

Principal \$ 200,000.00  
 Int. Rate 2.00%  
 Payment \$ 3,000.00  
 Loan Date 6/13/2008

Year	Month	Balance	Payments	Principal	Interest	Interest Days	Total Principal	Total Interest	Ending Balance
2008	7/13/2008	200,000.00	3,000.00	2,671.23	328.77	30	2,671.23	328.77	197,328.77
	8/13/2008	197,328.77	3,000.00	2,664.81	335.19	31	5,336.04	663.96	194,663.96
	9/13/2008	194,663.96	3,000.00	2,669.34	330.66	31	8,005.38	994.62	191,994.62
	10/13/2008	191,994.62	3,000.00	2,684.39	315.61	30	10,689.77	1,310.23	189,310.23
	11/13/2008	189,310.23	3,000.00	2,678.43	321.57	31	13,368.21	1,631.79	186,631.79
	12/13/2008	186,631.79	3,000.00	2,693.21	306.79	30	16,061.41	1,938.59	183,938.59
2009	1/13/2009	183,938.59	3,000.00	2,687.56	312.44	31	18,748.97	2,251.03	181,251.03
	2/13/2009	181,251.03	3,000.00	2,692.12	307.88	31	21,441.09	2,558.91	178,558.91
	3/13/2009	178,558.91	3,000.00	2,726.05	273.95	28	24,167.14	2,832.86	175,832.86
	4/13/2009	175,832.86	3,000.00	2,701.33	298.67	31	26,868.46	3,131.54	173,131.54
	5/13/2009	173,131.54	3,000.00	2,715.40	284.60	30	29,583.86	3,416.14	170,416.14
	6/13/2009	170,416.14	3,000.00	2,710.53	289.47	31	32,294.39	3,705.61	167,705.61
	7/13/2009	167,705.61	3,000.00	2,724.32	275.68	30	35,018.71	3,981.29	164,981.29
	8/13/2009	164,981.29	3,000.00	2,719.76	280.24	31	37,738.47	4,261.53	162,261.53
	9/13/2009	162,261.53	3,000.00	2,724.38	275.62	31	40,462.85	4,537.15	159,537.15
	10/13/2009	159,537.15	3,000.00	2,737.75	262.25	30	43,200.59	4,799.41	156,799.41
	11/13/2009	156,799.41	3,000.00	2,733.66	266.34	31	45,934.25	5,065.75	154,065.75
	12/13/2009	154,065.75	3,000.00	2,746.74	253.26	30	48,680.99	5,319.01	151,319.01
2010	1/13/2010	151,319.01	3,000.00	2,742.96	257.04	31	51,423.95	5,576.05	148,576.05
	2/13/2010	148,576.05	3,000.00	2,747.62	252.38	31	54,171.58	5,828.42	145,828.42
	3/13/2010	145,828.42	3,000.00	2,776.26	223.74	28	56,947.84	6,052.16	143,052.16
	4/13/2010	143,052.16	3,000.00	2,757.01	242.99	31	59,704.85	6,295.15	140,295.15
	5/13/2010	140,295.15	3,000.00	2,769.38	230.62	30	62,474.23	6,525.77	137,525.77
	6/13/2010	137,525.77	3,000.00	2,766.39	233.61	31	65,240.62	6,759.38	134,759.38
	7/13/2010	134,759.38	3,000.00	2,778.48	221.52	30	68,019.10	6,980.90	131,980.90
	8/13/2010	131,980.90	3,000.00	2,775.81	224.19	31	70,794.91	7,205.09	129,205.09
	9/13/2010	129,205.09	3,000.00	2,780.53	219.47	31	73,575.44	7,424.56	126,424.56
	10/13/2010	126,424.56	3,000.00	2,792.18	207.82	30	76,367.62	7,632.38	123,632.38
	11/13/2010	123,632.38	3,000.00	2,789.99	210.01	31	79,157.61	7,842.39	120,842.39
	12/13/2010	120,842.39	3,000.00	2,801.35	198.65	30	81,958.97	8,041.03	118,041.03
2011	1/13/2011	118,041.03	3,000.00	2,799.49	200.51	31	84,758.46	8,241.54	115,241.54
	2/13/2011	115,241.54	3,000.00	2,804.25	195.75	31	87,562.71	8,437.29	112,437.29
	3/13/2011	112,437.29	3,000.00	2,827.49	172.51	28	90,390.20	8,609.80	109,609.80
	4/13/2011	109,609.80	3,000.00	2,813.81	186.19	31	93,204.02	8,795.98	106,795.98
	5/13/2011	106,795.98	3,000.00	2,824.44	175.56	30	96,028.46	8,971.54	103,971.54
	6/13/2011	103,971.54	3,000.00	2,823.39	176.61	31	98,851.85	9,148.15	101,148.15
	7/13/2011	101,148.15	3,000.00	2,833.73	166.27	30	101,685.58	9,314.42	98,314.42
	8/13/2011	98,314.42	3,000.00	2,833.00	167.00	31	104,518.58	9,481.42	95,481.42
	9/13/2011	95,481.42	3,000.00	2,837.81	162.19	31	107,356.39	9,643.61	92,643.61
	10/13/2011	92,643.61	3,000.00	2,847.71	152.29	30	110,204.10	9,795.90	89,795.90
	11/13/2011	89,795.90	3,000.00	2,847.47	152.53	31	113,051.57	9,948.43	86,948.43
	12/13/2011	86,948.43	3,000.00	2,857.07	142.93	30	115,908.64	10,091.36	84,091.36
2012	1/13/2012	84,091.36	3,000.00	2,857.16	142.84	31	118,765.80	10,234.20	81,234.20
	2/13/2012	81,234.20	3,000.00	2,862.01	137.99	31	121,627.82	10,372.18	78,372.18
	3/13/2012	78,372.18	3,000.00	2,875.46	124.54	29	124,503.28	10,496.72	75,496.72
	4/13/2012	75,496.72	3,000.00	2,871.76	128.24	31	127,375.04	10,624.96	72,624.96
	5/13/2012	72,624.96	3,000.00	2,880.62	119.38	30	130,255.65	10,744.35	69,744.35
	6/13/2012	69,744.35	3,000.00	2,881.53	118.47	31	133,137.18	10,862.82	66,862.82
	7/13/2012	66,862.82	3,000.00	2,890.09	109.91	30	136,027.27	10,972.73	63,972.73
	8/13/2012	63,972.73	3,000.00	2,891.33	108.67	31	138,918.61	11,081.39	61,081.39
	9/13/2012	61,081.39	3,000.00	2,896.25	103.75	31	141,814.85	11,185.15	58,185.15
	10/13/2012	58,185.15	3,000.00	2,904.35	95.65	30	144,719.21	11,280.79	55,280.79
	11/13/2012	55,280.79	3,000.00	2,906.10	93.90	31	147,625.30	11,374.70	52,374.70
	12/13/2012	52,374.70	3,000.00	2,913.90	86.10	30	150,539.21	11,460.79	49,460.79
2013	1/13/2013	49,460.79	3,000.00	2,915.98	84.02	31	153,455.19	11,544.81	46,544.81
	2/13/2013	46,544.81	3,000.00	2,920.94	79.06	31	156,376.13	11,623.87	43,623.87
	3/13/2013	43,623.87	3,000.00	2,933.07	66.93	28	159,309.20	11,690.80	40,690.80
	4/13/2013	40,690.80	3,000.00	2,930.88	69.12	31	162,240.08	11,759.92	37,759.92
	5/13/2013	37,759.92	3,000.00	2,937.93	62.07	30	165,178.01	11,821.99	34,821.99
	6/13/2013	34,821.99	3,000.00	2,940.85	59.15	31	168,118.86	11,881.14	31,881.14
	7/13/2013	31,881.14	3,000.00	2,947.59	52.41	30	171,066.45	11,933.55	28,933.55
	8/13/2013	28,933.55	3,000.00	2,950.85	49.15	31	174,017.31	11,982.69	25,982.69
	9/13/2013	25,982.69	3,000.00	2,955.87	44.13	31	176,973.17	12,026.83	23,026.83
	10/13/2013	23,026.83	3,000.00	2,962.15	37.85	30	179,935.32	12,064.68	20,064.68
	11/13/2013	20,064.68	3,000.00	2,965.92	34.08	31	182,901.24	12,098.76	17,098.76
	12/13/2013	17,098.76	3,000.00	2,971.89	28.11	30	185,873.13	12,126.87	14,126.87
2014	1/13/2014	14,126.87	3,000.00	2,976.00	24.00	31	188,849.13	12,150.87	11,150.87
	2/13/2014	11,150.87	3,000.00	2,981.06	18.94	31	191,830.19	12,169.81	8,169.81
	3/13/2014	8,169.81	3,000.00	2,987.47	12.53	28	194,817.66	12,182.34	5,182.34
	4/13/2014	5,182.34	3,000.00	2,991.20	8.80	31	197,808.85	12,191.15	2,191.15
	5/13/2014	2,191.15	2,194.75	2,191.15	3.60	30	200,000.00	12,194.75	0.00

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## RURAL DEVELOPMENT PLAN AND SCOPE OF WORK

### I. OBJECTIVES

Shelby Energy Cooperative (SEC) is vitally interested in rural economic development and job creation and retention. Therefore, it is the desire of Shelby Energy's Board of Directors to establish a Rural Development Plan which will allow for creation of a Revolving Loan Fund (RLF) to be used for promoting projects related to rural economic development.

Since monies in this fund are limited, the objectives of SEC are to (1) approve projects that are sound and capable of repaying their loan, and (2) to maximize earnings through investment. These objectives will help maintain and ensure the growth of this fund for use by future prospective businesses. Since a large portion of the funds in this program are made available through the Rural Utilities Service (RUS) Rural Economic Development Loan and Grant Program, close adherence to requirements of that program is necessary.

### II. RLF POLICY STATEMENT

Shelby Energy Cooperative will accept and consider applications for loans from the RLF for projects that will significantly benefit rural areas, without restriction to SEC's service area or any other area.

Shelby Energy Cooperative will not condition the approval of a loan from the RLF with the requirement that the prospective recipient take electric service from or any other electric utility.

The Board of Directors of Shelby Energy Cooperative is the sole authority for approval or denial of loans from the RLF and is responsible for all decisions and actions of the RLF.

It is the intent of Shelby Energy Cooperative that funds from the RLF program serve as seed money to generate economic development. SEC will work with local lenders and others to maximize leverage of the RLF dollars so that the result is the maximum possible economic development. It is the further intent of SEC to use the RLF program to supplement, but not compete with, capital that may already exist within the communities.

**III. LENDING PARAMETERS**

**A. ELIGIBLE APPLICANTS**

- 1. **Business Ventures**
  - a. **Corporations**
  - b. **Partnerships**
  - c. **Sole Proprietorships**
  - d. **Cooperatives**
  - e. **Limited Liability Companies**
- 2. **Governmental Units**
  - a. **Local Townships**
  - b. **Municipals**
  - c. **County**
  - d. **Regional**
- 3. **Non Profit Entities**

**B. TYPES OF PROJECTS ELIGIBLE FOR RLF FUNDING:**

- Industrial/Commercial Development**
- Small Business Expansion**
- Small Business Startup**
- Community Infrastructure**
- Community Facilities**
- Medical Facilities**
- Training/Educational Facilities**
- Tourism**

**Projects must be employment creation/retention projects or projects that provide needed community facilities and services.**

**C. TYPES OF PROJECTS/ACTIVITIES INELIGIBLE FOR RLF FUNDING:**

- **Refinancing of existing debt, or payment to business owners or partners;**
- **Projects without any supplemental financing;**
- **Activities determined to be for investment purposes;**
- **General improvement loans related to normal replacement needs of a business and unrelated to business expansion/job creation;**

- Agricultural production costs (i.e., cultivation, production, harvesting);
- Vehicles used for general purposes or that may be considered for personal use;
- Projects that are primarily working capital with limited security;
- Construction projects of an individual residential nature;
- Illegal activities and legalized activities that in the opinion of the Board of Directors adversely affect RLF interests;
- Projects in which any director, officer, CEO, supervisor, or employee of SEC, or close relative thereof, has a financial interest or which would, in the judgment of the SEC Board, create a conflict of interest, potential conflict of interest, or any appearance of a conflict of interest.

#### **D. TYPES OF FINANCING AVAILABLE**

##### **Fixed Asset Financing**

- a. Land, buildings, manufacturing equipment, office and work equipment
- b. Infrastructure improvements

##### **Working Capital Financing**

Available in a limited amount only in conjunction with other RLF financing

#### **E. LOAN TERMS AND CONDITIONS**

##### **Amount**

The RLF will not lend more than 80% of the total amount that is needed for a project. The maximum amount of a single loan may not exceed \$500,000; the minimum loan amount is \$25,000.

##### **Interest Rates**

The maximum interest rate for subsequent loans made from the RLF is the prevailing prime rate as published in the Wall Street Journal on the date of loan closing. Generally, dependent on loan security, loans will bear a rate of 1% to 5%.

##### **Servicing Fee**

A servicing fee, if charged by SEC, will be no more than one percent (1%) per year of the outstanding principal loan balance on the first day of each year of the loan.

**Legal Fees**

All loan closing costs including legal, title, and recording fees will be paid by the loan applicant.

**Repayment Terms**

Repayment terms will not exceed 10 years. The following maturities will be used as a general guideline:

Building	10 years
Real Estate	10 years
Equipment	5 to 7 years or depreciable life
Working Capital	1 to 3 years

Management will provide a recommendation on term options and loan repayment schedule (annual, quarterly, monthly) on a project-by-project basis. SEC Board of Directors will make the final decision on terms and repayment.

**Supplemental Financing**

RLF loans are limited to financing 80% of a project. Supplemental financing of 20% will be required. Of the required supplemental financing, a minimum of 10% of new equity infusion must be provided by the project owner. Evidence of availability of supplemental financing will be required prior to advance of RLF funds.

**Security**

Shelby Energy Cooperative will work with the potential borrower to obtain security that is adequate for the term of the loan. The nature of the collateral pledged by the loan applicant shall be determined on a project by project basis. Generally, security will consist of a first lien position on real or personal property. If the same collateral is used in joint financing, the RLF will require a parity position with other lenders. Other types of security may include:

1. Letters of credit from acceptable financial institutions
2. Machinery and equipment which have a developed market
3. Accounts receivable and inventory for short-term loans
4. Securities issued by the Federal Government or its agencies

The loan recipient will be required to maintain casualty insurance, and flood insurance if necessary, on secured assets. In some cases, credit life or key man insurance will be required with the RLF as loss payee.

Personal guarantees from partners or majority stockholders may be required for all corporate or partnership borrowings.

#### Application Process

All applicants for RLF funding will be required to complete an application form, providing data which demonstrates that their proposed projects are economically feasible and will provide benefits to rural areas, either through job creation or infrastructure improvements. Information required from each applicant is attached as Exhibit 1.

#### Application Selection Process

Shelby Energy Cooperative will actively solicit potential RLF borrowers through private lenders, referrals from the Kentucky Development Finance Authority, Community Development Block Grant Program, the Kentuckiana Regional Planning and Development Agency (KIPDA), and other sources as appropriate. These development agencies will be in the position of making RLF program information available to various enterprises with which they have contact.

After RLF application(s) have been reviewed by the President and CEO and Staff, presentation will be made to SEC's Board of Directors for consideration. Final loan approval authority remains with the Board of Directors.

#### Loan Monitoring

Loan monitoring will require regular reporting by the loan recipient. This includes:

1. Annual income statements and balance sheets. Depending on the nature of the project and security arrangements, SEC reserves the right to require the submission of annual financial reports as audited by a certified public accountant.
2. Periodic management information reports. Management reports will be required on a semi-annual basis beginning six months after the advance of RLF funds and continuing semi-annually thereafter for a period of three years or until completion of the project, whichever is the later period. Management reports will include (i) information on the number of jobs created or retained during the reporting period; (ii) a comparison of accomplishments during the reporting period to the objectives established for the project, and (iii) problems, delays, or adverse conditions which will materially affect the attainment of planned project objectives and a statement of action taken or contemplated to resolve the situation. SEC reserves the right to require these reports on a more frequent basis if it is determined to be in the best interests of the RLF.

3. On-site visits will be conducted annually by an RLF representative to verify and evaluate the use of RLF funds.

File Retention

All RLF files will be retained for a period of not less than 5 full years after the loan has been paid in full. After 5 years, the files will be destroyed by shredding or incineration. Security measures will be initiated as needed to protect confidentiality of loan documents.

Amendments

Amendments to this rural development plan will require the approval of the SEC Board of Directors. No action will be taken to amend this plan without the prior written approval of the Rural Business-Cooperative Service.

Shelby Energy Cooperative

USDA Rural Business-Cooperative Service

Debbie Martin  
Debbie Martin, CEO

Deanna Rute  
Approval Official Acting State Director

Date: 7/31/07

Date: 8-30-07



	Initials	Date
Approved by	CV	3-14-09
Prepared by	DSN	1-21-09

Henry Co. Water Dist #1  
 Deger Amortization  
 12-31-08

	1	2	3	4	
	Total	Interest	Prin.	Balance	
BEG Balance			27200.00	42107.00	1
12-15-08	8701.15	463.18	8237.97	33869.03	2
1-15-09	8701.15	372.56	8328.59	25540.44	3
2-15-09	8701.15	280.94	8420.21	17120.23	4
3-15-09	8701.15	188.32	8512.83	8607.40	5
4-15-09	8701.09	93.69	8607.40	-0-	6
		1398.69	42107.00		7

**CAPITAL**

Dealer No. 82359  
 Credit Application No. 88438  
 Lessee Name HENRY COUNTY WATER DISTRICT #2

**STATEMENT OF TRANSACTION**

1. Lease Sale Price	1.5	69,057.00
2. Cash Down Payment	\$	N/A
Net Trade-in Allowance	\$	N/A
Manufacturer's Rebate	\$	N/A
Total Down Payment	\$	N/A
3. Unpaid Balance of Lease Sale Price (1 minus 2)	2.5	N/A
4. Other Charges	3.5	69,057.00

(a) Taxes (Not in Lease Price) \$ N/A  
 (b) Official Fees \$ 5.00  
 (c) UCC Filing Service Fee \$ 12.00  
 (d) Administrative Fee \$ 232.50  
 (e) Physical Damage Insurance \$ N/A  
 (f) Credit Life Insurance \$ N/A  
 (g) Credit Accident & Health Insurance \$ N/A  
 (h) Liability Insurance \$ N/A  
 (i) Manufacturer's Extended Warranty Plan \$ N/A  
 (j) Extended Service Protection Plan \$ N/A  
 (k) (Other) \$ N/A

Total Other Charges 4.5 250.00

5. Total Amount Subject to Lease (Unpaid Balance) (3+4)	5.5	69,307.00
6. Lease Charges (Finance Charge)	6.5	1,306.69
7. Total Lease Payments (Total of Payments) (5+6)	7.5	70,708.69
8. Total Lease Price (Total Sale Price) (1+4+6)	8.5	70,708.69

9. The Unpaid Balance hereof shall bear Finance Charges computed at a per annum rate (the "Finance Charge Rate" or "FCR") equal to 15.20 % (this is a FIXED RATE contract)

10. Date APR begins accruing: 11-14-2005  
 Mo. Day Yr.

Handwritten notes:  
 < 27,200 > Trade-in Allowance  
 42,107

**RENTAL PAYMENTS** Advance Payment of \$ 27,200.00 followed by payments in accordance with the following schedule.

NO. OF PAYMENTS	PERIOD OF PAYMENTS	AMOUNT OF EACH PAYMENT	BEGINNING MM/DD/YYYY
4	1 MONTHS	\$ 8,701.15	12/14/2008
1	1 MONTHS	\$ 8,701.09	04/14/2009

The "Obligations" shall mean Lessee's responsibility to pay the rental payments hereunder (the "Rental Payments") and perform any other existing or future obligations of Lessee to Lessor, Assignee as hereinafter defined or Assignee's affiliates hereunder, or under any other agreement.

The total "Secured Debt Due" is \$ N/A

The secured debt on the Trade-in Equipment is owed to:

Lender Name: \_\_\_\_\_ Acct. No: \_\_\_\_\_  
 Lender Address: \_\_\_\_\_ Phone No: \_\_\_\_\_  
 Lender City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Payoff Good Through: \_\_\_\_\_

If checked, Lessor represents that the above debt has been paid.

Lessee hereby conveys to Lessor all right, title and interest in the Trade-in Equipment free and clear of all encumbrances except as noted above.

Handwritten calculations:  
 8701.15  
 8701.15  
 8701.15  
 8701.15  
 8701.15  
 27,200.00 Trade-in Allowance  
 70,705.69

**GUARANTY:**  
 The undersigned guarantees the prompt performance of Lessee's Obligations under the Agreement, and all modifications and extensions thereof, including prompt payment of all sums when due. The undersigned shall, immediately upon demand, pay any sum due under the Agreement and all modifications and extensions thereof, without setoff. The undersigned hereby waives notice of any modifications, amendments, or extensions of the Agreement, and of Lessee's nonperformance or breach of the Agreement. The payment obligations under this Guaranty are the direct, primary, and continuing obligations of the undersigned and the undersigned's heirs, successors and assigns, and not merely a guaranty of collection. Capitalized terms used in this Guaranty have the same meaning given to them in the Agreement.

Guarantor Signature: \_\_\_\_\_ Address: \_\_\_\_\_  
 Print Name: \_\_\_\_\_ City, State, Zip: \_\_\_\_\_  
 X \_\_\_\_\_  
 Lessor's Initials



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	121,746	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 12/31/2 008

	Shelby RECC		CNH Capital	
	Principal	Interest	Principal	Interest
2006				
2007				
2008	16,061	1,939	8,238	463
2009	32,620	3,380	33,869	936
2010	33,278	2,722		
2011	33,950	2,050		
2012	34,630	1,370		
2013	35,334	666		
2014	14,127	68		
2015				
2016				
2017				
2018				
2019				
2020				
2021				
2022				
2023				
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2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
12/31/08 bal	183,939	10,256	33,869	936

	December 31, 2008		
	Principal	Interest	Total
2009	412,489	452,464	864,953
2010	396,278	435,738	832,016
2011	408,950	418,322	827,272
2012	423,630	400,348	823,978
2013	448,334	381,687	830,021
2014-2018	2,291,127	1,601,660	3,892,787
2019-2023	2,512,000	1,063,044	3,575,044
2024-2028	2,350,000	425,792	2,775,792
2029-2032	531,000	55,224	586,224
	0	0	0
			0
	9,773,808	5,234,279	15,008,087

check #  
 15,008,087

**COPY**

HENRY COUNTY WATER DISTRICT NO.2			
TEST YEAR ADJUSTED EXPENSES			
Expenses	Audit Report	Adjustments	Budget 2009
Salaries and Wages	\$ 655,754	\$ 29,906	\$ 685,660
Salaries and Wages - Officers	26,100	-	26,100
Employee Pensions and Benefits	205,664		205,664
Purchased Power	388,350	36,650	425,000
Chemicals	61,718		61,718
Materials and Supplies			
Plant Supplies	11,260		11,260
Service Dept. Supplies	19,454		19,454
Backhoe and Truck Fuel	28,804		28,804
Plant Wellfield Repairs	118,436	(50,000)	68,436
Office Supplies	5,883		5,883
Postage	21,592		21,592
Repairs Dept. Equipment	14,014		14,014
Other Materials and Supplies	84,250		84,250
Contract Accounting	22,825		22,825
Contract Legal	10,205		10,205
Contract Engineering	31,402		31,402
Contract Other	55,862		55,862
Contract Management Fees	97,482		97,482
Contract Testing	31,610		31,610
Transportation	27,628		27,628
Vehicle Insurance	4,103		4,103
Insurance - General Liability	16,312		16,312
Insurance - Workers Comp.	16,364		16,364
Insurance - Other	6,413		6,413
Bad Debt	10,900		10,900
Miscellaneous	32,940		32,940

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Accrual Basis

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

**COPY**

Date	Debit	Credit	Balance	Num	Name	Memo
<b>628 Amortization of Debt Disc</b>			0.00			
1/25/2008	511.42		511.42	94		Monthly Amort of Bond Disc
2/25/2008	511.42		1,022.84	115		Monthly Amort of Bond Disc
3/25/2008	511.42		1,534.26	124		Monthly Amort of Bond Disc
4/25/2008	511.42		2,045.68	180		Monthly Amort of Bond Disc
5/25/2008	511.42		2,557.10	131		Monthly Amort of Bond Disc
6/25/2008	511.42		3,068.52	142		Monthly Amort of Bond Disc
7/25/2008	511.42		3,579.94	155		Monthly Amort of Bond Disc
8/25/2008	511.42		4,091.36	160		Monthly Amort of Bond Disc
9/25/2008	511.42		4,602.78	166		Monthly Amort of Bond Disc
10/25/2008	511.42		5,114.20	173		Monthly Amort of Bond Disc
11/25/2008	511.42		5,625.62	185		Monthly Amort of Bond Disc
12/25/2008	511.42		6,137.04	191		Monthly Amort of Bond Disc
12/31/2008	1,316.20		7,453.24	222		year end adjustment
Total 628 A...	7,453.24	0.00	7,453.24			
<b>631-1 Cont Serv Mowing</b>			0.00			
1/25/2008	720.00		720.00	34755	Barry Woods ...	Mowing -Jan
2/8/2008	720.00		1,440.00	34799	Barry Woods ...	Mowing -Feb
2/22/2008	720.00		2,160.00	34889	Barry Woods ...	Mowing -Feb
3/6/2008	720.00		2,880.00	34946	Barry Woods ...	Mowing - March
3/18/2008	720.00		3,600.00	35010	Barry Woods ...	Mowing - March
4/2/2008	720.00		4,320.00	35056	Barry Woods ...	Mowing - April
4/18/2008	720.00		5,040.00	35152	Barry Woods ...	Mowing - April
4/25/2008	465.00		5,505.00	35183	Brandon C. B...	Mowing April 2008
5/2/2008	720.00		6,225.00	35226	Barry Woods ...	Mowing - May
5/14/2008	465.00		6,690.00	35233	Brandon C. B...	Mowing May 2008
5/14/2008	720.00		7,410.00	35234	Barry Woods ...	Mowing - May
5/30/2008	320.00		7,730.00	35353	Brandon C. B...	Mowing May 2008
5/30/2008	720.00		8,450.00	35352	Barry Woods ...	Mowing - May
6/6/2008	465.00		8,915.00	35382	Brandon C. B...	Mowing May 2008
6/13/2008	720.00		9,635.00	35432	Barry Woods ...	Mowing - June
6/13/2008	465.00		10,100.00	35433	Brandon C. B...	Mowing May 2008
6/25/2008	720.00		10,820.00	35448	Barry Woods ...	Mowing - June
6/25/2008	465.00		11,285.00	35449	Brandon C. B...	Mowing May 2008
7/3/2008	465.00		11,750.00	35509	Brandon C. B...	Mowing May 2008
7/9/2008	720.00		12,470.00	35523	Barry Woods ...	Mowing - July
7/11/2008	465.00		12,935.00	35561	Brandon C. B...	Mowing May 2008
7/11/2008	720.00		13,655.00	35562	Barry Woods ...	Mowing - July
7/22/2008	465.00		14,120.00	35582	Brandon C. B...	Mowing May 2008
7/25/2008	720.00		14,840.00	35602	Barry Woods ...	Mowing - July
8/1/2008	465.00		15,305.00	35737	Brandon C. B...	Mowing May 2008
8/4/2008	465.00		15,770.00	35636	Brandon C. B...	Mowing May 2008
8/5/2008	720.00		16,490.00	35637	Barry Woods ...	Mowing - August
8/12/2008	465.00		16,955.00	35678	Brandon C. B...	Mowing May 2008
9/5/2008	720.00		17,675.00	35775	Barry Woods ...	Mowing - September
9/12/2008	465.00		18,140.00	35826	Brandon C. B...	Mowing May 2008
9/16/2008	720.00		18,860.00	35854	Barry Woods ...	Mowing - September
10/3/2008	465.00		19,325.00	35891	Brandon C. B...	Mowing May 2008
10/3/2008	720.00		20,045.00	35892	Barry Woods ...	Mowing - October
10/17/2008	720.00		20,765.00	35947	Barry Woods ...	Mowing - October
10/21/2008	250.00		21,015.00	35982	Tommy Raiston	Mowed in March & October
10/31/2008	720.00		21,735.00	36013	Barry Woods ...	Mowing - October
11/3/2008	465.00		22,200.00	36021	Brandon C. B...	Mowing May 2008
11/14/2008	720.00		22,920.00	36093	Barry Woods ...	Mowing - November
11/26/2008	720.00		23,640.00	36144	Barry Woods ...	Mowing - November
12/12/2008	720.00		24,360.00	36173	Barry Woods ...	Mowing - December
12/26/2008	720.00		25,080.00	36273	Barry Woods ...	Mowing - December
Total 631-1 ...	25,080.00	0.00	25,080.00			

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 04/01/10  
 Accrual Basis

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

**COPY**

# 42

Date	Debit	Credit	Balance	Num	Name	Memo
<b>631-2 Cont Serv Plant</b>			0.00			
2/8/2008	110.00		110.00	34810	Envirosafe, Inc.	Inv. # 59377
3/18/2008	60.00		170.00	35006	Simplex Grinn...	Inv. # 62666598
3/26/2008	10,800.00		10,970.00	35033	Micro Comm ...	Extended Warranty
4/18/2008	865.00		11,835.00	35172	Cummings Cr...	Generator Semi-Annual PM
5/13/2008	110.00		11,945.00	35288	Envirosafe, Inc.	Inv. # 59377
7/25/2008	585.00		12,530.00	35606	Cummings Cr...	Generator Semi-Annual PM
8/13/2008	110.00		12,640.00	35685	Envirosafe, Inc.	Inv. # 59377
11/18/2008	110.00		12,750.00	36105	Envirosafe, Inc.	Inv. # 59377
12/19/2008	225.00		12,975.00	36245	Bohnert Equip...	Inv. # 114751
12/31/2008		3,600.00	9,375.00	241		Reclassify Account-end of year
Total 631-2 ...	12,975.00	3,600.00	9,375.00			
<b>631-3 Cont Serv-Accounting Fees</b>			0.00			
7/1/2008	21,340.00		21,340.00	35494	Raisor, Zapp ...	Inv. 16102 - Audit fee & Assist Book...
12/15/2008	1,485.00		22,825.00	36206	Raisor, Zapp ...	Inv. 16102 - Acct. Fees
Total 631-3 ...	22,825.00	0.00	22,825.00			
<b>631-4 Cont Serv Office Cleaning</b>			0.00			
1/25/2008	165.00		165.00	34753	Lisa Coots (cl...	Office Cleaning
2/21/2008	210.00		375.00	34892	Lisa Coots (cl...	020208,020908,021608,022308 Offi...
3/18/2008	275.00		650.00	35011	Lisa Coots (cl...	030108,030908,031408,032108, 03...
4/18/2008	220.00		870.00	35153	Lisa Coots (cl...	040408,041108,041808,042508
5/16/2008	275.00		1,145.00	35259	Lisa Coots (cl...	Cleaning-May
6/6/2008	220.00		1,365.00	35380	Lisa Coots (cl...	June Cleaning
7/1/2008	220.00		1,585.00	35496	Lisa Coots (cl...	June Cleaning
8/5/2008	275.00		1,860.00	35635	Lisa Coots (cl...	June Cleaning
9/9/2008	220.00		2,080.00	35788	Lisa Coots (cl...	June Cleaning
10/8/2008	275.00		2,355.00	35914	Lisa Coots (cl...	June Cleaning
11/7/2008	220.00		2,575.00	36056	Lisa Coots (cl...	June Cleaning
12/8/2008	220.00		2,795.00	36170	Lisa Coots (cl...	June Cleaning
12/31/2008		258.37	2,536.63	241		Reclassify Account-end of year
Total 631-4 ...	2,795.00	258.37	2,536.63			
<b>631-4 Contr Serv Office</b>			0.00			
<b>Office Copier</b>			0.00			
2/1/2008	35.88		35.88	34770	Xerox Corpor...	Inv. # 029249953
2/8/2008	35.88		71.76	34809	Xerox Corpor...	Inv. # 029249953
3/3/2008	35.88		107.64	34922	Xerox Corpor...	Inv. # 029249953
4/25/2008	35.88		143.52	35194	Xerox Corpor...	Inv. # 029249953
5/13/2008	35.88		179.40	35290	Xerox Corpor...	Inv. # 029249953
6/2/2008	35.88		215.28	35368	Xerox Corpor...	Inv. # 029249953
8/1/2008	35.88		251.16	35628	Xerox Corpor...	Cust # 305035685
8/8/2008	35.88		287.04	35672	Xerox Corpor...	Cust # 305035685
9/4/2008	35.88		322.92	35780	Xerox Corpor...	Cust # 305035685
9/9/2008	37.66		360.58	35799	Xerox Corpor...	Cust # 305035685
10/15/2008	37.66		398.24	35966	Xerox Corpor...	Cust # 305035685
11/7/2008	37.66		435.90	36060	Xerox Corpor...	Cust # 305035685
12/8/2008	37.66		473.56	36168	Xerox Corpor...	Cust # 305035685
12/31/2008	37.66		511.22	247		year end actual
Total Off...	511.22	0.00	511.22			
<b>Pest Control</b>			0.00			
2/1/2008	100.00		100.00	34768	Woodlawn Pe...	Inv # 3915
4/25/2008	100.00		200.00	35196	Woodlawn Pe...	Inv # 3915
8/1/2008	100.00		300.00	35622	Woodlawn Pe...	Acct # 1189
11/7/2008	100.00		400.00	36038	Woodlawn Pe...	Acct # 1189
Total Pe...	400.00	0.00	400.00			

#45

LEGAL

COPY

**THE BAXTER LAW OFFICE**  
*ATTORNEYS AND COUNSELORS AT LAW*  
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FACSIMILE: (502) 225-0550  
E-MAIL: dbbattylaw@msn.com

D. Berry Baxter

Of Counsel:  
Courtney T. Baxter

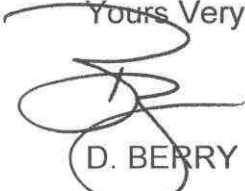
October 12, 2002

Henry County Water District No. 2  
Attention: Don Heilman  
P.O. Box 219  
Campbellsburg, KY 40011

RE: Commissioner's pay increase

Dear Don:

For your information, enclosed are the Minutes of the Henry Fiscal Court indicating that the increase to \$225.00 for the Commissioner's fee is approved.

Yours Very Truly,  
  
D. BERRY BAXTER

DBB:bbt  
Enc.

C:\MyFiles\HCWD #2\Heilman increase approval ltr.wpd

**HENRY COUNTY FISCAL COURT  
REGULAR SESSION  
SEPTEMBER 17, 2002**

The Henry County Fiscal Court met in regular session on September 17, 2002 at the Courthouse in New Castle, Kentucky with the following in attendance:

Honorable Tommy Bryant, County Judge/Executive  
Honorable Judy Roberts, Deputy Judge/Executive  
Honorable Virginia Harrod, County Attorney  
Esquire John Allgeier  
Esquire Jerry Beasley  
Esquire David Brown  
Esquire Mike Fisher  
Esquire Wayne Gunnell  
Esquire Cecil McCarty

**RE: APPROVAL OF MINUTES**

Upon motion by Esq. McCarty and seconded by Esq. Allgeier, it is ordered by the Court to approve the minutes of the previous meeting.

Motion carried unanimously.

**RE: CARMON CREEK ROAD**

Upon motion by Esq. Brown and seconded by Esq. Allgeier, it is ordered by the Court to reject all bids and authorize the County Road Department to put down blacktop.

Motion carried unanimously.

**RE: TAX RATE – FISCAL COURT**

The public hearing for setting the tax rate was held. There were no comments from the public.

Upon motion by Esq. McCarty and seconded by Esq. Gunnell, it is ordered by the Court that the county tax levy be fixed at 11.7 per hundred dollars, a 4% increase over the compensating rate on all real property in Henry County, Ky., a levy of 11.9 per hundred dollars on all motor vehicles and watercraft and 15.9 per hundred dollars on all personal property.

Motion carried unanimously.

**RE: BOOM MOWER PURCHASE – ROAD DEPT.**



**RE: TRANSIENT ROOM TAX – 1<sup>ST</sup> READING – ORDINANCE**

Upon motion by Esq. McCarty and seconded by Esq. Allgeier, it is ordered by the Court to approve the 1<sup>st</sup> reading of an ordinance setting a transient room tax at a rate of 3% per occupancy with the 2<sup>nd</sup> reading and public hearing to set for October 15, 2002.

Yes – 4 (McCarty, Allgeier, Beasley,  
Bryant)

No – 3 (Fisher, Gunnell, Brown)

Motion carried.

**RE: DES – ORDER OF AFFILIATION BETWEEN FIRE DEPTS.,  
DES & FISCAL COURT**

Upon motion by Esq. Brown and seconded by Esq. Gunnell, it is ordered by the Court to enter into an Order of Affiliation with the 6 fire and rescue squads, the Henry County Emergency Management and Henry County Government.

Motion carried unanimously.

**RE: RED CROSS WHEELS – OFFICE SPACE**

Upon motion by Esq. Gunnell and seconded by Esq. Fisher, it is ordered by the Court to approve the Red Cross Wheels to use a portion of the Jail for office space at no cost.

Motion carried unanimously.

**RE: HENRY COUNTY WATER DISTRICT BOARD MEMBERS –  
SALARY INCREASE**

Upon motion by Esq. Gunnell and seconded by Esq. McCarty, it is ordered by the Court to approve a salary increase of \$25.00 per month for the Henry County Water District Board members making a total salary of \$225.00 per month.

Yes – 4 (Gunnell, McCarty, Brown,  
Allgeier)

No – 2 (Beasley, Fisher)

Motion carried.

**RE: HEALTH INSURANCE – COUNTY CONTRIBUTION**

Upon motion by Esq. Brown and seconded by Esq. Allgeier, it is ordered by the Court to approve the County's health insurance contribution rate of \$278.76 per employee.

Motion carried unanimously.

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF HENRY COUNTY WATER )  
DISTRICT NO. 2 FOR APPROVAL TO ADJUST )  
WATER RATES AND CHARGES AND TO ) CASE NO. 2009-00370  
IMPLEMENT A SYSTEM DEVELOPMENT )  
CHARGE )

AFFIDAVIT

\*\*\*\*\*

Comes the undersigned, after first being duly sworn, and states that he, on behalf of Henry County Water District No. Two, assisted in the preparation of the attached responses and that the information contained therein is true and correct to the best of his belief and knowledge after a reasonable inquiry. He further states that he was assisted in responding to these requests for information by James T. Simpson, Chief Operating Officer of Henry County Water District No. Two. He further states that he is the District's Certified Public Accountant and is familiar with the financial operation of the District.

Witness the hand of the undersigned this April 13, 2010.

  
\_\_\_\_\_  
JEFF WOODS

SUBSCRIBED AND SWORN to before me by Jeff Woods this April 13, 2010.

My commission expires 1/28/2014

Teresa Ford-Lewis  
NOTARY PUBLIC, KY STATE AT LARGE

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF HENRY COUNTY WATER )  
DISTRICT NO. 2 FOR APPROVAL TO ADJUST )  
WATER RATES AND CHARGES AND TO ) CASE NO. 2009-00370  
IMPLEMENT A SYSTEM DEVELOPMENT )  
CHARGE )

AFFIDAVIT

\*\*\*\*\*

Comes the undersigned, after first being duly sworn, and states that he, as Chief Operating Officer of the Henry County Water District No. Two, assisted in the preparation of the attached responses and that the information contained therein is true and correct to the best of his belief and knowledge after a reasonable inquiry.

Witness the hand of the undersigned this April 13, 2010.

  
\_\_\_\_\_  
JAMES T. SIMPSON

SUBSCRIBED AND SWORN to before me by James T. Simpson this April 13, 2010.

My commission expires 1/28/2014

  
\_\_\_\_\_  
NOTARY PUBLIC, KY STATE AT LARGE

## INDEX

**Exhibit # 1**

Answers 11, 15, 16, 17, 18, 19

**Exhibit # 2**

Answers 20, 21, 22, 23, 24, 25

**Exhibit # 3**

Answers 26, 27, 28, 29, 30, 31

**Exhibit # 4**

Answers 32, 36, 33, 34, 35, 37

**Exhibit # 5**

Answers 38, 39, 41, 40, 42, 43

**Exhibit # 6**

Answers 44, 45, 46, 11B, 16A, 16C