officer reported on the following:

1. The District's request for the off-setting improvement charge still remains under submission at the Public Service Commission. The Chief Operating Officer has learned that the Chairman of the PSC has changed in the interim; that there is a new Executive Director of the PSC; and that another Commissioner's will expire by the end of the month. This is obviously very frustrating in that the PSC promised a ruling on the District's off-setting improvement charge by the end of January, 2008, and the District has heard nothing with regard to this request. At this point, it was agreed that no action would be taken, but the matter will be re-visited at the June Commission meeting.
2. He had submitted the tariff on the leak adjustment policy that had been modeled on the PSC form and hopes to have this approved within the next month.
3. He met with representatives of Tru-Check to discuss phasing out their program as auto meter reading comes on line.
4. He updated the Commissioners concerning the new stage two disinfection by product rule and advised them that the new sampling requirements have been resulting in additional testing expense. These additional expenses, however, were part of the District's 2008 budget.
5. He advised the Commissioners concerning state grant money received by the District totaling \$430,000 including an amount received to be applied toward the Pleasureville tank in the sum of \$300,000.
6. He updated the Commissioners concerning the status of the Shelby RECC loan with the 2% interest rate and told them that he was waiting for a closing to be scheduled so that this money could be received.

Commissioner Powell advised the other members of the Commission that he found it necessary to resign as a member of the Board and read his letter of resignation into the record. A copy of same is attached hereto.

There being no further business to come before the Board, a motion to adjourn was

made by Commissioner St. Clair, seconded by Commissioner Barrickman, and passed that the meeting be adjourned.

---

CHAIRMAN

ATTEST:

---

SECRETARY

**Henry County Water District #2**  
**Profit & Loss**  
 June 2008

	Jun 08
Ordinary Income/Expense	
Income	
419 Interest	
Bond & Interest	329.38
Cust Line Ext Escrow	0.79
Depreciation Acct	68.35
Impact Chg Escrow	113.09
Improvement Proj Acct	111.31
Operations Acct Interest	61.81
Revenue Acct. Interest	223.22
419 Interest - Other	14,358.37
Total 419 Interest	15,266.32
432-1 Tap on Fees	5,775.00
432-3 Cust Contrib Line Payback	-901.12
432 Impact Fee	4,750.00
461-11 Metered Sales-Henry	181,666.77
461-12 Metered Sales-Trimble	29,477.02
461-13 Metered Sales-Carroll	1,187.68
461-14 Metered Sales-Oldham	8,413.24
461-18 Metered Sales- Eminence	4,564.23
461-19 Metered Sales-Shelby	8,893.12
461-2 Metered Sales-Wholesale	20,310.60
470 Penalties/ Late Charges	6,249.79
471-1 Connections & Transfers	1,850.00
471-3 Other Income	4,022.58
471-Credit Card Service Charges	282.41
471 Bank Charges for Returned C	256.00
471 Miscellaneous Service Charg	90.00
Total Income	292,153.64
Expense	
408-12 Payroll Taxes Employer	3,720.11
601-1 Employee Salaries	49,163.72
603-8 Commissioners Per Diem	2,250.00
604-1 Employee Benefits	20,727.03
604-1 Retirement Employee	3,841.54
609 Depreciation Expenses	66,500.00
615-1 Electric, Distribution	32,596.09
615-1A Electric, Office	192.24
615-2 Gas, Office	59.11
615-3 Water, Office	22.09
615-4 Sewer, Office	33.15
615-5 Garbage, Office	72.34
615-6 Garbage, Plant	52.80
618-1 Chemicals	2,175.17
618-2 Plant Supplies	318.96
620-1 Materials & Supplies	485.16
620-2 Service Department Suppli	10,790.41
620-7 Office Supplies	
ACH FEE	98.20
Office Supplies	377.66
Postage	1,342.00
620-7 Office Supplies - Other	1,731.24
Total 620-7 Office Supplies	3,549.10
627-1 Int 2001 Issue	13,183.63
627-5 Int On H&L 1998 Issue	26,000.00
628 Amortization of Debt Disc	511.42
631-1 Cont Serv Mowing	2,835.00
631-2 Cont Serv Office Cleaning	220.00
631-4 Contr Serv Office	
Office Copier	35.88
Rugs	138.90
Total 631-4 Contr Serv Office	174.78

Henry County Water District #2  
Profit & Loss  
June 2008

	<u>Jun 08</u>
631-5 Contr Serv Mtr Repair	2,080.00
631-8 Engineering	4,420.00
633-8 Legal	280.00
634-2 Cont Serv- Meter Readings	8,429.11
634-3 Contract Serv MGT MAINT	246.46
636 Contractual Services	344.21
650-5 Bkhoe & Trk Fuel	3,061.30
650-8 Mileage	1,860.09
656-1 Insur Vehicle/Operation	969.58
656-8 Bonds	671.71
657-1 General Insurance	2,572.57
657-2 Insurance Gen liab/maint	889.66
658-1 Insur Wkmns Comp/Operatio	976.00
675-3 Water Analysis	2,950.00
675-4 Repairs Equipment	178.36
675-5 Repairs Building	
Plant & Well Field Repairs	7,458.89
Total 675-5 Repairs Building	7,458.89
675-6 Repairs Other	40.00
675-7 Utilities-Telephone	
Cellular Phones	137.79
Land Lines	484.49
Online Services	99.95
Pagers	55.40
Total 675-7 Utilities-Telephone	777.63
675-8 Dues & Subscriptions	328.92
676-1 PSC Assessment	5,116.10
Total Expense	<u>283,124.44</u>
Net Ordinary Income	<u>9,029.20</u>
Net Income	<u><u>9,029.20</u></u>

**Henry County Water District #2**  
**Balance Sheet**  
As of July 3, 2008

	Jul 3, 08
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
131-14 Cust Line Ext Escrow	1,655.80
131-15 Cust Contribution Refund	3,404.22
131-17 Impact Charge Escrow	170,147.36
131-2 Revenue Account	164,371.66
131-3 Operations Account	166,608.25
131-4 Bond & Interest Account	411,612.30
131-5 Depreciation Account	143,603.50
131-6 Escrow Account	56.86
131-7 Improvement Proj Account	234,763.08
<b>Total Checking/Savings</b>	<b>1,296,223.03</b>
Accounts Receivable	
141-1 Accts Rec Returned Checks	1,573.30
141 Accounts Receivable	358,148.65
142 Other Accounts Receivable	162,038.22
<b>Total Accounts Receivable</b>	<b>521,760.17</b>
Other Current Assets	
131-1 Cash on Hand	1,450.00
132 Special Deposits	50,000.00
135-1 Temp Cash Investment Sink	1,066,210.42
135-2 Temp Cash Invst Depr Fd	285,000.00
135 Temporary Cash Investments	980,451.95
141-1 Accts Rec--returned check	539.74
143 Accum Prov for Uncoll Acct	-36,031.00
151 Plant Material & Supplies	72,797.99
162-1 Prepaid Insurance	-25,417.59
162-2 Prepaid Maintenance	2,492.24
171 Accrued Interest Receivable	27,269.34
<b>Total Other Current Assets</b>	<b>2,424,763.09</b>
<b>Total Current Assets</b>	<b>4,242,746.29</b>
<b>Fixed Assets</b>	
108-1 Accu Depr/Office Equip	-159,468.17
108-2 Accu Depr/Serv Equip	-189,148.76
108-3 Accu Depr/New Building	-160,123.97
108-4 Accrued Dep/Meters	-1,507,185.77
108-5 Accu Depr/Shop Equip	-32,807.05
108-6 Accu Depr/Power Equipment	-210,716.46
108-7 Accu Depr/Water Treatment	-42,458.35
108 Accu Depr/strts & Inprov	-8,625,053.31
303 Land & Land Rights	174,617.25
304-1 New Building	304,953.09
304 System Betterment	22,075,496.32
320 Water Treatment Equipment	65,918.34
334-4 Meter & Meter Inst- T&D	1,854,694.99
340 Office Furniture & Equip	186,728.84
343 Tools, Shop & Garage Equip	34,006.46
345 Power Operated Equipment	289,098.00
347 Service Equipment	357,635.19
<b>Total Fixed Assets</b>	<b>14,416,186.64</b>
<b>TOTAL ASSETS</b>	<b>18,658,932.93</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
231 Accounts Payable	61,845.30
<b>Total Accounts Payable</b>	<b>61,845.30</b>

**Henry County Water District #2**  
**Balance Sheet**  
 As of July 3, 2008

	Jul 3, 08
<b>Other Current Liabilities</b>	
235 Customer Deposits	133,014.44
236-2 Retirement Payable	10,021.46
237-3 Accrued Interest-Cust Dep	1,196.96
237-4 Accrued Interest-98 Issue	10,632.92
241-1 Social Security Payment	-777.35
241-10 Medicare Payment	-53.84
241-11 KY State Retirement Emp	-19,659.90
241-13 Eminence School Tax	119.15
241-2 Federal Withholding	-86.00
241-3 KY State Withholding	-250.22
241-4 Ky Sales Tax	-198.82
241-5 Henry School Tax	5,648.92
241-6 Trimble School Tax	823.42
241-7 Carroll School Tax	-35.68
241-8 Oldham School Tax	80.03
241-9 Shelby School Tax	8.83
242-1 Accrued Payroll Taxes	191.36
242-2 Accrued Wages	27,806.46
242 Accrued Vacation	19,977.65
<b>Total Other Current Liabilities</b>	188,459.79
<b>Total Current Liabilities</b>	250,305.09
<b>Long Term Liabilities</b>	
181-1 Unamortized Debt 2003 SER	-76,599.40
181 Amortized Debt Disc	-170,040.00
221-10 Regions Mgn Keg 2006	500,000.00
221-6 KRWFC 5th-3rd 2003	2,656,262.60
221-8 H&L 1998 Bond Issue	6,545,000.00
221-9 KRWFC 5th-3rd 2001 issue	630,497.96
<b>Total Long Term Liabilities</b>	10,085,121.16
<b>Total Liabilities</b>	10,335,426.25
<b>Equity</b>	
214 Approp Retained Earnings	112,000.00
215-1 R/E from income bf cont	1,939,283.87
215-2 Donated cap-cont in aid	1,187,864.73
215-3 Donated cap-tap on fees	1,682,542.85
215-4 Donated Cap- Grants	3,147,406.00
215 Unapporp Retained Earnings	150,928.35
Retained Earnings	374,258.50
Net Income	-270,777.62
<b>Total Equity</b>	8,323,506.68
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>18,658,932.93</b>

May 2008  
Account Balances Amount

Revenue Account	
Beginning Balance	\$409,630 56
Deposits (Payments)	\$264,649 93
Dpst & Int Applied to Accts	\$2,694 68
Interest on Account	\$223 22
Charges for Retured Checks	-\$27 00
ACH Fee (bank Drafts)	-\$98 20
Transferred to Operations	-\$150,000 00
Transferred to Line Improvement Acct.	-\$3,334 00
Transferred to Depreciation Acct	\$0 00
Transferred to Escrow	
(deposits applied to accounts)	-\$2,695 00
Transferred to Bond & Interest	
Returned Checks	-\$633 32
Misc. Payments	
Credit Card Machine Charges	-\$344 21
Bank Correction on Deposit	
Ending Balance	\$517,371 98
Operations Account	
Beginning Balance	\$114,316 21
Interest on Account	\$61 81
Transferred from Revenue	\$150,000 00
Misc. Deposits	\$0 00
Operating Expenses	-\$170,019 22
Ending Balance	\$94,358 80
Bond & Interest Account	
Beginning Balance	\$387,973 71
Interest on Account	\$329 38
Transferred from Revenue	\$0 00
Loan Payments	-\$176,690 79
Ending Balance	\$211,612 30
Escrow Account	
Beginning Balance	\$55 42
Transferred from Revenue	\$2,695 00
Deposit & Interest Tranferred to Revenue	-\$2,694 68
Ending Balance	\$55 74
Depreciation Account	
Beginning Balance	\$143,535 15
Transferred from Revenue	
Interest on Account	\$68 35
Expenses	
Ending Balance	\$143,603 50
Inpact Charge Escrow Account	
Beginning Balance	\$165,284 27
Inpact Fees Paid	\$4,750 00
Interest on Account	\$113 09
Ending Balance	\$170,147 36
Improvement Projects Account	
Beginning Balance	\$231,317 77
Interest on Account	\$111 31
Deposits	
Paid Improvements	\$0 00
Transferred From Revenue	\$3,334 00
Invested	0
Ending Balance	\$234,763 08
Escrow - Customer Line Extensions Account	
Beginning Balance	\$1,655 01
New Extensions	\$0 00
Interest on Account	\$0 79
Impact Chg Escrow	
Customer Contributions to Revenue	
Ending Balance	\$1,655 80
Customer Refund Account	
Beginning Balance	\$4,305 34
Refunds Paid Out	\$901 12
Refunds from last month's payments	\$0 00
Ending Balance	\$3,404 22



HENRY COUNTY WATER DISTRICT NO. 2  
CERTIFICATES OF DEPOSIT

								Active CD'S			
Issued Date	Account	Term	Amount	C. D. #	Bank	Rate	Maturity Date				
	<b>Cannot Move</b>										
11/16/04	Bond & Interest	60 mo	\$50,000.00	221796	PBI Bank	4.90	11/16/2009	Interest credited Quarterly			
06/22/07	Bond & Interest	12 mo	\$165,000.00	222945552	PBI Bank	5.30	6/22/2008	Interest credited Quarterly			
04/02/07	Bond & Interest	12 mo	\$200,000.00	28553	Bedford Loan & Dep	2.25	4/2/2009	Transferred from CD # 38978-Interest credited Semi-Ann			
06/22/07	Bond & Interest	12mo	\$100,000.00	222945542	PBI Bank	5.30	6/22/2008	Interest credited Quarterly			
10/22/07	Depreciation	12 mo	\$100,000.00	17901	Farmers of Milton	5.15	10/22/2008	Interest credited Quarterly			
05/30/05	Depreciation	60 mo	\$100,000.00	22498	Farmers of Milton	4.75	5/30/2010	Interest credited Quarterly			
11/11/04	Depreciation	60 mo	\$85,000.00	221795	PBI Bank	4.90	11/11/2009	combined CD 221795 & 220448 for 1 CD for \$85,000.00			
11/04/98	1998 Bond Issue	120 mo.	\$300,000.00	19019	Farmers of Milton	5.52	1/1/2009				
11/04/98	1998 Bond Issue	122 mo.	\$225,228.75	29273	PBI Bank	5.45	1/1/2009	Interest credited Semi-Annually			
03/02/07	System Improvements	12 mo	\$100,000.00	34129	United Citizens	3.81	3/2/2009	Pledged Securities-RECC Loan 2008			
04/12/07	System Improvements	12 mo	\$100,000.00	34139	United Citizens	2.27	4/12/2008	Pledged Securities-RECC Loan 2008			
			\$1,325,228.75								
08/17/07	Revenue	6 mth	\$103,613.38	34327	United Citizens	3.75	10/17/2008	Interest is Credited Quarterly-Investing-as of 05/17/08			
10/30/07	System Improvements	12mo	\$333,264.32	222949152	PBI Bank	5.16	10/30/2008	Interest is Credited Quarterly - as of 3/19/08			
12/14/07	System Improvements	6 mo	\$350,000.00	2296936	PBI	3.19	12/13/2008	Moved from Farmers Deposit Bank CD # 3537 to PBI			
08/28/07	Plant & Well Field Repair	6 mo	\$77,703.78	34330	United Citizens	3.75	10/28/2008	Interest is Credited Quarterly-as of 04/29/08			
			\$2,189,810.23								

HENRY COUNTY WATER DISTRICT NO. 2  
BOARD MEETING AGENDA

July 08, 2008

Guests:

Reading of Minutes & Approval of Income Statement & Balance Sheet

Minutes from June 10, 2008 Meeting

Account Balances, Operation Expenses, Revenue Income

Report from Engineers:

Report from Attorney:

Report from Accountant:

Report from Superintendent, Chief Operating Officer & Treatment Supervisor:

Report from any Commissioners:

New Business:

1. Filter Repair at Treatment Plant
2. Tank Demolition at Pleasureville

Old Business:

1. PSC Order on OIC
2. Smith Trial Update

The minutes of the meeting of the Board of Water District Commissioners of the Henry County Water District No. Two held at the District's office at the hour of 7:00 p.m. on June 10, 2008.

Those in attendance are shown by the attached attendance sheet.

The minutes of the May 13, 2008, meeting had been previously provided to the Commissioners for their review. A motion to approve the minutes was made by Commissioner Jennings, seconded by Commission Clark and passed. A copy of the monthly Financial Report had been sent to the Commissioners for their review. A copy of that report is attached hereto and made a part hereof. The Chief Operating Officer, James Simpson, further explained to the Board why the profit & loss shows a monthly income loss of approximately \$48,000.00. He explained that the previous month had three payrolls which resulted in approximately \$26,000.00 of additional expense, that the District was required to purchase \$24,000.00 in chemicals to clean the medium for the filters at the treatment plant, and that there is significant depreciation expense showing on the profit & loss which will be credited back by a book adjustment made by the District's accountant later in the year. The Chief Operating Officer advised the Commissioners that he was very concerned about this loss until he spoke with the District's accountant who expressed that because of the foregoing factors he should not be particularly concerned.

Tom Green of the District's engineering firm, Tetra Tech, was present and provided the Commissioners with the monthly engineering report, a copy of which is attached hereto and made a part hereof. Mr. Green spent some time going over this report in greater detail with the Commissioners.

The District's attorney, D. Berry Baxter, advised the Commissioners that the case involving Kallenberger and Dwenger was scheduled to go to trial in July and that while Dwenger's attorney had threatened additional legal action against the District no such action had been taken as of this time, and the District remains in the same position that it has been in for several years in that we are bound by the decision of the Public Service Commission in this matter. Additionally, Mr. Baxter informed the Commissioners that it appeared that the potential settlement with Smith and Pearson was back on course although the District had secured a trial date and that he was working through the process of finalizing that settlement with counsel for the Smiths and Alex Pearson.

The Chief Operating Officer presented the Superintendent's Report, and he advised that #1 high service pump had been placed back on line the previous month, and that Filter #3 was also back on line after having the medium cleaned. It is expected that the medium and filters 1 and 2 will be cleaned next.

The distribution staff took the Pleasureville tank off line for the purpose of testing it and the system to determine what will need to be done in order to reroute the system after this tank is taken down and before the new tank is placed on line. The Superintendent further assisted in addressing electrical problems at the plant by placing surge protectors back in service and learning about maintenance of those items.

The distribution staff had assisted the County in relocating a line on Boyer Lane which was being rerouted by the County to allow customers living on that line to be able to access Highway 421 when trains are stopped in Campbellsburg. The County paid for all of the material, and the District provided the labor for the installation. The line was upsized from a two inch line to a three inch line during this process.

The Superintendent discovered that the pits where significant equipment and electrical items are located relative to the tank behind the District office flooded when the sump pump failed. Luckily, there was no electrical damage caused by this flooding and the sump and dehumidifier were replaced. In addition, the distribution staff performed routine maintenance items and cleanup during the previous month as evidenced by the Crew Report, a copy of which is attached hereto.

The Superintendent wanted the Commissioners to note that the Service Report indicated that there were twelve line locates in the previous month. In fact, there were 97 as LG&E is relocating gas lines in two areas of the District and required help from our distribution staff in locating our lines.

The Chief Operating Officer presented the Treatment Plant Report, a copy of which is attached hereto and made a part hereof.

The Chief Operating Officer advised the Commissioners on the following:

1. There has been no ruling from the Public Service Commission concerning the District's offsetting improvement charge, but two members of the Commission have been replaced, and the Commission is now in full strength.

2. He anticipates closing on the \$200,000.00 loan from Shelby RECC in the next couple of weeks.

3. The new leak adjustment policy has been approved by the Public Service Commission, a copy of which is attached hereto and made a part hereof, and said policy is now in full force and effect. This will reduce the amount of credit given to customers with leaks and will result in some additional income to the District.

4. The estimated repair bill without labor for the filter repair is approximately \$38,000.00, \$25,000.00 of which was for welding. After some further discussion a motion was made by Commissioner Bohannon, seconded by Commissioner Richardson and passed that the District's attorney contact the filter manufacturer to ask for additional relief as a result of the required repair.

5. The Chief Operating Officer expects the tank demolition in Pleasureville to be approximately \$10,000.00, one-third of the original expected cost.

6. The District has an opening at the plant for an operator to replace Richard Wheeler. The Chief Operating Officer expected to fill that position on June 11, 2008. with

a gentlemen named David Frakes who has operated plants in Indianapolis and recently retired from that position to move back to Henry County and be near family.

7. The District had received a call from John Doty, neighbor to the treatment plant, complaining that his pond is leaking again, and he would like the pond to be fixed. No action was taken by the Board as they declined to fix this item again.

A motion to adjourn was made by Commissioner St. Clair, seconded by Commissioner Barrickman and passed.

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CHAIRMAN

ATTEST:

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SECRETARY

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HENRY COUNTY WATER DISTRICT NO. 2  
BOARD MEETING AGENDA

August 12, 2008

Guests: John Doty

Reading of Minutes & Approval of Income Statement & Balance Sheet  
Minutes from July 8, 2008 Meeting  
Account Balances, Operation Expenses, Revenue Income

Report from Engineers:

Report from Attorney:

Report from Accountant:

Report from Superintendent, Chief Operating Officer & Treatment Supervisor:

Report from any Commissioners:

New Business:

1. New Tank Progress Report

Old Business:

1. PSC Order on OIC
2. Smith Trial Update
3. Kallenber vs. Dwenger

The minutes of the meeting of the Board of Water District Commissioners of the Henry County Water District No. Two held at the District's office at the hour of 7:00 p.m. on July 8, 2008.

Those in attendance are shown by the attached attendance sheet.

The minutes of the June 10, 2008, meeting had been previously provided to the Commissioners for their review. A motion to approve the minutes was made by Commissioner Hawkins, seconded by Commissioner Bohannon and passed. A copy of the monthly financial report had been sent to the Commissioners for their review. A copy of that report is attached hereto and made a part hereof.

Tom Green of the District's engineering firm, Tetra Tech, was present and provided the Commissioners with the monthly engineering report, a copy of which is attached hereto and made a part hereof. Mr. Green spent time going over the report in greater detail and specifically called the Commissioners' attention to the Sligo-Pleasureville project.

The District's certified public accountant, Dennis Raisor, was present and commented that the District may need to explore a rate increase if the pending amendment to our tariff in the form of the offsetting improvement charge is not approved by the Public Service Commission. He further advised the Commissioners that he was concerned about the effect of inflation on the District's costs and that without a rate increase it would be very difficult for the District to be profitable in the coming years. Mr. Green had floated the possibility of securing additional RD funds to pay for upcoming projects which would further allow a rate increase without much difficulty. The Chief Operating Officer commented that he was concerned about getting back into the RD program because typically they insist on 40 year loans and there was no further discussion concerning the matter.

The District's attorney, D. Berry Baxter, presented a Resolution, a copy of which is attached hereto, that relates to the authority of the Chief Operating Officer to execute the necessary loan documents which Shelby RECC. A motion was made to approve the Resolution by Commissioner Barrickman, seconded by Commissioner Richardson and passed. The Chairman and Secretary executed same. Mr. Baxter went on to comment that the pending case involving Mr. Kallenberger and Mr. Dwenger appeared to be ready to go forward to trial and he anticipated appearing along with Mr. Simpson at that trial. Finally, the District's attorney commented concerning the District's option relative to the pending case before the Public Service Commission. Thereafter, a motion was made by

Commissioner Hawkins, seconded by Commission Bohannon and passed to request that the David Spenard of the Attorney General's Office contact the Public Service Commission to determine the status.

Supt. Barry Woods provided the Commissioners with an overview of the monthly service report and monthly loss report. He further advised the Commissioners that the crews had engaged in routine maintenance and cleanup during the previous month with there detailed reports attached hereto and made a part hereof. He further advised the Commissioners that they had changed out large meters and tested as required in the previous month and had worked to assist with the removal of the Pleasureville tank. In particular, they had removed equipment from that tank, removed pillars and vaults, and capped out an 8" line placing it back in service.

The Chief Operating Officer presented the treatment plant report, a copy of which is attached hereto and made a part hereof. He then went on to present his report advising the Commissioners that the filter repair was completed and that the District's attorney was sending a letter to the filter manufacturer to discuss any potential liability. He further advised the Commissioners that tank demolition in Pleasureville was completed and that project was moving forward.

The Chief Operating Officer advised the Commissioners that he had attended a Public Service Commission reception and that only two water companies had been in attendance. He met Stephanie Stumbo, the new executive director.

The Chief Operating Officer went on to advise the Commissioners that the central air conditioning at the office was broken and was to be replaced. He advised the Commissioners that he had been in talks with Kentucky Infrastructural Authority regarding the status of the money to be paid to the District and apparently the legislature had over-extended itself so it would probably be July of 2009 before the promises funds were delivered to the District. He additionally advised the District that a Worker's Compensation evaluator sent in a report about safety concerns and that he was working to address those concerns. He commented that compliance would keep the District's rates lower. Finally, the Chief Operating Officer wanted to call to the Commissioners' attention that Barry Woods had been employed by the District for 20 years and he wanted to recognize Mr. Woods' years of service.

There being no further business to come before the Board a motion was made by Commissioner St Clair, seconded by Commissioner Barrickman and passed that the meeting was adjourned.



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CHAIRMAN

ATTEST:

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SECRETARY

## Henry County Water District #2

08/07/08

## Profit &amp; Loss

Accrual Basis

July 2008

	Jul 08
Ordinary Income/Expense	
Income	
419 Interest	
Bond & Interest	269.29
Cust Line Ext Escrow	0.84
Depreciation Acct	73.14
Impact Chg Escrow	124.06
Improvement Proj Acct	119.63
Operations Acct Interest	63.59
Revenue Acct. Interest	176.65
419 Interest - Other	7,404.64
Total 419 Interest	8,231.84
432-1 Tap on Fees	4,600.00
433 Impact Fee	4,750.00
461-11 Metered Sales-Henry	190,021.91
461-12 Metered Sales-Trimble	28,119.73
461-13 Metered Sales-Carroll	992.57
461-14 Metered Sales-Oldham	8,302.31
461-18 Metered Sales- Eminence	4,903.25
461-19 Metered Sales-Shelby	9,469.54
461-2 Metered Sales-Wholesale	16,901.46
471-1 Connections & Transfers	2,400.00
472-1 Credit Card Service Chgs	313.37
473-1 Bank Chgs for RCK	333.00
474-1 At Door Collection Fee	160.00
475-1 Miscellaneous Income	444.83
Total Income	279,943.81
Expense	
408-12 Payroll Taxes Employer	4,371.09
601-1 Employee Salaries	54,761.02
603-8 Commissioners Per Diem	2,250.00
604-1 Employee Benefits	593.83
604-1 Retirement Employee	2,458.19
609 Depreciation Expenses	66,500.00
615-1A Electric, Office	554.94
615-2 Gas, Office	45.46
615-3 Water, Office	23.59
615-4 Sewer, Office	36.25
615-5 Garbage, Office	72.03
616-1 Electric, Distribution	3,188.64
616-2 Elect Plant & Wellfield	30,636.48
618-1 Chemicals	1,708.56
618-2 Plant Supplies	581.79
620-1 Materials & Supplies	344.03
620-2 Service Department Suppli	7,515.53
620-6 Office ACH Fee	100.00
620-7 Office Supplies	205.18
620-8 Office Postage	2,823.18
620-9 Office Supplies-Plant	164.41
627-1 Int 2001 Issue	13,183.63
627-5 Int On H&L 1998 Issue	26,000.00
627-8 RECC 2008 Loan	3,000.00
628 Amortization of Debt Disc	511.42
631-1 Cont Serv Mowing	3,555.00
631-2 Cont Serv Plant	585.00
631-3 Cont Serv-Accounting Fees	21,340.00
631-4 Cont Serv Office Cleaning	220.00
631-4 Contr Serv Office	
Rugs	92.60
Total 631-4 Contr Serv Office	92.60

**Henry County Water District #2**  
**Profit & Loss**  
**July 2008**

	Jul 08
631-8 Engineering	11,007.40
633-8 Legal	390.00
634-2 Cont Serv- Meter Readings	8,468.49
634-3 Contract Serv MGT MAINT	246.46
635 Credit Card Machine Fee	335.55
650-5 Bkhoe & Trk Fuel	3,158.85
650-8 Mileage	2,329.04
656-1 Insur Vehicle/Operation	969.58
656-8 Bonds	671.71
657-1 General Insurance	2,572.57
657-2 Insurance Gen liab/maint	889.66
658-1 Insur Wkmns Comp/Operatio	4,715.00
672-1 Water Analysis	820.00
673-1 Repairs Equipment	161.80
674-1 Office Building Repairs	4,643.50
675-7 Plant & Well Field Repair	16,025.53
678-1 Cellular Phones	1,497.99
679-1 Land Lines	483.84
680-1 Online Services	99.95
681-1 Pagers	62.35
683-1 Dues & Subscriptions	1,213.92
685-1 Miscellaneous Exp.	3,542.60
<b>Total Expense</b>	<b>311,727.64</b>
<b>Net Ordinary Income</b>	<b>-31,783.83</b>
<b>Net Income</b>	<b>-31,783.83</b>

**Henry County Water District #2**  
**Balance Sheet**  
As of July 31, 2008

	Jul 31, 08
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
131-14 Cust Line Ext Escrow	1,656.64
131-15 Cust Contribution Refund	5,566.90
131-17 Impact Charge Escrow	175,021.42
131-2 Revenue Account	296,056.47
131-3 Operations Account	117,190.64
131-4 Bond & Interest Account	389,324.55
131-5 Depreciation Account	143,676.64
131-6 Escrow Account	56.06
131-7 Improvement Proj Account	234,882.71
<b>Total Checking/Savings</b>	1,363,432.03
<b>Accounts Receivable</b>	
141-1 Accts Rec Returned Checks	-3,218.90
141 Accounts Receivable	354,074.08
142 Other Accounts Receivable	162,038.22
<b>Total Accounts Receivable</b>	512,893.40
<b>Other Current Assets</b>	
131-1 Cash on Hand	1,450.00
132 Special Deposits	50,000.00
135-1 Temp Cash Investment Sink	1,066,210.42
135-2 Temp Cash Invst Depr Fd	285,000.00
135 Temporary Cash Investments	980,451.95
141-1 Accts Rec--returned check	1,497.40
143 Accum Prov for Uncoll Acct	-36,031.00
151 Plant Material & Supplies	72,797.99
162-1 Prepaid Insurance	-3,655.76
162-2 Prepaid Maintenance	2,116.86
171 Accrued Interest Receivable	27,269.34
<b>Total Other Current Assets</b>	2,447,107.20
<b>Total Current Assets</b>	4,323,432.63
<b>Fixed Assets</b>	
108-1 Accu Depr/Office Equip	-160,142.67
108-2 Accu Depr/Serv Equip	-191,148.76
108-3 Accu Depr/New Building	-161,156.96
108-4 Accrued Dep/Meters	-1,514,209.29
108-5 Accu Depr/Shop Equip	-33,010.21
108-6 Accu Depr/Power Equipment	-211,614.54
108-7 Accu Depr/Water Treatment	-44,316.83
108 Accu Depr/strts & Inprov	-8,677,862.58
303 Land & Land Rights	174,617.25
304-1 New Building	304,953.09
304 System Betterment	22,084,496.32
320 Water Treatment Equipment	65,918.34
334-4 Meter & Meter Inst- T&D	1,854,694.99
340 Office Furniture & Equip	186,728.84
343 Tools, Shop & Garage Equip	34,006.46
345 Power Operated Equipment	289,098.00
347 Service Equipment	357,635.19
<b>Total Fixed Assets</b>	14,358,686.64
<b>TOTAL ASSETS</b>	<b>18,682,119.27</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
231 Accounts Payable	61,845.30
<b>Total Accounts Payable</b>	61,845.30

## Henry County Water District #2

08/07/08

## Balance Sheet

Accrual Basis

As of July 31, 2008

	<u>Jul 31, 08</u>
<b>Other Current Liabilities</b>	
235 Customer Deposits	126,658.42
236-2 Retirement Payable	10,021.46
237-3 Accrued Interest-Cust Dep	1,102.56
237-4 Accrued Interest-98 Issue	36,632.92
241-1 Social Security Payment	-914.85
241-10 Medicare Payment	-81.34
241-11 KY State Retirement Emp	-17,083.38
241-13 Eminence School Tax	141.88
241-2 Federal Withholding	-86.00
241-3 KY State Withholding	2,452.14
241-4 Ky Sales Tax	437.22
241-5 Henry School Tax	6,324.00
241-6 Trimble School Tax	964.76
241-7 Carroll School Tax	-32.15
241-8 Oldham School Tax	109.94
241-9 Shelby School Tax	70.70
242-1 Accrued Payroll Taxes	191.36
242-2 Accrued Wages	27,806.46
242 Accrued Vacation	19,977.65
<b>Total Other Current Liabilities</b>	<u>214,693.75</u>
<b>Total Current Liabilities</b>	276,539.05
<b>Long Term Liabilities</b>	
181-1 Unamortized Debt 2003 SER	-76,477.98
181 Amortized Debt Disc	-169,650.00
221-10 Regions Mgn Keg 2006	500,000.00
221-6 KRWFC 5th-3rd 2003	2,651,139.70
221-8 H&L 1998 Bond Issue	6,545,000.00
221-9 KRWFC 5th-3rd 2001 issue	626,247.45
<b>Total Long Term Liabilities</b>	<u>10,076,259.17</u>
<b>Total Liabilities</b>	10,352,798.22
<b>Equity</b>	
214 Approp Retained Earnings	112,000.00
215-1 R/E from income bf cont	1,939,283.87
215-2 Donated cap-cont in aid	1,187,864.73
215-3 Donated cap-tap on fees	1,682,542.85
215-4 Donated Cap- Grants	3,147,406.00
215 Unapporp Retained Earnings	150,928.35
Retained Earnings	374,258.50
Net Income	-264,963.25
<b>Total Equity</b>	<u>8,329,321.05</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>18,682,119.27</u></u>

July 2008  
Account Balances

Revenue Account	Amount
Beginning Balance	\$517,371.98
Deposits (Payments)	\$287,861.33
Dpst & Int Applied to Accts	\$3,504.68
Interest on Account	\$176.65
Charges for Retured Checks	-\$90.00
ACH Fee (bank Drafts)	-\$100.00
Transferred to Operations	-\$300,000.00
Transferred to Line Improvement Acct.	\$0.00
Transferred to Depreciation Acct	\$0.00
Transferred to Escrow	
(deposits applied to accounts)	-\$3,505.00
Transferred to Bond & Interest	-\$203,000.00
Returned Checks	-\$1,963.50
Misc. Payments	-\$240.51
Credit Card Machine Charges	-\$344.21
Bank Correction on Deposit	-\$16.48
Ending Balance	\$296,056.47
Operations Account	
Beginning Balance	\$62,255.62
Interest on Account	\$63.59
Transferred from Revenue	\$300,000.00
Misc. Deposits	\$0.00
Operating Expenses	-\$244,893.32
Ending Balance	\$117,425.89
Bond & Interest Account	
Beginning Balance	\$211,612.30
Interest on Account	\$369.29
Transferred from Revenue	\$200,000.00
Loan Payments	-\$74,223.71
Ending Balance	\$337,757.88
Escrow Account	
Beginning Balance	\$55.74
Transferred from Revenue	\$3,505.00
Deposit & Interest Tranferred to Revenue	-\$3,504.68
Ending Balance	\$56.06
Depreciation Account	
Beginning Balance	\$143,362.99
Transferred from Revenue	
Interest on Account	\$73.14
Expenses	
Bk Error	\$240.51
Ending Balance	\$143,676.64
Inpact Charge Escrow Account	
Beginning Balance	\$170,147.36
Inpact Fees Paid	\$4,750.00
Interest on Account	\$124.06
Ending Balance	\$175,021.42
Improvement Projects Account	
Beginning Balance	\$234,763.08
Interest on Account	\$119.63
Deposits	
Paid Improvements	\$0.00
Transferred From Revenue	
Invested	0
Ending Balance	\$234,882.71
Escrow - Customer Line Extensions Account	
Beginning Balance	\$1,655.80
New Extensions	\$0.00
Interest on Account	\$0.84
Impact Chg Escrow	
Customer Contributions to Revenue	
Ending Balance	\$1,656.64
Customer Refund Account	
Beginning Balance	\$3,404.22
Refunds Paid Out	
Refunds from last month's payments	\$2,162.68
Ending Balance	\$5,566.90



HENRY COUNTY WATER DISTRICT NO. 2  
BOARD MEETING AGENDA

September 9, 2008

Reading of Minutes & Approval of Income Statement & Balance Sheet  
Minutes from August 12, 2008 Meeting  
Account Balances, Operation Expenses, Revenue Income

Report from Engineers:

Report from Attorney:

Report from Accountant:

Report from Superintendent, Chief Operating Officer & Treatment Supervisor:

Report from any Commissioners:

New Business:

1. New Tank Progress Report
2. Leak Adjustment Policy

Old Business:

1. PSC Order on OIC
2. Smith Trial Update



The minutes of the meeting of the Board of Water District Commissioners of the Henry County Water District No. Two held at the District's Office at the hour of 7:00 p.m. on August 12, 2008.

Those in attendance are shown by the attached attendance sheet.

The minutes of the July 8, 2008, meeting had been previously sent to the Commissioners for their review. A motion to approve the minutes was made by Commissioner Jennings, seconded by Commissioner Hawkins and passed. A copy of the monthly financial report had been sent to the Commissioners for their review. A copy of that report is attached hereto and made a part hereof.

John Doty was present to address the Commissioners concerning a leak in his pond. Mr. Doty's property adjoins the water treatment plant. Mr. Doty advised the Commissioners that in his opinion there is no easement for water that is backwashed from the treatment plant to be discharged across his property. Mr. Doty went on to explain that the dam on his pond was broken many years ago when water flooded down the hill from the treatment plant, and that while the District had repaired the pond on a previous occasion, the pond has continued to leak. Mr. Doty went on in some detail explaining efforts made by the District's contractor and District personnel to resolve his leak, and he requested that the District repair his dam again. Thereafter, the Commissioners discussed possible courses of action and a proposal was made that the District place fabric and bentonite clay in the hole that Mr. Doty had described but that no further efforts be made to "repair" the dam as it may make the situation worse. The District would be doing this as a courtesy to Mr. Doty, and there will be no further repairs made by the District after that point. Thereafter a motion was made by Commissioner Jones to adopt that proposal, seconded by Commissioner Hawkins and passed.

No one was present from the District's engineering firm, Tetra Tech, and the Chief Operating Officer presented the engineer's report, a copy of which is attached hereto and made a part hereof.

The District's attorney, D. Berry Baxter, advised the Commissioners concerning several items. First, the trial scheduled in Kallenberger v. Santa Cruz Cattle Company and Henry County Water District No. Two which was to occur in the month of July was postponed the morning of trial due to the illness of one of the attorneys involved. The trial has yet to be rescheduled although Mr. Kallenberger's attorney has expressed optimism that the case may be able to be settled by the parties. He further advised the Commissioners that negotiations were ongoing to finalize a resolution with regards to Henry County Water District No. Two v. Smith and that he hoped to have this completed in advance of the trial scheduled in early September. Finally, he advised the Commissioners that pursuant to their instructions he contacted David Spenard of the Attorney General's Office concerning the status of the pending offsetting improvement charge case before the Public Service Commission. Mr. Spenard made inquiry of Jerry Weutcher, Staff Attorney for the Public Service Commission, as to the status and was advised that a decision could be expected no later than the end of August 2008. As of the date of this meeting no

decision had been rendered.

Jay Hoffman of Wet or Dry Tank Inspection advised the Commissioners that the new tank being constructed in Pleasureville was in the process of being fabricated by the contractor and hopefully would be installed in the next few weeks.

Superintendent Barry Woods presented his report and advised the Commissioners of the following:

1. He provided the Commissioners a overview of the monthly water loss report and the monthly service report and specifically commented that the number of meters set had increased in the previous month.
2. That the crews had performed routine maintenance leak repairs and other standard services during the previous month.
3. That the hydrant in front of the Campbellsburg Methodist Church that had been damaged by the building contractor had been repaired.
4. The footers and piers for the new Pleasureville tank have been completed, and the vault will be installed later. He understood that construction of the tank would commence on August 27, 2008, and hopefully would be completed by September 24<sup>th</sup>. The tank would still require painting after that point.
5. Lightning struck the office and the plant in the previous month and both locations required electrical repairs despite new surge protection systems that had been installed.
6. He attended a Kentucky Rural Water Association training for two days at Carrollton in the previous month.
7. A line in Pleasureville had been replaced, and the meters were switched over.
8. The new ramhoe had been used and was working well.

The Chief Operating Officer presented the treatment plant report, a copy of which is attached hereto.

At this point representatives of Liberty Communications appeared and requested the opportunity to address the Commissioners. Vonna Fulhart presented information regarding expanding internet services to rural areas and explained a plan to utilize the District's tanks to provide high speed internet access into presently unserved areas. She explained that this project began with the utilization of grant money and hopefully will expand to allow a full profit use of this equipment. They are requesting that they be allowed to use the District's towers to place light antennas. After some discussion the representatives of Liberty were directed to provide a specific proposal to the District for the Commission to consider.

The Chief Operating Officer presented his report which included the following items:

1. He had discovered a small problem with the existing rural development easement form which has a prescribed width of 12 feet total. The problem came to light when one of the District's customers complained that the District was encroaching on their property by 21 feet due to the way that the easement was worded. The Chief Operating Officer intended on revising this form and requested that the District's Attorney review same.

2. He had been working with office staff pursuing collection of overdue accounts going back to 2004.

3. He had recently renewed the District's liability insurance and the insurance costs had increased \$40.00 over the previous year.

4. The District received a check in the sum of \$8,100.00 from the insurance company to reimburse for lightning damage.

5. He called the Commissioner's attention to the monthly sales report contained in the packet. He advised them that sales were up from the 2006 level which he felt was a fair year to compare since 2007 was a drought year and that water sales were significantly higher in that year.

6. He advised the Commissioners that he intended to begin construction of the three line extensions approved by the Legislature even though the District will likely not receive this money until 2009. He advised the Commissioners that the expense for labor would not be recaptured since it would be being provided by District Personnel but that the cost of material and engineering was subject to recapture and reimbursement when the grant money is received.

There being no further business to come before the Board a motion was made by Commissioner St. Clair, seconded by Commissioner Nelson and passed that the meeting be adjourned.

CHAIRMAN

ATTEST:

SECRETARY

**Henry County Water District #2**  
**Profit & Loss**  
**August 2008**

	Aug 08
Ordinary Income/Expense	
Income	
419 Interest	
Bond & Interest	517.01
Cust Line Ext Escrow	0.87
Depreciation Acct	75.58
Impact Chg Escrow	132.99
Improvement Proj Acct	123.56
Operations Acct Interest	72.52
Revenue Acct. Interest	190.21
419 Interest - Other	9,924.47
Total 419 Interest	11,037.21
432-1 Tap on Fees	5,175.00
432-3 Cust Contrib Line Payback	-1,802.24
433 Impact Fee	4,750.00
461-11 Metered Sales-Henry	195,859.61
461-12 Metered Sales-Trimble	27,781.51
461-13 Metered Sales-Carroll	1,203.15
461-14 Metered Sales-Oldham	8,935.90
461-18 Metered Sales- Eminence	4,871.62
461-19 Metered Sales-Shelby	9,249.67
461-2 Metered Sales-Wholesale	20,840.36
471-1 Connections & Transfers	2,075.00
472-1 Credit Card Service Chgs	278.39
473-1 Bank Chgs for RCK	422.83
474-1 At Door Collection Fee	60.00
475-1 Miscellaneous Income	8,177.00
Total Income	298,915.01
Expense	
408-12 Payroll Taxes Employer	3,878.93
601-1 Employee Salaries	51,919.26
603-8 Commissioners Per Diem	1,800.00
604-1 Employee Benefits	21,045.04
604-1 Retirement Employee	2,738.05
609 Depreciation Expenses	66,500.00
615-1A Electric, Office	223.84
615-2 Gas, Office	452.83
615-3 Water, Office	23.51
615-4 Sewer, Office	34.21
615-5 Garbage, Office	71.88
616-1 Electric, Distribution	3,309.57
616-2 Elect Plant & Wellfield	30,223.77
618-1 Chemicals	5,267.52
618-2 Plant Supplies	985.48
620-1 Materials & Supplies	7,466.15
620-2 Service Department Suppli	2,275.72
620-6 Office ACH Fee	100.00
620-7 Office Supplies	133.91
620-8 Office Postage	1,617.10
620-8 Office Supplies, Office	71.70
627-1 Int 2001 Issue	13,183.63
627-5 Int On H&L 1998 Issue	26,000.00
627-6 Int KRWFC Series 2006 B	1,666.67
628 Amortization of Debt Disc	511.42
631-1 Cont Serv Mowing	2,115.00
631-4 Cont Serv Office Cleaning	275.00
631-4 Contr Serv Office	
Office Copier	71.76
Pest Control	210.00
Rugs	92.60
Total 631-4 Contr Serv Office	374.36

10:07 AM  
09/04/08  
Accrual Basis

Henry County Water District #2  
Profit & Loss  
August 2008

	<u>Aug 08</u>
631-5 Contr Serv Mtr Repair	465 00
631-8 Engineering	3,245 00
633-8 Legal	470 00
634-2 Cont Serv- Meter Readings	8,479 35
634-3 Contract Serv MGT MAINT	246 46
635 Credit Card Machine Fee	384 32
650-5 Bkhoe & Trk Fuel	3,483 62
650-8 Mileage	2,440 63
656-1 Insur Vehicle/Operation	969 58
656-8 Bonds	671 71
657-1 General Insurance	2,572 57
657-2 Insurance Gen liab/maint	889 66
658-1 Insur Wkmns Comp/Operatio	2,227 00
667-1 School & Related Expenses	300 00
672-1 Water Analysis	4,412 50
673-1 Repairs Equipment	465 66
675-7 Plant & Well Field Repair	8,490 81
678-1 Cellular Phones	1,383 03
679-1 Land Lines	986 84
680-1 Online Services	99 95
681-1 Pagers	117 77
682-1 Reprs, Serv. Dept. Equipi	50 00
683-1 Dues & Subscriptions	178 92
Total Expense	<u>287,294.93</u>
Net Ordinary Income	<u>11,620.08</u>
Net Income	<u><u>11,620.08</u></u>

## Henry County Water District #2

# Balance Sheet

### As of August 31, 2008

	Aug 31, 08
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
131-14 Cust Line Ext Escrow	2,017.95
131-15 Cust Contribution Refund	5,566.90
131-17 Impact Charge Escrow	179,904.41
131-2 Revenue Account	379,353.39
131-3 Operations Account	81,358.31
131-4 Bond & Interest Account	514,995.62
131-5 Depreciation Account	143,752.22
131-6 Escrow Account	56.86
131-7 Improvement Proj Account	235,006.27
Total Checking/Savings	1,542,011.93
Accounts Receivable	
141-1 Accts Rec Returned Checks	-3,218.90
141 Accounts Receivable	363,561.81
142 Other Accounts Receivable	162,038.22
Total Accounts Receivable	522,381.13
Other Current Assets	
131-1 Cash on Hand	1,450.00
132 Special Deposits	50,000.00
135-1 Temp Cash Investment Sink	1,066,210.42
135-2 Temp Cash Invst Depr Fd	285,000.00
135 Temporary Cash Investments	980,451.95
141-1 Accts Rec--returned check	1,366.13
143 Accum Prov for Uncoll Acct	-36,031.00
151 Plant Material & Supplies	72,797.99
162-1 Prepaid Insurance	-9,633.78
162-2 Prepaid Maintenance	1,741.48
171 Accrued Interest Receivable	27,269.34
Total Other Current Assets	2,440,622.53
Total Current Assets	4,505,015.59
Fixed Assets	
108-1 Accu Depr/Office Equip	-160,817.17
108-2 Accu Depr/Serv Equip	-193,148.76
108-3 Accu Depr/New Building	-162,189.95
108-4 Accrued Dep/Meters	-1,521,232.81
108-5 Accu Depr/Shop Equip	-33,213.37
108-6 Accu Depr/Power Equipment	-212,512.62
108-7 Accu Depr/Water Treatment	-46,175.31
108 Accu Depr/strts & Inprov	-8,730,671.85
303 Land & Land Rights	174,617.25
304-1 New Building	304,953.09
304 System Betterment	22,084,496.32
320 Water Treatment Equipment	65,918.34
334-4 Meter & Meter Inst- T&D	1,854,694.99
340 Office Furniture & Equip	186,728.84
343 Tools, Shop & Garage Equip	34,006.46
345 Power Operated Equipment	289,098.00
347 Service Equipment	357,635.19
Total Fixed Assets	14,292,186.64
<b>TOTAL ASSETS</b>	<b>18,797,202.23</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
231 Accounts Payable	61,845.30
Total Accounts Payable	61,845.30

**Henry County Water District #2**  
**Balance Sheet**  
 As of August 31, 2008

	Aug 31, 08
<b>Other Current Liabilities</b>	
235 Customer Deposits	128,124.22
236-2 Retirement Payable	10,021.46
237-3 Accrued Interest-Cust Dep	1,102.56
237-4 Accrued Interest-98 Issue	62,632.92
241-1 Social Security Payment	-914.85
241-10 Medicare Payment	-81.34
241-11 KY State Retirement Emp	-22,033.99
241-13 Eminence School Tax	159.57
241-2 Federal Withholding	-86.00
241-3 KY State Withholding	2,294.22
241-4 Ky Sales Tax	339.78
241-5 Henry School Tax	6,288.12
241-6 Trimble School Tax	993.42
241-7 Carroll School Tax	-38.59
241-8 Oldham School Tax	109.05
241-9 Shelby School Tax	90.06
242-1 Accrued Payroll Taxes	191.36
242-2 Accrued Wages	27,806.46
242 Accrued Vacation	19,977.65
<b>Total Other Current Liabilities</b>	<b>236,976.08</b>
<b>Total Current Liabilities</b>	<b>298,821.38</b>
<b>Long Term Liabilities</b>	
181-1 Unamortized Debt 2003 SER	-76,356.56
181 Amortized Debt Disc	-169,260.00
221-10 Regions Mgn Keg 2006	389,944.44
221-6 KRWFC 5th-3rd 2003	2,646,016.80
221-8 H&L 1998 Bond Issue	6,545,000.00
221-9 KRWFC 5th-3rd 2001 issue	621,996.94
224-1 SRECC No Int Loan	194,000.00
<b>Total Long Term Liabilities</b>	<b>10,151,341.62</b>
<b>Total Liabilities</b>	<b>10,450,163.00</b>
<b>Equity</b>	
214 Approp Retained Earnings	112,000.00
215-1 R/E from income bf cont	1,939,283.87
215-2 Donated cap-cont in aid	1,187,864.73
215-3 Donated cap-tap on fees	1,682,542.85
215-4 Donated Cap- Grants	3,147,406.00
215 Unapporp Retained Earnings	150,928.35
Retained Earnings	374,258.50
Net Income	-247,245.07
<b>Total Equity</b>	<b>8,347,039.23</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>18,797,202.23</b>

August 2008  
Account Balances

Revenue Account	Amount
Beginning Balance	\$296,056 47
Deposits (Payments)	\$298,498 20
Dpst & Int Applied to Accts	\$1,539 20
Interest on Account	\$190 21
Deposits from Loan	\$200,000 00
Charges for Retured Checks	-\$36 00
ACH Fee (bank Drafts)	-\$100 00
Transferred to Operations	-\$150,000 00
Transferred to Escrow (deposits applied to accounts)	-\$1,540 00
Transferred to Bond & Interest	-\$261,000 00
Returned Checks	-\$1,060 58
Payment to Shelby Energy	-\$3,000 00
Credit Card Machine Charges	-\$384 32
Ending Balance	\$379,163 18
Operations Account	
Beginning Balance	\$117,190 64
Interest on Account	\$72 52
Transferred from Revenue	\$150,000 00
Operating Expenses	-\$185,904 85
Ending Balance	\$81,358 31
Bond & Interest Account	
Beginning Balance	\$337,757 88
Interest on Account	\$517 01
Transferred from Revenue	\$261,000 00
Loan Payments	-\$84,279 27
Ending Balance	\$514,995 62
Escrow Account	
Beginning Balance	\$56 06
Transferred from Revenue	\$1,540 00
Deposit & Interest Tranferred to Revenue	-\$1,539 20
Ending Balance	\$56 86
Depreciation Account	
Beginning Balance	\$143,676 64
Transferred from Revenue	
Interest on Account	\$75 58
Expenses	
Bk Error	
Ending Balance	\$143,752 22
Impact Charge Escrow Account	
Beginning Balance	\$175,021 42
Impact Fees Paid	\$4,750 00
Interest on Account	\$132 99
Ending Balance	\$179,904 41
Improvement Projects Account	
Beginning Balance	\$234,882 71
Interest on Account	\$123 56
Deposits	
Paid Improvements	\$0 00
Transferred From Revenue	
Invested	0
Ending Balance	\$235,006 27
Escrow - Customer Line Extensions Account	
Beginning Balance	\$1,656 64
New Extensions	\$0 00
Interest on Account	\$0 87
Impact Chg Escrow	
Customer Contributions to Revenue	
Ending Balance	\$1,657 51
Customer Refund Account	
Beginning Balance	\$5,566 90
Refunds Paid Out	
Refunds from last month's payments	-\$1,802 24
Ending Balance	\$3,764 66





Monthly Service Report

• New Meter Tap-ons		<u>15</u>
• Connections & Transfers	<u>8,39</u>	<u>76</u>
• Disconnects		<u>21</u>
• Delinquent Accounts		<u>70</u>
• Meter Changes		<u>25</u>
• Service Calls/Complaints	<u>16-2-2-16-7</u>	<u>67</u>
• Line Locates		<u>16</u>
• Leak Repairs		<u>16</u>
• Customers Billed		<u>6,342</u>

**HENRY COUNTY WATER DISTRICT NO. 2  
BOARD MEETING AGENDA**

October 14, 2008

Reading of Minutes & Approval of Income Statement & Balance Sheet  
Minutes from September 9, 2008 Meeting  
Account Balances, Operation Expenses, Revenue Income

Report from Engineers:

Report from Attorney:

Report from Accountant:

Report from Superintendent, Chief Operating Officer & Treatment Supervisor:

Report from any Commissioners:

New Business:

1. New Tank Progress Report
2. PSC Inspection Report
3. Appoint Budget Committee

Old Business:

1. PSC Order on OIC
2. Smith Trial Update
3. Liberty Communications Lease Agreement

The minutes of the meeting of the Board of Water District Commissioners of Henry County Water District No. Two held at the District's Office at the hour of 7:00 p.m. on September 9, 2008.

Those in attendance are shown by the attached attendance sheet.

The minutes of the August 12, 2008, meeting had been previously sent to the Commissioners for their review. A motion to approve the minutes was made by Commissioner Jennings, seconded by Commissioner Clark and passed. A copy of the monthly financial report had been previously sent to the Commissioners for review. A copy of that report is attached hereto and made a part hereof.

Tom Green of the District's engineering firm, Tetra Tech, was present and reviewed the monthly engineering report for August, 2008, with the Commissioners. A copy of Tetra Tech's report is attached hereto and made a part thereof.

The District's attorney, D. Berry Baxter, advised the Commissioners concerning certain pending legal matters. Specifically, Mr. Baxter advised the Commissioners that it is his opinion that the pending litigation between the District and Smith and Pearson is resolved. He believed that the parties have reached an oral agreement to resolve the case with a few details needing to be worked out among the parties. He advised the Commissioners that the case involving Kallenberger and Dwenger was still pending and that neither of those two parties had taken any action to place the matter back on the Court's active trial docket. With that being the case, he was unsure as to exactly what steps were going to be undertaken at this point. Finally, he advised the Commissioners that as of this date there was still no word from the public service commission concerning the District's offsetting improvement charge despite representations from PSC staff that we would have a decision in August of 2008.

Jay Hoffman, the District's consultant with Wet or Dry Tank Inspection, advised the Commissioners that the parts for the new Pleasureville tank had been delivered and were on site and that he expected construction to commence in the next week or so.

Superintendent Barry Woods advised the Commissioners that the crews had engaged in routine maintenance in the previous month including line locates, meter swap outs, flushing out lines and performing routine cleanup.

Mr. Woods went on to advise the Commissioners that the legs for the tank had been put together in Pleasureville and that that project was progressing well.

Both the Superintendent and Chief Operating Officer advised the Commissioners concerning a rather freak occurrence when the two twelve inch lines from the treatment plant to the 42 storage tank were both broken at the same time resulting in outages in some areas of the District as well as requiring the District to have a boil water advisory.

The District installed a new drop box outside the office due to the fact that the

existing box was resulting in items being hung and payments not being received. Both the Superintendent and Chief Operating Officer hoped that this would be an improvement over the current situation.

Mr. Woods went on to comment that the Fallen Timber tank needed a new electric service pole and a new electrical box after being struck by lightning and due to wear and tear.

He further commented that the line at the Senior Center had been installed and that the County was to reimburse the District for \$1,100.00 of engineering.

The Chief Operating Officer presented the plant operator's report, a copy of which is attached hereto and made a part hereof.

The Chief Operating Officer presented his report and advised the Commissioners of the following:

1. Liberty Communications had again contacted the District concerning making a proposal to utilize the District's towers to provide internet service wirelessly in underserved areas of the District. They propose providing the District with two free internet connections per the three towers that they requested to use plus one dollar more per subscriber that uses the tower. The District would be responsible for the electric expense. No action was taken by the Board at this time.

2. That the leak adjustment policy that had been enacted in May 2008 had already caused some controversy. A customer had a leak and was billed a total of \$504.00. The customer had an average usage of \$39.01 per month and based upon the new policy there was only a \$67.00 adjustment in his bill which was upsetting to the customer. After some discussion the Board determined that the policy was the policy and no additional action was taken.

3. The Chief Operating Officer attended a three day Kentucky Rural Water Association event.

4. The DOW scheduled an inspection for September 11, 2008.

There being no further business to come before the Board, a motion was made by Commissioner Barrickman, seconded by Commissioner St. Clair and passed that the meeting be adjourned.

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CHAIRMAN

ATTEST:

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SECRETARY

**Henry County Water District #2**  
**Profit & Loss**  
 September 2008

	Sep 08
Ordinary Income/Expense	
Income	
243 Funds Held Future Lines	575.00
419 Interest	
Bond & Interest	713.86
Cust Line Ext Escrow	1.04
Depreciation Acct	68.54
Impact Chg Escrow	123.42
Improvement Proj Acct	112.04
Operations Acct Interest	36.19
Revenue Acct. Interest	99.39
419 Interest - Other	5,939.67
Total 419 Interest	7,094.15
432-1 Tap on Fees	1,750.00
433 Impact Fee	5,700.00
461-11 Metered Sales-Henry	209,920.95
461-12 Metered Sales-Trimble	28,354.75
461-13 Metered Sales-Carroll	1,109.39
461-14 Metered Sales-Oldham	9,060.14
461-18 Metered Sales- Eminence	5,349.48
461-19 Metered Sales-Shelby	10,584.18
461-2 Metered Sales-Wholesale	17,890.46
470 Penalties/ Late Charges	6,836.37
471-1 Connections & Transfers	1,150.00
472-1 Credit Card Service Chgs	265.38
473-1 Bank Chgs for RCK	242.00
474-1 At Door Collection Fee	30.00
475-1 Miscellaneous Income	2,884.18
Total Income	308,796.43
Expense	
408-12 Payroll Taxes Employer	4,007.81
601-1 Employee Salaries	53,365.01
603-8 Commissioners Per Diem	2,025.00
604-1 Employee Benefits	11,913.59
604-1 Retirement Employee	2,595.96
609 Depreciation Expenses	66,500.00
615-1A Electric, Office	265.27
615-3 Water, Office	25.96
615-4 Sewer, Office	38.34
615-5 Garbage, Office	70.50
615-6 Garbage, Plant	51.46
616-1 Electric, Distribution	3,112.19
616-2 Elect Plant & Wellfield	28,769.11
618-2 Plant Supplies	630.71
620-1 Materials & Supplies	15,909.46
620-2 Service Department Suppli	2,829.35
620-6 Office ACH Fee	102.00
620-7 Office Supplies	282.31
620-8 Office Postage	1,687.50
620-8 Office Supplies, Office	244.36
627-1 Int 2001 Issue	13,183.63
627-5 Int On H&L 1998 Issue	26,000.00
627-6 Int KRWFC Series 2006 B	1,666.67
628 Amortization of Debt Disc	511.42
631-1 Cont Serv Mowing	1,905.00
631-4 Cont Serv Office Cleaning	220.00
631-4 Contr Serv Office	
Office Copier	73.54
Rugs	92.60
631-4 Contr Serv Office - Other	464.40
Total 631-4 Contr Serv Office	630.54

Henry County Water District #2  
Profit & Loss  
September 2008

	Sep 08
631-8 Engineering	3,810.00
633-8 Legal	145.00
634-2 Cont Serv- Meter Readings	8,532.31
634-3 Contract Serv MGT MAINT	246.46
635 Credit Card Machine Fee	367.54
650-4 Service Vehicle Maint.	424.33
650-5 Bkhoe & Trk Fuel	2,903.89
650-8 Mileage	1,863.24
656-1 Insur Vehicle/Operation	969.58
656-8 Bonds	671.71
657-1 General Insurance	2,572.57
657-2 Insurance Gen liab/maint	889.66
658-1 Insur Wkmns Comp/Operatio	4,930.00
667-1 School & Related Expenses	115.00
672-1 Water Analysis	3,140.00
675-7 Plant & Well Field Repair	1,436.05
679-1 Land Lines	494.77
680-1 Online Services	99.95
683-1 Dues & Subscriptions	128.92
Total Expense	<u>272,284.13</u>
Net Ordinary Income	<u>36,512.30</u>
Net Income	<u><u>36,512.30</u></u>

## Henry County Water District #2

### Balance Sheet

As of September 30, 2008

	Sep 30, 08
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
131-14 Cust Line Ext Escrow	2,233 55
131-15 Cust Contribution Refund	3,764 66
131-17 Impact Charge Escrow	185,727 83
131-2 Revenue Account	288,104 32
131-3 Operations Account	11,259 53
131-4 Bond & Interest Account	725,042 81
131-5 Depreciation Account	143,820 76
131-6 Escrow Account	57 78
131-7 Improvement Proj Account	235,118 31
Total Checking/Savings	1,595,129 55
Accounts Receivable	
141-1 Accts Rec Returned Checks	-3,218 90
141 Accounts Receivable	378,912 54
142 Other Accounts Receivable	162,038 22
Total Accounts Receivable	537,731 86
Other Current Assets	
131-1 Cash on Hand	1,450 00
132 Special Deposits	50,000 00
135-1 Temp Cash Investment Sink	1,066,210 42
135-2 Temp Cash Invst Depr Fd	285,000 00
135 Tempoary Cash Investments	980,451 95
141-1 Accts Rec--returned check	2,098 06
143 Accum Prov for Uncoll Acct	-36,031 00
151 Plant Material & Supplies	72,797 99
162-1 Prepaid Insurance	-15,713 30
162-2 Prepaid Maintenance	1,366 10
171 Accrued Interest Receivable	27,269 34
Total Other Current Assets	2,434,899 56
Total Current Assets	4,567,760 97
Fixed Assets	
108-1 Accu Depr/Office Equip	-161,491 67
108-2 Accu Depr/Serv Equip	-195,148 76
108-3 Accu Depr/New Building	-163,222 94
108-4 Accrued Dep/Meters	-1,528,256 33
108-5 Accu Depr/Shop Equip	-33,416 53
108-6 Accu Depr/Power Equipment	-213,410 70
108-7 Accu Depr/Water Treatment	-48,033 79
108 Accu Depr/strts & Inprov	-8,783,481 12
303 Land & Land Rights	174,617 25
304-1 New Building	304,953 09
304 System Betterment	22,084,496 32
320 Water Treatment Equipment	65,918 34
334-4 Meter & Meter Inst- T&D	1,854,694 99
340 Office Furniture & Equip	186,728 84
343 Tools, Shop & Garage Equip	34,006 46
345 Power Operated Equipment	289,098 00
347 Service Equipment	357,635 19
Total Fixed Assets	14,225,686 64
<b>TOTAL ASSETS</b>	<b>18,793,447.61</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
231 Accounts Payable	61,845 30
Total Accounts Payable	61,845 30



Henry County Water District #2  
Balance Sheet  
As of September 30, 2008

	Sep 30, 08
Other Current Liabilities	
235 Customer Deposits	130,149.22
236-2 Retirement Payable	10,021.46
237-3 Accrued Interest-Cust Dep	1,102.56
237-4 Accrued Interest-98 Issue	88,632.92
241-1 Social Security Payment	-914.85
241-10 Medicare Payment	-81.34
241-11 KY State Retirement Emp	-26,451.79
241-13 Eminence School Tax	200.52
241-2 Federal Withholding	-86.00
241-3 KY State Withholding	2,912.55
241-4 Ky Sales Tax	-208.14
241-5 Henry School Tax	6,522.99
241-6 Trimble School Tax	988.41
241-7 Carroll School Tax	-42.56
241-8 Oldham School Tax	66.76
241-9 Shelby School Tax	135.86
242-1 Accrued Payroll Taxes	191.36
242-2 Accrued Wages	27,806.46
242 Accrued Vacation	19,977.65
Total Other Current Liabilities	<u>260,924.04</u>
Total Current Liabilities	322,769.34
Long Term Liabilities	
181-1 Unamortized Debt 2003 SER	-76,235.14
181 Amortized Debt Disc	-168,870.00
221-10 Regions Mgn Keg 2006	339,944.44
221-6 KRWFC 5th-3rd 2003	2,640,893.90
221-8 H&L 1998 Bond Issue	6,545,000.00
221-9 KRWFC 5th-3rd 2001 issue	617,746.43
224-1 SRECC No Int Loan	191,000.00
Total Long Term Liabilities	<u>10,089,479.63</u>
Total Liabilities	10,412,248.97
Equity	
214 Approp Retained Earnings	112,000.00
215-1 R/E from income bf cont	1,939,283.87
215-2 Donated cap-cont in aid	1,187,864.73
215-3 Donated cap-tap on fees	1,682,542.85
215-4 Donated Cap- Grants	3,147,406.00
215 Unapporp Retained Earnings	150,928.35
Retained Earnings	374,258.50
Net Income	-213,085.66
Total Equity	<u>8,381,198.64</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u>18,793,447.61</u></b>

August 2008  
Account Balances

Revenue Account	Amount
Beginning Balance	\$379,163 18
Deposits (Payments)	\$297,686 02
Dpst & Int Applied to Accts	\$1,819 08
Interest on Account	\$85 27
Charges for Retured Checks	-\$72 00
ACH Fee (bank Drafts)	-\$102 00
Transferred to Operations	-\$100,000 00
Transferred to Escrow	-\$1,820 00
(deposits applied to accounts)	
Transferred to Bond & Interest	-\$286,557 04
Returned Checks	-\$1,891 80
check Order Fee	-\$99 50
Credit Card Machine Charges	-\$367 54
Ending Balance	\$286,038 71
Operations Account	
Beginning Balance	\$81,358 31
Interest on Account	\$36 19
Transferred from Revenue	\$100,000 00
Operating Expenses	-\$170,134 97
Ending Balance	\$11,259 53
Bond & Interest Account	
Beginning Balance	\$514,995 62
Interest on Account	\$713 86
Transferred from Revenue	\$286,557 04
Loan Payments	-\$77,223 71
Ending Balance	\$725,042 81
Escrow Account	
Beginning Balance	\$56 86
Transferred from Revenue	\$1,820 00
Deposit & Interest Tranferred to Revenue	-\$1,819 08
Ending Balance	\$57 78
Depreciation Account	
Beginning Balance	\$143,752 22
Transferred from Revenue	
Interest on Account	\$68 54
Expenses	
Bk Error	
Ending Balance	\$143,820 76
Inpact Charge Escrow Account	
Beginning Balance	\$179,904 41
Inpact Fees Paid	\$5,700 00
Interest on Account	\$123 42
Ending Balance	\$185,727 83
Improvement Projects Account	
Beginning Balance	\$235,006 27
Interest on Account	\$112 04
Deposits	
Paid Inprovements	\$0 00
Transferred From Revenue	
Invested	0
Ending Balance	\$235,118 31
Escrow - Customer Line Extensions Account	
Beginning Balance	\$1,657 51
New Extensions	\$575 00
Interest on Account	\$1 04
Impact Chg Escrow	
Customer Contributions to Revenue	
Ending Balance	\$2,233 55
Customer Refund Account	
Beginning Balance	\$3,764 66
Refunds Paid Out	
Refunds from last month's payments	
Ending Balance	\$3,764 66

HENRY COUNTY WATER DISTRICT NO. 2  
CERTIFICATES OF DEPOSIT

		Active CD'S					
Issued Date	Account	Term	Amount	C. D. #	Bank	Rate	Maturity Date
	Cannot Move						
11/16/04	Bond & Interest	60 mo	\$50,000.00	221796	PBI Bank	4.90	11/16/2009 Interest credited Quarterly
06/22/07	Bond & Interest	12 mo	\$165,000.00	2296952	PBI Bank	3.96	6/22/2010 Interest credited Quarterly
04/02/07	Bond & Interest	12 mo	\$200,000.00	28553	Bedford Loan & Dep	2.25	4/2/2009 Transferred from CD # 38978-Interest credited Semi-Ann
06/22/07	Bond & Interest	12mo	\$100,000.00	2296951	PBI Bank	3.96	6/19/2010 Interest credited Quarterly
10/22/07	Depreciation	12 mo	\$100,000.00	17901	Farmers of Milton	5.15	10/22/2008 Interest credited Quarterly
05/30/05	Depreciation	60 mo	\$100,000.00	22498	Farmers of Milton	4.75	5/30/2010 Interest credited Quarterly
11/11/04	Depreciation	60 mo	\$85,000.00	221795	PBI Bank	4.90	11/11/2009 combined CD 221795 & 220448 for 1 CD for \$85,000.00
11/04/98	1998 Bond Issue	120 mo.	\$300,000.00	19019	Farmers of Milton	5.52	1/1/2009
11/04/98	1998 Bond Issue	122 mo.	\$225,228.75	29273	PBI Bank	5.45	1/1/2009 Interest credited Semi-Annually
03/02/07	System Improvements	12 mo	\$100,000.00	34129	United Citizens	3.81	3/2/2009 Pledged Securities-RECC Loan 2008
04/12/07	System Improvements	12 mo	\$100,000.00	34139	United Citizens	2.27	4/12/2008 Pledged Securities-RECC Loan 2008
			\$1,325,228.75				
08/17/07	Revenue	6 mth	\$104,592.74	34327	United Citizens	3.75	2/17/2009 Interest is Credited Quarterly-Investing-as of 05/17/08
10/30/07	System Improvements	12mo	\$337,451.95	222949152	PBI Bank	5.16	10/30/2008 Interest is Credited Quarterly - as of 3/19/08
12/14/07	System Improvements	6 mo	\$350,000.00	2296936	PBI	3.19	12/13/2008 Moved from Farmers Deposit Bank CD # 3537 to PBI
08/28/07	Plant & Well Field Repair	6 mo	\$78,422.27	34330	United Citizens	3.75	10/28/2008 Interest is Credited Quarterly-as of 04/29/08
			\$2,195,695.71				

Monthly Service Report

September 2008

• New Meter Tap-ons	<u>1</u>
• Connections & Transfers	<u>2122 49</u>
• Disconnects	<u>33</u>
• Delinquent Accounts	<u>77</u>
• Meter Changes	<u>25</u>
• Service Calls/Complaints	<u>76</u>
• Line Locates	<u>12</u>
• Leak Repairs	<u>18</u>
• Customers Billed	<u>6335</u>

**HENRY COUNTY WATER DISTRICT NO. 2  
BOARD MEETING AGENDA**

November 11, 2008

Reading of Minutes & Approval of Income Statement & Balance Sheet  
Minutes from October 14, 2008 Meeting  
Account Balances, Operation Expenses, Revenue Income

Report from Engineers:

Report from Attorney:

Report from Accountant:

Report from Superintendent, Chief Operating Officer & Treatment Supervisor:

Report from any Commissioners:

New Business:

1. New Tank Progress Report
2. PSC Inspection Report
3. Budget Committee Report
4. McCarty Lane Line Acquisition

Old Business:

1. PSC Order on OIC
2. Smith Trial Update
3. Liberty Communications Lease Agreement

The minutes of the meeting of the Board of Water District Commissioners of the Henry County Water District No. Two held at the District's office at the hour of 7:00 p.m. on October 14, 2008.

Those in attendance are shown by the attached attendance sheet.

The Minutes of the September 9, 2008, meeting had been previously sent to the Commissioners for their review. A motion to approve the minutes was made by Commissioner Jennings, seconded by Commissioner Richardson and passed. A copy of the monthly Financial Report had been previously sent to the Commissioners for review. A copy of that report is attached hereto and made a part hereof.

Tom Green of the District's engineering firm, Tetra Tech, was present and reviewed the monthly engineering report for September, 2008, with the Commissioners. A copy of Tetra Tech's report is attached hereto and made a part hereof.

Jay Hoffman of Wet or Dry Tank Inspection was present and advised the Commissioners that the Pleasureville tank was progressing nicely and that the contractor believes that the sand blasting and painting of the exterior of the tank should be complete within the next couple of weeks.

The District's attorney, D. Berry Baxter, advised the Commissioners concerning four matters:

First, he advised the Commissioners that the case of Kallenberger vs: Santa Cruz Cattle Company had been placed back on the Court's trial calendar for February 10, 2009, and that it was apparent from this move that the parties had been unable to reach a resolution. He reminded the Commissioners that the District's involvement in this case was limited to two alternatives spelled out by the Public Service Commission based upon a previous complaint filed by Mr. Kallenberger. If the Court determines that a valid right of easement exists across the Kallenberger property, the District will be required to install a new service line from the road and the District's existing line to the Dwenger/Santa Cruz property. The District would also be required to set a new meter at the road for Mr. Dwenger. In the alternative, if the Court were to find that no right of easement exist, the District would be required to follow the rules set up in the District's tariff if Mr. Dwenger was able to obtain an easement.

Mr. Baxter then informed the Commissioners that the case involving the Smiths and Pearsons had been resolved, but that the District was in need of a specific description for the easement before final settlement documents could be prepared.

Mr. Baxter additionally advised the Commissioners that the Public Service Commission despite promises to staff and to the Office of the Attorney General had not yet rendered an opinion in the District's pending tariff case involving the offsetting improvement charge.

Finally, Mr. Baxter advised that while he had been contacted by the representative of Ondeo Degremont regarding the filtration issue at the treatment plant, this contact was merely to acknowledge receipt of the information and no formal response had been received as of the date of the meeting.

Supt. Barry Woods presented the monthly service report as well as the crew report to the members of the Commission and noted that only one meter had been set in the previous month which was a cause for some concern. He further told the members of the Commission that in recent monthly most of the meters that had been set were for cattle operations and not residential users. Mr. Woods went on to describe the work performed by various crews which included routine maintenance, clean-up, and additional work installing GPS locations. He further advised that Jay Armstrong's crew had tied Scobie Lane into the 1606 line for future use and then had worked on the Bullitt Hill Road line.

Mr. Woods continued that the DOW and the Public Service Commission had performed inspections in the previous month. A copy of the cover letter from the Division of Water identifying a satisfactory condition of the District is attached hereto and made a part hereof. No PSC inspection report was received as of this date. He further advised the Commissioners that bi-annual CPR training had been concluded by District personnel and was done by local EMS officials at no cost to the District.

My Woods advised the Commissioners that consultant Jim Donaldson had recently retired and moved to Florida and that he was in the process of locating another consultant to assist with the types of issues that Mr. Donaldson previously addressed. In particular, he is addressing an issue with a booster at Hwy. 157 which needs to be pulled, resealed and realigned and he hopes to have someone from Strafter assist with this work.

The Chief Operating Officer presented the report from the plant operator, a copy of which is attached hereto and made a part hereof. In particular, the Chief Operating Officer noted that the District's previous chemical supplier had declined to give the District a price to purchase chemicals that would be fixed for the upcoming year. The plant operator sought a quote from C. I. Thornburg who was willing to give such a quote and after

discussion with the chemical supplier the District has chose to utilize C. I. Thornburg for the year 2008-09. The District will re-bid this purchase contract next year after seeing how thing work out with Thornburg. The Chief Executive Officer did note that was an annual saving of approximately \$3,000.00 to the District based upon the new pricing from Thornburg.

The Chief Operating Officer advised the Commissioners concerning the following:

1. He attended a PSC seminar which included a session where Gerald Wueteher of the Public Service Commission was a speaker. During the course of Mr. Weuteher's presentation the Chief Operating Officer asked about the status of the District's offsetting improvement charge and Mr. Wueteher informed the Chief Operating Officer that he would have a decision from the Commission no later than October 8, 2008. As of the date of this meeting no decision had been rendered.
2. The Liberty Communication Company had continued to express interest in utilizing the District's tower for some type of public internet broadcast system and has provided a draft of a Lease that would serve as a frame work. The Chief Operating Officer and the District's attorney had consulted and forwarded additional stipulations that would be need to be included in any such Lease and as of this date no response had been received from Liberty. Liberty has expressed a interest in the towers of Hwy. 42 and Fallen Timber in particular.
3. The Federal Trade Commission, Federal Deposit Insurance Corporation and the Controller of Currency are requiring and identity theft program to be put in place by all utilities effective on, or before, November 1, 2008. The Kentucky Rural Water Association has assisted in providing a model program for small utilities to utilize and part of the requirements include the requirement that the District pass a Resolution adopting such protection. Thereafter, a motion was made by Commissioner Jennings, seconded by Commissioner Bohannon and passed that the District adopt the required Kentucky Rural Water Association Resolution.
4. The PSC inspector was present at the District's office approximately ten (10) days ago and according to the inspector everything appeared to be satisfactory. However, the Public Service Commission has changed the way that water loss is calculated. The District will have significantly higher water loss reports due to the new way of calculating which requires that there be no accounting for line breaks or tank overflows. In other words, the District



cannot estimate such losses although it can calculate amounts in the monthly water report for flushing that occurs after break events. The ceiling imposed before an adverse letter is received from the Public Service Commission is 15% loss and the Chief Operating Officer estimates that the District's losses will be in the neighborhood of 18-1/2% utilizing the new rules. The Chief Executive Officer commented that the purpose of this ceiling is to force District's to make repairs and improvements and to meet this number if possible. In particular, the District's numbers would be significantly lower if, for example, the Morton Ridge Road line could be replaced as each time as one of the lines has broken, it results in a loss of approximately 1 million gallons.

5. The Chief Operating Officer requested that the District appoint a Budget Committee for 2009, and thereafter, the Chairman appointed Commissioners Richardson, Jennings and Hawkins to serve on the Committee with the Chairman and the Chief Executive Officer.
6. Paperwork had been forwarded to the Kentucky Infrastructure Authority concerning the Hwy. 389 project. This is the final step in submitting information to receive the actual grant money that had be allocated to the District.
7. A customer of the District had written a letter to the Henry County Local complaining about the way the outage and subsequent boil water advisory had been handled on September 4, 2008, when the line broke on Morton Ridge Road. The Chief Operating Officer has sent a responsive letter to the complaint to the Henry County Local which had been subsequently printed. The Chairman commended the Chief Operation Officer for the detail and information provided.
8. The District needs to submit an updated priority list for future projects which includes the District's top priority for the next funding cycle. The Chief Operating Officer advised the Commissioners that he and the Supt. in consultation with the District's engineer had arrived at three project which top the District's list and they were attempting to prioritize between these three projects. The three projects are extending the 16" line in Pendleton along with constructing a new booster station and adding a 12" line to Jericho at a cost of approximately 2.75 million dollars; adding a new ductile iron line from the treatment plant along Morton Ridge Road to the Highway 42 tank to address the leak problem that has been well documented at these meetings at a cost of approximately 2.4 million dollars; or to construct a one million

gallon storage tank on Highway 42 at a similar cost. He will keep the Commissioners advised as developments as they occur.

Thereafter, a motion to adjourn was made by Commissioner St. Clair, seconded by Commission Barrickman and passed.

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CHAIRMAN

ATTEST:

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SECRETARY

Henry County Water District #2  
 Profit & Loss  
 October 2008

	<u>Oct 08</u>
Ordinary Income/Expense	
Income	
419 Interest	
Bond & Interest	637.92
Cust Line Ext Escrow	1.21
Depreciation Acct	78.02
Impact Chg Escrow	146.87
Improvement Proj Acct	127.55
Operations Acct Interest	49.97
Revenue Acct. Interest	140.39
419 Interest - Other	3,554.24
Total 419 Interest	4,736.17
432-1 Tap on Fees	4,150.00
433 Impact Fee	8,550.00
461-11 Metered Sales-Henry	163,819.65
461-12 Metered Sales-Trimble	26,340.42
461-13 Metered Sales-Carroll	1,068.38
461-14 Metered Sales-Oldham	7,971.55
461-18 Metered Sales- Eminence	3,891.34
461-19 Metered Sales-Shelby	9,463.65
461-2 Metered Sales-Wholesale	17,376.59
470 Penalties/ Late Charges	6,017.15
471-1 Connections & Transfers	1,725.00
472-1 Credit Card Service Chgs	291.85
473-1 Bank Chgs for RCK	304.00
474-1 At Door Collection Fee	130.00
475-1 Miscellaneous Income	2,821.41
Total Income	258,657.16
Expense	
408-12 Payroll Taxes Employer	5,888.41
601-1 Employee Salaries	79,045.85
603-8 Commissioners Per Diem	2,700.00
604-1 Employee Benefits	1,042.80
604-1 Retirement Employee	7,204.29
609 Depreciation Expenses	66,500.00
615-1A Electric, Office	141.54
615-2 Gas, Office	44.30
615-3 Water, Office	23.59
615-4 Sewer, Office	36.27
615-6 Garbage, Plant	70.10
616-1 Electric, Distribution	2,931.56
616-2 Elect Plant & Wellfield	30,246.23
618-1 Chemicals	3,756.35
618-2 Plant Supplies	521.89
620-1 Materials & Supplies	6,028.84
620-2 Service Department Suppli	582.72
620-6 Office ACH Fee	102.00
620-7 Office Supplies	693.71
620-8 Office Postage	401.68
620-9 Office Supplies-Plant	274.63
627-1 Int 2001 Issue	2,827.70
627-2 Int KRWA 2003 Issue	10,355.93
627-5 Int On H&L 1998 Issue	26,000.00
627-6 Int KRWFC Series 2006 B	1,666.67
628 Amortization of Debt Disc	511.42
631-1 Cont Serv Mowing	2,875.00
631-4 Cont Serv Office Cleaning	275.00
631-4 Contr Serv Office	
Office Copier	37.66
Rugs	92.60
Total 631-4 Contr Serv Office	130.26

1:39 PM  
11/06/08  
Accrual Basis

Henry County Water District #2  
Profit & Loss  
October 2008

	<u>Oct 08</u>
631-6 Contr Serv RR Crossings	1,909.60
633-8 Legal	269.32
634-2 Cont Serv- Meter Readings	8,514.66
634-3 Contract Serv MGT MAINT	246.46
635 Credit Card Machine Fee	345.60
650-5 Bkhoe & Trk Fuel	3,140.35
650-8 Mileage	2,655.91
656-1 Insur Vehicle/Operation	969.58
656-8 Bonds	671.71
657-1 General Insurance	2,572.57
657-2 Insurance Gen liab/maint	889.66
658-1 Insur Wkmns Comp/Operatio	2,227.00
667-1 School & Related Expenses	717.31
672-1 Water Analysis	1,015.00
673-1 Repairs Equipment	3,524.79
675-7 Plant & Well Field Repair	6,664.00
676-1 Repairs Other	590.00
678-1 Cellular Phones	777.36
680-1 Online Services	99.95
681-1 Pagers	55.41
683-1 Dues & Subscriptions	128.92
685-1 Miscellaneous Exp.	1,651.40
<b>Total Expense</b>	<u>292,515.30</u>
<b>Net Ordinary Income</b>	<u>-33,858.14</u>
<b>Net Income</b>	<u><u>-33,858.14</u></u>

**Henry County Water District #2**  
**Balance Sheet**  
 As of October 31, 2008

	Oct 31, 08
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
131-14 Cust Line Ext Escrow	2,234.76
131-15 Cust Contribution Refund	3,764.66
131-17 Impact Charge Escrow	194,424.70
131-2 Revenue Account	201,934.11
131-3 Operations Account	25,393.33
131-4 Bond & Interest Account	657,186.60
131-5 Depreciation Account	143,898.78
131-6 Escrow Account	58.97
131-7 Improvement Proj Account	576,984.65
<b>Total Checking/Savings</b>	1,805,880.56
<b>Accounts Receivable</b>	
141-1 Accts Rec Returned Checks	-3,218.90
141 Accounts Receivable	361,433.56
142 Other Accounts Receivable	162,038.22
<b>Total Accounts Receivable</b>	520,252.88
<b>Other Current Assets</b>	
105 Work In Progress	171,250.42
131-1 Cash on Hand	1,450.00
132 Special Deposits	50,000.00
135-1 Temp Cash Investment Sink	1,066,210.42
135-2 Temp Cash Invst Depr Fd	285,000.00
135 Tempoary Cash Investments	638,713.16
141-1 Accts Rec--returned check	2,052.84
143 Accum Prov for Uncoll Acct	-36,031.00
151 Plant Material & Supplies	72,797.99
162-1 Prepaid Insurance	-19,915.07
162-2 Prepaid Maintenance	990.72
171 Accrued Interest Receivable	27,269.34
<b>Total Other Current Assets</b>	2,259,788.82
<b>Total Current Assets</b>	4,585,922.26
<b>Fixed Assets</b>	
108-1 Accu Depr/Office Equip	-162,166.17
108-2 Accu Depr/Serv Equip	-197,148.76
108-3 Accu Depr/New Building	-164,255.93
108-4 Accrued Dep/Meters	-1,535,279.85
108-5 Accu Depr/Shop Equip	-33,619.69
108-6 Accu Depr/Power Equipment	-214,308.78
108-7 Accu Depr/Water Treatment	-49,892.27
108 Accu Depr/strts & Inprov	-8,836,290.39
303 Land & Land Rights	174,617.25
304-1 New Building	304,953.09
304 System Betterment	22,084,496.32
320 Water Treatment Equipment	65,918.34
334-4 Meter & Meter Inst- T&D	1,854,694.99
340 Office Furniture & Equip	186,728.84
343 Tools, Shop & Garage Equip	34,006.46
345 Power Operated Equipment	289,098.00
347 Service Equipment	357,635.19
<b>Total Fixed Assets</b>	14,159,186.64
<b>TOTAL ASSETS</b>	18,745,108.90
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
231 Accounts Payable	61,845.30
<b>Total Accounts Payable</b>	61,845.30

**Henry County Water District #2**  
**Balance Sheet**  
 As of October 31, 2008

	Oct 31, 08
<b>Other Current Liabilities</b>	
235 Customer Deposits	132,674.22
236-2 Retirement Payable	10,021.46
237-3 Accrued Interest-Cust Dep	1,102.56
237-4 Accrued Interest-98 Issue	114,632.92
241-1 Social Security Payment	-886.95
241-10 Medicare Payment	-74.81
241-11 KY State Retirement Emp	8,963.90
241-13 Eminence School Tax	190.36
241-2 Federal Withholding	-86.00
241-3 KY State Withholding	3,593.91
241-4 Ky Sales Tax	367.57
241-5 Henry School Tax	5,535.66
241-6 Trimble School Tax	999.43
241-7 Carroll School Tax	-62.13
241-8 Oldham School Tax	44.76
241-9 Shelby School Tax	136.13
242-1 Accrued Payroll Taxes	191.36
242-2 Accrued Wages	27,806.46
242 Accrued Vacation	19,977.65
<b>Total Other Current Liabilities</b>	325,128.46
<b>Total Current Liabilities</b>	386,973.76
<b>Long Term Liabilities</b>	
181-1 Unamortized Debt 2003 SER	-76,113.72
181 Amortized Debt Disc	-168,480.00
221-10 Regions Mgn Keg 2006	289,944.44
221-6 KRWFC 5th-3rd 2003	2,635,771.00
221-8 H&L 1998 Bond Issue	6,545,000.00
221-9 KRWFC 5th-3rd 2001 issue	613,495.92
224-1 SRECC No Int Loan	188,000.00
<b>Total Long Term Liabilities</b>	10,027,617.64
<b>Total Liabilities</b>	10,414,591.40
<b>Equity</b>	
214 Approp Retained Earnings	112,000.00
215-1 R/E from income bf cont	1,939,283.87
215-2 Donated cap-cont in aid	1,187,864.73
215-3 Donated cap-tap on fees	1,682,542.85
215-4 Donated Cap- Grants	3,147,406.00
215 Unapporp Retained Earnings	150,928.35
Retained Earnings	374,258.50
Net Income	-263,766.80
<b>Total Equity</b>	8,330,517.50
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>18,745,108.90</b>

HENRY COUNTY WATER DISTRICT NO. 2  
CERTIFICATES OF DEPOSIT

								Active CD'S		
Issued Date	Account	Term	Amount	C. D. #	Bank	Rate	Maturity Date			
	<b>Cannot Move</b>									
11/16/04	Bond & Interest	60 mo	\$50,000.00	221796	PBI Bank	4.90	11/16/2009	Interest credited Quarterly		
06/22/07	Bond & Interest	12 mo	\$165,000.00	2296952	PBI Bank	3.96	6/22/2010	Interest credited Quarterly		
04/02/07	Bond & Interest	12 mo	\$200,000.00	28553	Bedford Loan & Dep	2.25	4/2/2009	Transferred from CD # 38978-Interest credited Semi-Ann		
06/22/07	Bond & Interest	12mo	\$100,000.00	2296951	PBI Bank	3.96	6/19/2010	Interest credited Quarterly		
10/22/07	Depreciation	12 mo	\$100,000.00	2297214	PBI Bank	4.22	4/22/2009	Interest credited Quarterly		
05/30/05	Depreciation	60 mo	\$100,000.00	22498	Farmers of Milton	4.75	5/30/2010	Interest credited Quarterly was 17901		
11/11/04	Depreciation	60 mo	\$85,000.00	221795	PBI Bank	4.90	11/11/2009	combined CD 221795 & 220448 for 1 CD for \$85,000.00		
11/04/98	1998 Bond Issue	120 mo.	\$300,000.00	19019	Farmers of Milton	5.52	1/1/2009			
11/04/98	1998 Bond Issue	122 mo.	\$225,228.75	29273	PBI Bank	5.45	1/1/2009	Interest credited Semi-Annually		
03/02/07	System Improvements	12 mo	\$100,000.00	34129	United Citizens	3.81	3/2/2009	Pledged Securities-RECC Loan 2008		
04/12/07	System Improvements	12 mo	\$100,000.00	34139	United Citizens	2.27	4/12/2008	Pledged Securities-RECC Loan 2008		
			\$1,325,228.75							
08/17/07	Revenue	6 mth	\$104,592.74	34327	United Citizens	3.75	2/17/2009	Interest is Credited Quarterly-Investing-as of 05/17/08		
10/30/07	System Improvements	12mo	\$337,451.95	222949152	PBI Bank	5.16	<b>Cash in CD -For P-ville Tank 10/31/08</b>			
12/14/07	System Improvements	6 mo	\$350,000.00	2296936	PBI	3.19	12/13/2008	Moved from Farmers Deposit Bank CD # 3537 to PBI		
08/28/07	Plant & Well Field Repair	6 mo	\$78,422.27	34330	United Citizens	3.75	10/28/2008	Interest is Credited Quarterly-as of 04/29/08		
			\$2,195,695.71							

August 2008  
Account Balances

Revenue Account	Amount
Beginning Balance	\$286,038.71
Deposits (Payments)	\$298,057.30
Dpst & Int Applied to Accts	\$2,065.61
Return Check Charge Back	\$97.66
Interest on Account	\$140.39
Deposit Corrections	-\$17.10
Charges for Retured Checks	-\$78.00
ACH Fee (bank Drafts)	-\$102.00
Transferred to Operations	-\$200,000.00
Transferred to Escrow (deposits applied to accounts)	-\$2,066.00
Transferred to Bond & Interest	-\$180,000.00
Returned Checks	-\$1,856.86
Credit Card Machine Charges	-\$345.60
Ending Balance	\$201,934.11
<b>Operations Account</b>	
Beginning Balance	\$11,259.53
Interest on Account	\$49.97
Transferred from Revenue	\$200,000.00
Operating Expenses	-\$185,916.17
Ending Balance	\$25,393.33
<b>Bond &amp; Interest Account</b>	
Beginning Balance	\$725,042.81
Misc. Deposit	\$3,000.00
Interest on Account	\$637.92
Transferred from Revenue	\$180,000.00
Caldwell Tank Payment	-\$171,250.42
Wire Fee	-\$20.00
Loan Payments	-\$80,223.71
Ending Balance	\$657,186.60
<b>Escrow Account</b>	
Beginning Balance	\$57.78
Transferred from Revenue	\$2,066.00
Deposit & Interest Tranferred to Revenue	-\$2,065.61
Ending Balance	\$58.17
<b>Depreciation Account</b>	
Beginning Balance	\$143,820.76
Transferred from Revenue	
Interest on Account	\$78.02
Expenses	
Bk Error	
Ending Balance	\$143,898.78
<b>Impact Charge Escrow Account</b>	
Beginning Balance	\$185,727.83
Impact Fees Paid	\$8,550.00
Interest on Account	\$146.87
Ending Balance	\$194,424.70
<b>Improvement Projects Account</b>	
Beginning Balance	\$235,118.31
Interest on Account	\$127.55
Deposits CD # 222949152 PBI Bank	\$341,738.79
Paid Improvements	\$0.00
Transferred From Revenue	
Invested	0
Ending Balance	\$576,984.65
<b>Escrow - Customer Line Extensions Account</b>	
Beginning Balance	\$2,233.55
New Extensions	
Interest on Account	\$1.21
Impact Chg Escrow	
Customer Contributions to Revenue	
Ending Balance	\$2,234.76
<b>Customer Refund Account</b>	
Beginning Balance	\$3,764.66
Refunds Paid Out	
Refunds from last month's payments	
Ending Balance	\$3,764.66



# Monthly Service Report

March 2011

• New Meter Tap-ons	<u>8</u>
• Connections & Transfers	<u>53</u>
• Disconnects	<u>27</u>
• Delinquent Accounts	<u>77</u>
• Meter Changes	<u>19</u>
• Service Calls/Complaints	<u>73</u>
• Line Locates	<u>15</u>
• Leak Repairs	<u>19</u>
• Customers Billed	<u>6,341</u>

HENRY COUNTY WATER DISTRICT NO. 2  
BOARD MEETING AGENDA

December 9, 2008

Reading of Minutes & Approval of Income Statement & Balance Sheet  
Minutes from November 11, 2008 Meeting  
Account Balances, Operation Expenses, Revenue Income

Report from Engineers:

Report from Attorney:

Report from Accountant:

Report from Superintendent, Chief Operating Officer & Treatment Supervisor:

Report from any Commissioners:

New Business:

1. New Tank Progress Report
2. McCarty Lane Line Acquisition

Old Business:

1. PSC Order on OIC
2. Smith Issue Update
3. Liberty Communications Lease Agreement

The minutes of the meeting of the Board of Water District Commissioners of Henry County Water District No. Two held at the District's Office at the hour of 7:00 p.m. on November 11, 2008.

Those in attendance are shown by the attached attendance sheet.

The minutes of the October 14, 2008, meeting had been previously sent to the Commissioners for their review. A motion to approve the minutes was made by Commissioner Hawkins, seconded by Commissioner Richardson and passed.

Jay Hoffman of Wet or Dry Tank Inspection was present and advised the Commissioners that the tank contractor was still working toward completing the Pleasureville tank. The inside of the tank is all but done, and Mr. Hoffman estimates that the contractor needs six to eight days of good weather to finish painting the tank and complete their other work.

Tom Green of the District's engineering firm, Tetra Tech, presented the monthly engineering report, a copy of which is attached hereto and made a part hereof. Mr. Green further explained that the Pleasureville tank is on schedule with regard to being placed into service even though one portion of the piping that was needed is on back order.

The District's accountant, Dennis Raisor, was present and provided the Commissioners with an overview of the proposed budget for the year 2009, a copy of which is attached hereto and made a part hereof. After Mr. Raisor provided a detailed explanation as to the budget and comments were made by members of the budget committee concerning how the increases for salaries were arrived at a motion to approve the budget was made by Commissioner Bohannon, seconded by Commissioner Hawkins, and passed. After passage of the budget there was discussion of the potential need for a rate increase, and the Chief Operating Officer commented that there had not been an increase in the District's rates since 1995. It was further discussed that it may be a portion of the recommendations received from the Public Service Commission when a ruling is finally received concerning the District's offsetting improvement charge.

The District's attorney, D. Berry Baxter, advised the Commissioners as to the status of the pending litigation involving Henry County Water District No. Two v. Smith, Kallenberger v. Santa Cruz Cattle Company and concerning the requested relief from Ondeo Degremont concerning the filters. He had further advised the Commissioners that the Public Service Commission had received a complaint concerning the fact that the District had not yet completed the required improvements on the Dwenger property, and that a complaint had been forwarded to the District. Our attorney forwarded a letter to the Public Service Commission advising them as the status of this matter and that it had never been fully resolved by the Circuit Court, a fact that Mr. Dwenger, the complainant was well aware of.

Superintendent Barry Woods was not present, and the Chief Operating Officer presented his report advising the Commissioners that the monthly service and loss report

was available for their review. Additionally, the crews had performed general maintenance in the previous month including cleanup, line locates, etc. Mr. Armstrong's crew had tied in Scobee Lane, and the crews had worked to repair two leaks on one of the twelve inch mains on Morton Ridge Road on October 29, 2008. In addition they had performed GPS work, lowered a line in Providence, and Mr. Woods had secured easements on Pennywinkle. With good weather it is hoped that this line will be completed within 90 days.

There was no report from the plant.

The Chief Operating Officer advised the Commissioners concerning the following:

1. The annual PSC inspection is complete, and the only deficiency found was with the water loss reporting which was previously discussed at the October 2008 meeting. This deficiency has resulted in a new water loss report, a copy of which will need to be provided to the Public Service Commission for the next several months so that they can examine our reporting procedures.

2. There was no movement concerning Liberty Communications in the previous month.

3. In October 2008 disconnects were performed for delinquent accounts on October 23<sup>rd</sup>. District Personnel went to check to insure that the disconnected meters had not been placed back in service a couple days later and found two meters that had been turned back on. At the request of the District, the Henry County Sheriff's Department went out and spoke to the customer concerning this violation of the law, and the bills were paid immediately by the customer involved.

4. The lines on Morton Ridge Road had been moved up on the District 's KIPDA priority list due to the repeated problems with those line.

5. The Chief Operating Officer discussed a situation involving a line on McCarty Lane which is approximately four to five thousand yards long. In 1977 Ray Powell had a meter installed on Larry Congleton's property near Hwy. 421 and ran a service line back to the end of McCarty Lane. A 3 inch line was laid at that time. Subsequently Mr. Powell conveyed this property to Clarence Davis who then conveyed the property to Jim Wayne. There was never an easement secured across the Congleton property for this line and all agreements between Powell, Davis and Congleton were done on a handshake. Approximately two years ago Congleton approached Mr. Wayne about hooking on to this line. Additionally, someone else wanted to build a house and use the line. Mr. Wayne refused to allow anyone to hook on to the line. In January of 2008, Mr. Wayne had a leak and sent plumbers to fix the line. Congleton would not allow the plumbers on to his property as Wayne did not have an easement. Wayne then had the meter disconnected on March 6, 2008, and paid the bill in full. Mr. Congleton then requested that the meter be connected in his name and the Chief Operating Officer contacted the Public Service Commission, explained the situation, and asked if it was o.k. for Mr. Congleton to hook on. Congleton had the meter connected in his name. In the meantime Mr. Congleton gave the

District an easement where the line is laid. After some discussion by the Board it was the feeling of the Board that this line was taken over by the District based upon the easement provided by Congleton and no action was taken on Wayne's request that he be compensated for this line. The District's attorney did note that Mr. Wayne's deed was silent as it related to the waterline, and Mr. Wayne was unable to produce an easement for the line in question.

A pay request had been received from the tank contractor and based upon progress this pay request will be honored.

There being no further business to come before the Board, a motion was made by Commissioner Mr. Clair, seconded by Commissioner Barrickman and passed that the meeting be adjourned.

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CHAIRMAN

ATTEST:

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SECRETARY

**Henry County Water District #2**  
**Profit & Loss**  
 November 2008

	Nov 08
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
243 Funds Held Future Lines	1,200.00
419 Interest	
Bond & Interest	600.20
Cust Line Ext Escrow	1.27
Depreciation Acct	66.23
Impact Chg Escrow	127.88
Improvement Proj Acct	209.39
Operations Acct Interest	45.54
Revenue Acct. Interest	75.27
419 Interest - Other	1,049.81
<b>Total 419 Interest</b>	2,175.59
432-1 Tap on Fees	1,150.00
433 Impact Fee	3,800.00
461-11 Metered Sales-Henry	168,883.96
461-12 Metered Sales-Trimble	23,126.65
461-13 Metered Sales-Carroll	812.31
461-14 Metered Sales-Oldham	7,761.82
461-18 Metered Sales- Eminence	4,552.79
461-19 Metered Sales-Shelby	8,763.65
461-2 Metered Sales-Wholesale	19,957.72
470 Penalties/ Late Charges	5,976.50
471-1 Connections & Transfers	1,200.00
472-1 Credit Card Service Chgs	268.95
473-1 Bank Chgs for RCK	406.00
475-1 Miscellaneous Income	2,858.38
<b>Total Income</b>	252,894.32
<b>Expense</b>	
408-12 Payroll Taxes Employer	3,998.15
601-1 Employee Salaries	52,883.66
603-8 Commissioners Per Diem	2,025.00
604-1 Employee Benefits	11,324.49
604-1 Retirement Employee	10,671.18
609 Depreciation Expenses	66,500.00
615-2 Gas, Office	42.79
615-3 Water, Office	24.77
615-4 Sewer, Office	37.89
615-5 Garbage, Office	67.97
616-1 Electric, Distribution	875.80
616-2 Elect Plant & Wellfield	26,043.32
618-2 Plant Supplies	3,411.98
620-1 Materials & Supplies	12,785.98
620-2 Service Department Suppli	535.79
620-6 Office ACH Fee	102.80
620-7 Office Supplies	70.44
620-8 Office Postage	1,700.33
620-8 Office Supplies, Office	95.03
627-1 Int 2001 Issue	2,827.70
627-2 Int KRWA 2003 Issue	10,355.93
627-5 Int On H&L 1998 Issue	26,000.00
627-6 Int KRWFC Series 2006 B	1,666.67
628 Amortization of Debt Disc	511.42
631-1 Cont Serv Mowing	1,905.00
631-4 Cont Serv Office Cleaning	220.00
631-4 Contr Serv Office	
Office Copier	37.66
Pest Control	210.00
Rugs	138.90
631-4 Contr Serv Office - Other	80.00
<b>Total 631-4 Contr Serv Office</b>	466.56

2:45 PM  
12/04/08  
Accrual Basis

Henry County Water District #2  
Profit & Loss  
November 2008

	Nov 08
631-8 Engineering	13,905.00
633-8 Legal	252.00
634-2 Cont Serv- Meter Readings	8,547.25
634-3 Contract Serv MGT MAINT	246.46
635 Credit Card Machine Fee	383.24
650-4 Service Vehicle Maint.	57.21
650-5 Bkhoe & Trk Fuel	3,993.85
650-8 Mileage	2,289.70
656-1 Insur Vehicle/Operation	969.58
656-8 Bonds	671.71
657-1 General Insurance	2,572.57
657-2 Insurance Gen liab/maint	889.66
658-1 Insur Wkmns Comp/Operatio	2,227.00
672-1 Water Analysis	3,932.50
674-1 Office Building Repairs	467.50
675-7 Plant & Well Field Repair	8,053.16
678-1 Cellular Phones	846.53
679-1 Land Lines	508.54
680-1 Online Services	99.95
681-1 Pagers	90.86
682-1 Reprs, Serv. Dept. Equipi	786.20
683-1 Dues & Subscriptions	1,278.92
685-1 Miscellaneous Exp.	20.00
<b>Total Expense</b>	<b>290,240.04</b>
<b>Net Ordinary Income</b>	<b>-37,345.72</b>
<b>Net Income</b>	<b>-37,345.72</b>

**Henry County Water District #2**  
**Balance Sheet**  
 As of November 30, 2008

Nov 30, 08

**ASSETS**

Current Assets

Checking/Savings

131-14 Cust Line Ext Escrow	3,436.03
131-15 Cust Contribution Refund	3,764.66
131-17 Impact Charge Escrow	198,352.58
131-2 Revenue Account	145,154.65
131-3 Operations Account	53,108.62
131-4 Bond & Interest Account	686,167.05
131-5 Depreciation Account	143,965.01
131-6 Escrow Account	58.17
131-7 Improvement Proj Account	235,455.25

Total Checking/Savings 1,469,462.02

Accounts Receivable

141-1 Accts Rec Returned Checks	-3,184.34
141 Accounts Receivable	347,349.95
142 Other Accounts Receivable	162,038.22

Total Accounts Receivable 506,203.83

Other Current Assets

105 Work In Progress	505,786.01
131-1 Cash on Hand	1,450.00
132 Special Deposits	50,000.00
135-1 Temp Cash Investment Sink	1,066,210.42
135-2 Temp Cash Invst Depr Fd	285,000.00
135 Temporary Cash Investments	638,713.16
141-1 Accts Rec--returned check	2,012.42
143 Accum Prov for Uncoll Acct	-36,031.00
151 Plant Material & Supplies	72,797.99
162-1 Prepaid Insurance	-28,582.85
162-2 Prepaid Maintenance	615.34
171 Accrued Interest Receivable	27,269.34

Total Other Current Assets 2,585,240.83

Total Current Assets 4,560,906.68

Fixed Assets

108-1 Accu Depr/Office Equip	-162,840.67
108-2 Accu Depr/Serv Equip	-199,148.76
108-3 Accu Depr/New Building	-165,288.92
108-4 Accrued Dep/Meters	-1,542,303.37
108-5 Accu Depr/Shop Equip	-33,822.85
108-6 Accu Depr/Power Equipment	-215,206.86
108-7 Accu Depr/Water Treatment	-51,750.75
108 Accu Depr/strts & Inprov	-8,889,099.66
303 Land & Land Rights	174,617.25
304-1 New Building	304,953.09
304 System Betterment	22,084,496.32
320 Water Treatment Equipment	65,918.34
334-4 Meter & Meter Inst- T&D	1,854,694.99
340 Office Furniture & Equip	186,728.84
343 Tools, Shop & Garage Equip	34,006.46
345 Power Operated Equipment	289,098.00
347 Service Equipment	357,635.19

Total Fixed Assets 14,092,686.64

**TOTAL ASSETS** **18,653,593.32**

**LIABILITIES & EQUITY**

Liabilities

Current Liabilities

Accounts Payable	
231 Accounts Payable	61,845.30

Total Accounts Payable 61,845.30



**Henry County Water District #2**  
**Balance Sheet**  
 As of November 30, 2008

	Nov 30, 08
<b>Other Current Liabilities</b>	
235 Customer Deposits	134,924.22
236-2 Retirement Payable	10,021.46
237-3 Accrued Interest-Cust Dep	1,102.56
237-4 Accrued Interest-98 Issue	151,561.36
241-1 Social Security Payment	-900.89
241-10 Medicare Payment	-78.08
241-11 KY State Retirement Emp	7,655.80
241-13 Eminence School Tax	42.82
241-2 Federal Withholding	-86.00
241-3 KY State Withholding	2,318.28
241-4 Ky Sales Tax	-202.99
241-5 Henry School Tax	-630.43
241-6 Trimble School Tax	144.77
241-7 Carroll School Tax	-106.69
241-8 Oldham School Tax	-234.99
241-9 Shelby School Tax	-168.58
242-1 Accrued Payroll Taxes	191.36
242-2 Accrued Wages	27,806.46
242 Accrued Vacation	19,977.65
<b>Total Other Current Liabilities</b>	<b>353,338.09</b>
<b>Total Current Liabilities</b>	<b>415,183.39</b>
<b>Long Term Liabilities</b>	
181-1 Unamortized Debt 2003 SER	-75,992.30
181 Amortized Debt Disc	-168,090.00
221-10 Regions Mgn Keg 2006	229,016.00
221-6 KRWFC 5th-3rd 2003	2,630,648.10
221-8 H&L 1998 Bond Issue	6,545,000.00
221-9 KRWFC 5th-3rd 2001 issue	609,245.41
224-1 SRECC No Int Loan	185,000.00
<b>Total Long Term Liabilities</b>	<b>9,954,827.21</b>
<b>Total Liabilities</b>	<b>10,370,010.60</b>
<b>Equity</b>	
214 Approp Retained Earnings	112,000.00
215-1 R/E from income bf cont	1,939,283.87
215-2 Donated cap-cont in aid	1,187,864.73
215-3 Donated cap-tap on fees	1,682,542.85
215-4 Donated Cap- Grants	3,147,406.00
215 Unapporp Retained Earnings	150,928.35
Retained Earnings	381,258.50
Net Income	-310,701.58
<b>Total Equity</b>	<b>8,283,582.72</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>18,653,593.32</b>

August 2008  
Account Balances

Revenue Account	Amount
Beginning Balance	\$201,934 11
Deposits (Payments)	\$264,608 39
Dpst & Int Applied to Accts	
Interest on Account	\$75 27
Charges for Retured Checks	-\$45 00
ACH Fee (bank Drafts)	-\$102 80
Transferred to Operations	-\$235,000 00
Transferred to Escrow (deposits applied to accounts)	
Transferred to Bond & Interest	-\$85,000 00
Returned Checks	-\$932 08
Credit Card Machine Charges	-\$383 24
Ending Balance	\$145,154 65
Operations Account	
Beginning Balance	\$25,393 33
Interest on Account	\$45 54
Transferred from Revenue	\$235,000 00
Operating Expenses	-\$207,330 25
Ending Balance	\$53,108 62
Bond & Interest Account	
Beginning Balance	\$657,186 60
Misc. Deposit	
Interest on Account	\$600 20
Transferred from Revenue	\$85,000 00
Transferred from Caldwell Tank Payment	\$341,738 79
Wire Fee	-\$321,114 83
Loan Payments	-\$20 00
Ending Balance	-\$77,223 71
	\$686,167 05
Escrow Account	
Beginning Balance	\$58 17
Transferred from Revenue	
Deposit & Interest Tranferred to Revenue	
Ending Balance	\$58 17
Depreciation Account	
Beginning Balance	\$143,898 78
Transferred from Revenue	
Interest on Account	\$66 23
Expenses	
Bk Error	
Ending Balance	\$143,965 01
Inpact Charge Escrow Account	
Beginning Balance	\$194,424 70
Inpact Fees Paid	\$3,800 00
Interest on Account	\$127 88
Ending Balance	\$198,352 58
Improvement Projects Account	
Beginning Balance	\$576,984 65
Interest on Account	\$209 39
Deposits	
Paid Improvements	\$0 00
Transferred to Bond & Interest	-\$341,738 79
Invested	0
Ending Balance	\$235,455 25
Escrow - Customer Line Extensions Account	
Beginning Balance	\$2,234 76
New Extensions	\$1,200 00
Interest on Account	\$1 27
Impact Chg Escrow	
Customer Contributions to Revenue	
Ending Balance	\$3,436 03
Customer Refund Account	
Beginning Balance	\$3,764 66
Refunds Paid Out	
Refunds from last month's payments	
Ending Balance	\$3,764 66

HENRY COUNTY WATER DISTRICT NO. 2  
CERTIFICATES OF DEPOSIT

		Active CD'S						
Issued Date	Account	Term	Amount	C. D. #	Bank	Rate	Maturity Date	
	Cannot Move							
11/16/04	Bond & Interest	60 mo	\$50,000.00	221796	PBI Bank	4.90	11/16/2009	Interest credited Quarterly
06/22/07	Bond & Interest	12 mo	\$165,000.00	2296952	PBI Bank	3.96	6/22/2010	Interest credited Quarterly
04/02/07	Bond & Interest	12 mo	\$200,000.00	28553	Bedford Loan & Dep	2.25	4/2/2009	Transferred from CD # 38978-Interest credited Semi-Ann
06/22/07	Bond & Interest	12mo	\$100,000.00	2296951	PBI Bank	3.96	6/19/2010	Interest credited Quarterly
10/22/07	Depreciation	12 mo	\$100,000.00	2297214	PBI Bank	4.22	4/22/2009	Interest credited Quarterly
05/30/05	Depreciation	60 mo	\$100,000.00	22498	Farmers of Milton	4.75	5/30/2010	Interest credited Quarterly was 17901
11/11/04	Depreciation	60 mo	\$85,000.00	221795	PBI Bank	4.90	11/11/2009	combined CD 221795 & 220448 for 1 CD for \$85,000.00
11/04/98	1998 Bond Issue	120 mo.	\$300,000.00	19019	Farmers of Milton	5.52	1/1/2009	
11/04/98	1998 Bond Issue	122 mo.	\$225,228.75	29273	PBI Bank	5.45	1/1/2009	Interest credited Semi-Annually
03/02/07	System Improvements	12 mo	\$100,000.00	34129	United Citizens	3.81	3/2/2009	Pledged Securities-RECC Loan 2008
04/12/07	System Improvements	12 mo	\$100,000.00	34139	United Citizens	2.27	4/12/2008	Pledged Securities-RECC Loan 2008
			\$1,325,228.75					
08/17/07	Revenue	6 mth	\$105,185.91	34327	United Citizens	2.25	2/17/2009	Interest is Credited Quarterly-Investing-as of 05/17/08
10/30/07	System Improvements	12mo	\$337,451.95	222949152	PBI Bank	5.16		Cash in CD -For P-ville Tank 10/31/08
12/14/07	System Improvements	6 mo	\$350,000.00	2296936	PBI	3.19	12/13/2008	Moved from Farmers Deposit Bank CD # 3537 to PBI
08/28/07	Plant & Well Field Repair	6 mo	\$78,771.95	34330	United Citizens	3.75	10/28/2008	Interest is Credited Quarterly-as of 04/29/08
			\$2,196,638.56					

Monthly Service Report

11/01/2009

• New Meter Tap-ons	<u>3</u>
• Connections & Transfers	<u>56</u>
• Disconnects	<u>24</u>
• Delinquent Accounts	<u>93</u>
• Meter Changes	<u>10</u>
• Service Calls/Complaints	<u>97</u>
• Line Locates	<u>15</u>
• Leak Repairs	<u>9</u>
• Customers Billed	<u>6,339</u>

## MONTHLY Water Use Report

Water Utility: HENRY Co. WATER DISTRICT

Year: OCTOBER 2008

LINE #	ITEM	GALLONS (Omit 000's)	%
1	<b>WATER PRODUCED or PURCHASED</b>		
2	Water Produced	<u>61839070</u>	
3	Water Purchased	<u>0</u>	
4	<b>TOTAL PRODUCED AND PURCHASED</b>	<u>61839070</u>	
<b>WATER SOLD</b>			
5	Residential	<u>32544370</u>	
6	Commercial	<u>2425770</u>	
7	Industrial	<u>247900</u>	
8	Bulk Loading Stations	<u>0</u>	
9	Wholesale	<u>1899450</u>	
10	Other Sales (explain) <u>Public GOVERNMENT (schools)</u>	<u>1512700</u>	
11	<b>TOTAL WATER SOLD</b>	<u>44629190</u>	
12	<b>TOTAL WATER NOT SOLD</b>	<u>17209880</u>	
<b>BREAKDOWN OF UNSOLD WATER USED</b>			
13	Utility and/or Water Treatment Plant	<u>4509220</u>	
14	Wastewater Plant	<u>0</u>	
15	System Flushing	<u>3784920</u>	
16	Fire Department	<u>16000</u>	
17	Other (explain)	<u>0</u>	
<b>TOTAL UNSOLD WATER USED</b>		<u>8310140</u>	
<b>BREAKDOWN OF WATER LOST</b>			
18	Tank Overflows	<u>0</u>	
19	Line Breaks	<u>5132400</u>	
20	Other Loss	<u>2767340</u>	
<b>TOTAL UNSOLD WATER LOST</b>		<u>8899740</u>	

14.3%

"OTHER LOSS" FLOW RATE CALCULATION:			
21	"Other Loss"		0
22	% "Other Loss"		
23	Number of Days in Period		0
24	"Other Loss" per Day (1,000's gallons per Day)	#DIV/0!	
25	"Other Loss" per Minute (GPM)	#DIV/0!	

*Henry County Water District*



11/06/2008

McCarty Lane located approx. 2 miles south of Campbellsburg off of Hwy. 421

#### History of service

Meter service was applied for by Mr. Ray Powell in 1997. Since we were under Tap-On Ban all new services had to be approved by Division of Water. Service was approved by DOW and meter was installed on Mr. Larry Congleton's property May 6, 1997.

Shortly after service installation Mr. Clarence Davis had account put in his name and a 3" line installed through Mr. Congleton's property to Mr. Davis' property.

Mr. Davis sold the property to Mr. Jim Wayne in 2000 and account was put in his name in August of 2000.

COPY

Mr. Jim Wayne  
1280 Royal Avenue  
Louisville, KY 40204

Dear Mr. Wayne:

Enclosed is a signed statement from Mr. Clarence Davis detailing the circumstances of how water service was supplied to his property. This is the same property that you purchased from Mr. Davis.

From our previous conversations, it is still the desire of the Henry County Water District #2 to incorporate the water line in question into our system. This would allow other residents on McCarty Lane access to safe drinking water. This falls under former Governor Patton's plan to provide all Kentuckians access to safe drinking water by 2020. Upon approval from the Division of Water, the District would incorporate the water line into its system and maintain the line. The District would re-locate your meter to your property or terminate the line at your property if that is what you choose.

Larry Congleton has agreed to give the District an easement for the water line plus any service lines to other residents on McCarty Lane as it was intended when this line was installed. Initially, the line is located on the Congleton farm and he appears to have the right to execute an easement in favor of the District. Any dispute that you have concerning this should be addressed with Mr. Congleton.

Sincerely,



James T. Simpson  
Chief Operating Officer  
Henry County Water District #2

Office:  
8955 Main Street • P.O. Box 219  
Campbellsburg, KY 40011

Telephones:  
(502) 532-6279 • (502) 532-6280  
1-800-256-2350

Fax:  
(502) 532-0027



COPY

Water Treatment Plant:  
3278 Morton Ridge Road  
Bedford, Ky 40006

Telephone:  
(502) 255-0126

Fax:  
(502) 255-0347


The following statement below is a true and accurate account of how water service came about on my farm on McCarty Lane in the year of 1997.


The meter was set in May 1997 in the name of Mr. Ray Powell. Shortly thereafter the account was transferred into the name of Mr. Clarence Davis. The meter was installed onto property owned by Mr. Larry Congleton. An unwritten agreement took place between Mr. Davis and Mr. Congleton giving permission to Mr. Davis to install a 3" water line from the meter through Mr. Congleton's property to Mr. Davis' property.

After the line was installed Mr. Davis and Mr. Congleton contacted Mr. Gene Powell, who was Superintendent of the Henry County Water District #2, about the District taking over the 3" line allowing other residents on McCarty Lane water service. Mr. Congleton agreed to sign an easement over to the District on the water line.

Mr. Powell agreed to take over the water line on behalf of the District once the District came off of the tap-on ban imposed by The Division of Water. Mr. Powell retired from the District shortly thereafter before an easement was signed.

As stated before, this is a true and accurate account of verbal agreements between all parties involved.

  
Clarence Davis

  
Witness