

Leader



In This Issue

Keeneland:
A Kentucky Treasure
Disappearing Stream



Central Kentucky Branch Offices

Danville Office

Highway 127 Bypass • Danville, KY 40422
859-236-6570 - 1-800-589-4261

Dale T. Cinnamon
Asst. Vice President
& Branch Manager

Joe Goggin
Asst. Branch Manager
& Loan Officer

Lebanon Office

Campbellsville Road • Lebanon, KY 40033
270-692-4411 • 1-800-264-0402

Harry Young
Asst. Vice President
& Branch Manager

Lexington Office

640 South Broadway • Lexington, KY 40508
859-252-4717 • 1-888-820-3270

Shane Turner
Asst. Vice President &
Regional Lending Mgr.

Russell Gray
Loan Officer

Paris Office

1440 High Street • Paris, KY 40361
859-987-4344 • 1-800-613-4292

Donna Sharpe-Cassidy
Loan Officer

Richmond Office

1000 Ival James Blvd. • Richmond, KY 40475
859-623-1624 • 1-888-820-3221

John Thomas
Asst. Vice President
& Branch Manager

Luke J. Ramsey
Loan Officer Trainee

Stanford Office

U.S. Highway 27 • Stanford, KY 40484
606-365-7500 • 1-800-467-0039

Ronnie Bradshaw
Asst. Vice President
& Branch Manager

Dion Mullins
Loan Officer

Johathan Noe
Loan Officer

Country Mortgage Loans

Scott Maas
Manager
Country Mortgage Loans
1-888-820-3221

Brad Godbey
Loan Officer & Trainee

Kim Elliott
Senior Loan Assistant

**Tina Roney &
Lisa Yeager**
Loan Assistants

Donna Mudd
Senior Loan Assistant

Jeanine Williams
Loan Assistants

Linda Haley
Loan Assistant

Jonathan Parker
Loan Officer Trainee

Michael R. Chiles
Loan Officer Trainee

Margie Roe
Loan Assistant

Peggy Powell
Senior Loan Assistant

Teresa Thomas
Loan Assistant

Becky Greer
Loan Assistant

Pamela Johnston
Loan Assistant

Felicia Madden
Loan Assistant

Regional Managers

Shane Turner
Northern Section
1-888-820-3270

Paul Wyler
Southern Section
1-800-589-4261



Holiday Closings

July & September

2004

All Central Kentucky Ag Credit Offices will
be closed on the following holidays:

Independence Day

July 5 (Monday)

Labor Day

September 6 (Monday)



Leader

is published quarterly for stockholders, directors, business associates and friends of the Central Kentucky Ag Credit Association.

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Larry K. Stone

Board of Directors

James L. May
Chairman

James W. Waggener
Vice Chairman

James A. Lyons

Oscar Penn

Jerry Rankin

David C. Sparrow

Editor

Robert Anderson

Address Changes

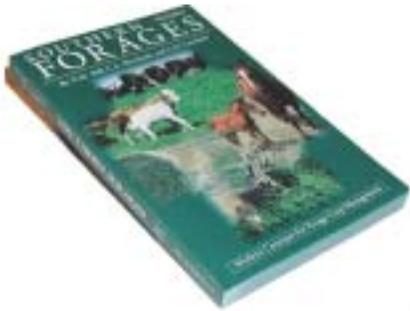
Address changes, questions or comments should be directed to Central Kentucky Agricultural Credit Association by calling 1-859-253-3249, or by writing P.O. Box 1290, Lexington, KY 40588-1290.

Financial Information

The Farm Credit Administration does not require the association to distribute its quarterly financial reports to stockholders. However, copies of its complete report are available upon request. The shareholders' investment in the association is materially affected by the financial condition and results of operations of AgFirst Farm Credit Bank and copies of its quarterly financial report are available by writing Patti Trotter, AgFirst Farm Credit Bank, P.O. Box 1499, Columbia, SC 29202-1499.



Young People Win Books, Scholarships at Annual Meeting



Ag Credit's 2004 Annual Meeting featured random drawings that netted four young people neat prizes. Two "Southern Forage" books were awarded. The book concentrates on modern concepts for forage crop management and is authored by G.M. Ball, C.S. Howeland and G.D. Lacefield.

Book winners were Tim White, whose name was drawn at Ag Credit's Lexington Annual Meeting, and Anthony Wayne Godbey, who won his book at the Annual Meeting session that was held in Danville.

Two, \$100 scholarships to the Kentucky Grazing School were also awarded to lucky winners during Ag Credit's Annual Meeting sessions. Brad Stumph of Lawrenceburg and David T. Wright of Paris were the lucky duo. They have already attended the school, which was held in Elizabethtown during April 20-21.

The Kentucky Grazing School is a beef integrated resource management program that is cooperatively funded by several national and state agricultural and government entities.



David T. Wright of Bourbon County was one of two recipients of the 2004 Ag Credit Kentucky Grazing School Scholarship. Donna Sharpe-Cassity, with the Paris Ag Credit office, presents David with his scholarship during the association's annual meeting in March. The second winner was Brad Stumph of Lawrenceburg.



Anthony Wayne Godbey (right) won his copy of the book, "Southern Forages" during the Ag Credit Annual Meeting in Danville. Joe Goggin, of the Danville Ag Credit Branch, is shown presenting the book to Anthony.



This group of students and educators circled up in a field to study grassland management during the Kentucky Grazing School, which was held in Hardin County during April. Ag Credit sponsored two young people at the school, both of whom were selected by drawings at the association's March Annual Meeting sessions.



Brain power, practical application and team effort were watchwords at the Kentucky Grazing School during April. Nature provided a clear and sunny day for the event, a nice April bonus.



Good company, good food and good financial reports marked Ag Credit's sectional annual meetings this year. These members were attending the Danville sectional meeting.

Ag Credit Annual Meeting Held March 29-30

The 2004 Annual Stockholders Meeting of Central Kentucky Ag Credit Association was held in two sectional meetings during March 29-30. The meeting on the 29th took place at the Fayette County Extension Center in Lexington, followed by a meeting on the 30th at the Centenary United Methodist Church in Danville.

Ag Credit President Larry K. Stone told members that the association has experienced another year of financial growth and expanded financial services. A highlight of the year has again been the Board of Directors' approval to continue patronage refund to members for the 7th consecutive year. The Patronage Refund Program at Ag Credit has put more than \$4.3 million dollars back into the pockets of members who use financial services of the cooperative.



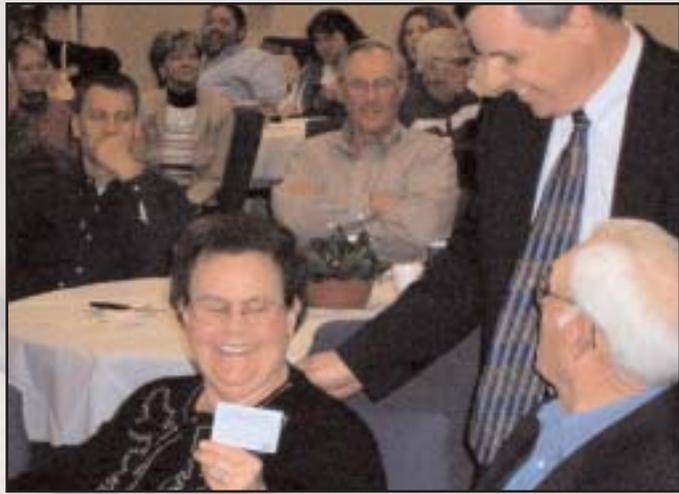
Earl Robinson (right), an Ag Credit member from Boyle County, talks with Dale Cinnamon, manager of the Danville Ag Credit Branch.



Danville's Centenary United Methodist Church was the site of Ag Credit's Annual Meeting on March 30. The meeting was held in the church's Christian Life Center, a modern and well-equipped facility. Ag Credit sends appreciation to membership of the church for the hospitality shown through the association's use of the church's meeting center.



(Photo at left)
Larry K. Stone, president of Central Kentucky Ag Credit (left) spends time visiting with James W. Miller and his wife, Janice, during the annual meeting. Mr. Miller was a candidate for a position on the Ag Credit Board of Directors.



Joe Goggin, asst. branch manager and loan officer at Ag Credit's Danville Branch, is shown visiting with Mr. and Mrs. Clyde Jackson during the association's annual meeting. Mr. Jackson is former Ag Credit board chairman, and the Jacksons are shown enjoying a gift certificate they had just won by drawing at the annual meeting.



Just like always, the Ag Credit staff was taking care of Ag Credit members, except this time it was by feeding them great steaks! This cookout photo was taken during the sectional Annual Meeting at Danville and shows (left to right) Scott Maas, Central Kentucky Ag Credit Country Mortgage Loan manager; young Logan Goggin, son of Ag Credit's Joe and Teresa Goggin; Russell Gray, loan officer at the Ag Credit Lexington Branch; and John Thomas, manager of Ag Credit's Richmond Branch.



Hat's Off to Nominating Committees

The Ag Credit Nominating Committee carries an annual responsibility to assure that the association's election of directors is properly conducted. We appreciate the work of the 2004 Nominating Committee and we also appreciate the willingness of individuals to serve on the 2005 Nominating Committee. They are as follows:

2004 Nominating Committee

(Served during the past March Annual Meeting)

Roy R. Camic
Joe Johnson
Ranny McGuffey
David Tucker, Jr.

2005 Nominating Committee & Alternate

(To serve during the 2005 Annual Meeting)

Terry Arnold
Glen Story
Richard L. Marshall
James Benny Gilbert
Donald W. Kelley
Bernard David Mattingly (alternate)

Two Directors Continue to Serve on Board

James Lyons and Oscar Penn, Jr. were re-elected to serve on the Ag Credit Board of Directors during the association's annual meeting on March 29-30.

James Alvin Lyons

Mr. Lyons was first elected to the Ag Credit Board in 2001 and his re-election marks the beginning of his second term of office. He owns 270 acres of land and operates an additional 300 acres of leased land in Scott County. He operates a commercial cow-calf program consisting of 125 cows and backgrounds all calves produced on his farm. He also produces 70,000 pounds of Burley tobacco, 3 acres of bell peppers and 55 acres of alfalfa.

Mr. Lyons is active in farm and professional activities, including service with Farm Bureau, the Scott County and Kentucky Cattlemen's Associations and the Scott County Beef Improvement Association. He has also been a leader and member of the Kentucky Young Farmers Association and he

completed the two-year Philip Morris Agricultural Leadership Development program. He and his wife, Debbie, are parents of two children.

Oscar Penn, Jr.

Mr. Penn owns and operates 400 acres of Fayette County land in partnership with his brother. They produce 70,000 pounds of Burley tobacco. Mr. Penn also operates a thoroughbred horse program that consists of breeding, foaling, raising and selling weanlings, yearlings and two-year-olds in training from his own broodmares.

Mr. Penn first served as an Ag Credit board member for six years, from 1992-1998. He was again elected to serve on the board in 2001, and will now begin a new term with his current election. Mr. Penn has been a full-time farmer since 1969, and is a past member and director of the Fayette County Farm Bureau, as well as an Ag Credit member for 25 years. He and his wife, Eloise, reside on their farm near Lexington.



Bring on the Steaks!

Troy Hawkins (left) a resident of Georgetown, shows off his new Fiesta Grill shortly after winning it recently. Troy's luck took place at the Home & Garden Show in Lexington during early April. He won the grill in Ag Credit's drawing at the event. Jonathan Parker (right), a member of the Lexington Ag Credit team, presented Troy with his new grill.

New Ag Credit Team Members



Luke J. Ramsay has been employed by Ag Credit to serve as a Loan Officer Trainee in the Richmond Branch. He is a native of Berea and continues

to reside in that community. Prior to joining the Ag Credit team, Luke worked with Hagar Rental, a firm that specializes in property rental. He also served as an intern in Lexington with Kentucky Utilities, a subsidiary of Louisville Gas & Electric Company.

Luke earned his degree in Public Relations from Eastern Kentucky University at Richmond.



Michael R. Chiles has been employed at the Lexington Branch of Ag Credit, where he is serving as a Loan Officer Trainee. He is a native of Falmouth, KY, in Pendleton County, where

he was active in the family registered Holstein farm, and in

production of Burley tobacco, corn and hay. Prior to his work with Ag Credit, Michael was a branch service sales representative with National City Bank in Lexington. He also worked with Tractor Supply Co. in retail management.

Michael earned his degree in Agricultural Economics, with a minor in Business, from the University of Kentucky at Lexington.



Smart Tips: Protecting Your Credit Report

By Scott Owens

Have you reviewed your credit report lately? Do you know your credit score? Financial institutions, employers and insurance companies use formal credit reports in their decision-making process. If your credit score is good, it helps expedite your request for service. If your credit score is weak, it could require the financial institution, the employer or the insurance company to conduct a more thorough analysis of information before they make a decision that benefits you.

Using technology helps keep a loan officer competitive. It reduces the time the lender spends making a loan decision for a good customer. It keeps a lid on cost increases. Using that technology means that information like a credit score increases in importance to help drive the technology. So, what is a credit score composed of anyway? What really is found on your credit report?

Generally, your credit report includes basic data such as your name and current or former address(es). It includes your social security number and your birth date. It also includes information about loans you have obtained, your payment history and approximate size of your outstanding loan balances. It may also include any irregularities such as delinquent payments or adjustments. Through time, and processing of data from outside sources, a credit-reporting agency develops a profile of your general risk to a potential lender or insurance company. That profile of risk is summed up in a number called a "credit score". The higher the number, generally, the better you are as a credit risk.

Consumer reporting agencies accumulate information from numerous sources to develop your credit report. Chances are good that your credit report was started when you applied for your first credit card or your first loan. It continues from that point throughout your life.



Consumer reporting agencies operate under the Fair Credit Reporting Act. The Federal Trade Commission enforces the Fair Credit Reporting Act. The act is designed to promote accuracy and to ensure the privacy of information used to compile consumer credit reports.

Smart loan officers look beyond the credit score number and look at the components of the credit report before they make a decision that will benefit you. They understand the importance of saving time (using the credit score to aid their decision), but they also apply care in analyzing your loan application to give you the best decision they can; it's for your benefit. If, for some reason, they cannot approve a loan requested and that decision

was partly made based on your credit score, or information on your credit report, the loan officer must tell you that their decision was partly made based on information contained in your credit report. This helps you to understand why the answer was "no." You will then have an opportunity to review the credit report information in detail and work toward improving your credit score. Here are some typical questions posed by consumers about their credit score, and the facts as a response:

- *If I have been late on my payments in the past, and I start making my payments on time, will this instantly make my credit report spotless?*

Nice try. But it won't work. A credit report is a history of your payments, not just your current status. Late payments remain on your credit report for seven years; however, your credit score will increase as time passes from the date of your last late payment if you start to make your payments on time.

- *Must I give permission for a company to pull my credit report?*

No. Entities with a legitimate business need, as recognized by the Fair Credit Reporting Agency, may gain access to your report. For example, a company is allowed to obtain your report if you apply for credit, insurance, employment or to rent an apartment.

- *My credit score (FICO) is locked in for six months.*

Your credit score changes every time data on the report changes. Every time someone accesses your credit report there is a potentially different score.

Protecting Your Credit Report

Continued from page 7

- *Do I have a right to know what's in my report?*

Yes, if you ask for it. The credit reporting agency must tell you everything that is in your report, including medical information, and in most cases, the sources of their information. The CRA also must give you a list of everyone who has requested your report within the past year – two years for employment-related requests.

- *How do I find the CRA that has my report?*

Contact the CRA's listed in the Yellow Pages under "credit" or "credit rating and reporting." Because more than one CRA may have a file on you, call each agency until you locate all agencies maintaining your file. The three major national credit bureaus are:

Equifax: 1-800-685-1111

www.equifax.com

Experian: 1-888-397-3742

www.experian.com

Trans Union: 1-800-916-8800

www.transunion.com

In addition, anyone who takes action against you in response to a report supplied by a CRA – such as denying your application for credit, insurance or employment – must give you the name, address and telephone number of the CRA that provided the report.

- *Does my divorce decree automatically sever joint accounts?*

An attorney may include in your divorce agreement a plan to divide credit cards, car and house payments, but it holds no legal weight with creditors. There have been many times when people are outraged when they go to obtain a mortgage and find out that their credit reports show their ex-spouses late payments, and at that time, they may be without recourse to repair the damage. If you are

going through a divorce, protect yourself. Contact creditors and either close current accounts or have your soon-to-be ex-spouse sign a letter of consent to have them removed from the account. But be prepared, creditors will do a credit check to see if you are financially stable enough to handle that \$20,000 car loan on your own, before they agree to remove the other person.

- *Is it true that everything negative on my credit report will vanish in seven years?*

There are certain exceptions:

Information about criminal convictions may be reported without any time limitation. Bankruptcy information may be reported for 10 years.

Information reported in response to an application for a job with a salary of more than \$75,000 has no time limit.

Information reported because of an application for more than \$150,000 worth of credit or life insurance has no time limit.

Information about a lawsuit or an unpaid judgment against you can be reported for seven years or until the statute of limitations runs out, whichever is longer.

- *Do I have to pay to have someone to repair my credit report?*

Definitely not. You can clear up any erroneous information on your own credit report without paying anyone else. Here's what you do.

Under the law, both the CRA and the information provider have responsibilities for correcting inaccurate or incomplete information in your report. To report all your rights under this law, contact both the CRA and the information provider.

First, inform the CRA, in writing, what information you believe to be inaccurate. CRAs must reinvestigate items in question – usually within 30 days – unless they consider your dispute frivolous. They also must for-

ward all relevant data that you provide about the dispute to the information provider. After the information provider receives notice of a dispute from the CRA, it must investigate, review all relevant information provided by the CRA and report the results to the CRA. If the information provider finds the disputed information to be inaccurate, it must notify all nationwide CRAs so they can correct information in your file.

When the reinvestigation is complete, the CRA must give you the written results and a free copy of your report, if the dispute results in a change. If an item is changed or removed, the CRA cannot put the disputed information back in your file unless the information provider verifies its accuracy and completeness and the CRA gives you a written notice that includes the name, address and phone number of the provider.

Second, tell the creditor or other information provider, in writing, that you dispute an item. Many providers specify an address for disputes. If the provider then reports the item to any CRA, it must include a notice of your dispute. In addition, if you are correct – that is, if the information is inaccurate – the information provider may not use it again.

Your credit report is a valuable item to you. It gives your service provider a good financial snapshot of your historical performance in managing debt. If you maintain a good score, it can aid your lender in giving you fast and competent service, while allowing them to keep their risks lower and their costs competitive.

Keeneland: *A Kentucky Treasure*



Photos by Robert Anderson

Keeneland is nestled within one of the world's most beautiful areas, the Bluegrass Region of Kentucky. A combination Thoroughbred race course and sales company, Keeneland is located six miles west of Lexington.



Famous for its quality and beauty since the 1800's Keeneland offers superior year-round training facilities, with races of the highest caliber conducted during April and October. Thoroughbred sales are also held five times yearly, all of which are known worldwide as being among the finest on the planet. There you have it. Keeneland is one of racing's finest courses and certainly among the most beautiful in the world. If you want to know more about this Kentucky treasure, simply set down to your computer and punch up www.keeneland.com on the World Wide Web. You'll find everything from information, to racing dates, to history.

Meanwhile, enjoy these photos, taken during Keeneland's April racing meet by Ag Credit's Robert Anderson.



AgFirst Secondary Mortgage Market Seminar Sets Good Tone for Rural Home Mortgages



Ag Credit's Country Home Mortgage Manager, Scott Maas, attended the AgFirst Secondary Mortgage Market Seminar in Charleston, SC during early April. His purpose was to obtain an update on latest trends in the rural home mortgage market, a goal that netted information designed to make Ag Credit in central Kentucky a progressive lender for folks who want to own a home in the country.

According to Scott, 120 professionals from the mortgage industry and AgFirst Associations across the eastern United States attended the Charleston seminar. He reports that mortgage rates for 2004 are projected to be excellent.

A keynote speaker at the AgFirst Secondary Mortgage Market Seminar was David W. Burson, vice president and chief economist for FANNIE MAE, the secondary market leader whose loans are expected to top \$3.8 trillion this year.

Burson observed that mortgage markets are strong, and that interest rates will likely increase only 1/4 to 1/2 point, thus remaining at historically low levels. However, he also observed that inflation is expected later this year and into next year. He believes that the housing market in 2004 will remain red hot, just as it was last year.

Included here is a handy checklist for use by applicants who want to seek refinancing for their current home, or financing for a new home. Larger acreages are an Ag Credit specialty. Rural properties of over 5 acres can be a good advantage when members arrange their mortgage through Central Kentucky Ag Credit.

Now is a good time to take a close look at your home mortgage situation. Low interest rates currently provide exceptional financial opportunities for qualified borrowers.

Ag Credit is ready to work with borrowers and Ag Credit financial experts are knowledgeable regarding special advantages and considerations that go along with purchasing, remodeling or building a home in the country. The checklist that accompanies this story provides an excellent guideline for borrowers who are searching for a mortgage, or who wish to be pre-approved before searching for that special home in the country.

Country Home Mortgage Loan Checklist:

For Pre-Approval

- Uniform Residential Loan Application completed and signed by all applicants. Call your Ag Credit office for an application and more information.
- Signed Borrower's Certification and Authorization form.
- Most recent months' statements on all bank accounts.
- Verification of other assets/income such as stocks, mutual funds, retirement accounts, rental income, etc, with most current statement.
- Current pay stubs, covering a 30-day period.
- Self-employed individuals need to furnish a year-to-date profit and loss statement and balance sheet on the business.
- Three years' tax returns and W-2's for self-employed borrowers.

For Purchase Loans

(the above information, plus)

- Survey or plat of the property (showing housing location if you have one.)
- Copy of existing deed to subject property.
- Name and address of landlord (if renting).
- Copy of homeowner's insurance coverage.
- Copy of signed sales contract and all addenda.
- Proof of earnest money deposit.
- Copy of current real estate bill on subject property.

* Country Home Mortgages offer conventional and non-conforming financing for various types of home purchases. Homes that include acreage for a small farm or horses, building lots for your future dream home, the construction of a new home or improvement of an existing one can all be financed with a Country Home Mortgage by Ag Credit.

Country Mortgages

By  Ag CREDIT

 Equal Housing Lender



Recipes for Summer

(Ag Credit staff members have contributed taste-tempting recipes that are sure to please readers as summer begins to yield fresh fruits and vegetables from gardens throughout Central Kentucky.)

Mom's Asparagus Casserole

From Donna Mudd
Lebanon Branch / Ag Credit

Donna reports that this casserole is an old family recipe that has been slightly modified. She says the Asparagus Casserole was inherited and prepared by her mother and was a favorite at all family and holiday gatherings for many years. Now that mom is gone, someone else in the family usually brings the casserole.

1 - Large can of asparagus (spears or cut).
Save the liquid.

2/3 - sleeve Saltine crackers. Crushed.

2-inch - chunk Velveeta cheese. Melted.

1 - can Cream of Asparagus soup
(use Cream of Mushroom soup as an option)

Spray a 2-quart casserole dish with non-stick cooking spray (Pam). Using half of each ingredient, start with one layer of drained asparagus, then a layer of crushed crackers, a layer of soup, top with a layer of melted cheese. Repeat layers using remainder of ingredients. Pour approximately 1/2 of asparagus liquid over top of final cheese layer. You can poke a few holes to allow the liquid to seep into layers. Cover and bake in 350 degree oven for approximately 25 minutes, until cheese starts to brown and bubble.

This casserole is great to make ahead and refrigerate. It can be reheated in the microwave for approximately 5-7 minutes. Donna says his method of cooking and reheating is much quicker than reheating over a wood stove like her great-grandmother did!

Oriental Slaw

From Donna Mudd
Lebanon Branch / Ag Credit

Donna says this slaw is tangy/sweet and yummy, but good for you!

1 bag - Precut cole slaw mix
(You may substitute broccoli slaw for regular slaw.)

4-5 Green onions - Chopped

1 package Uncooked, crumpled Ramen Noodles
with chicken flavoring. (Also pour in the flavor pouch)

1/2 cup Rice vinegar (add more vinegar if you like it tangier)

1/4 cup Olive oil

6-7 packets Spenda (substitute sugar)

1/3 - 1/2 cup Sliced or slivered almonds

Mix all ingredients together. Let slaw sit for awhile in the refrigerator to allow the flavor to absorb.

Zucchini Bread

From Peggy Powell
Richmond Branch / Ag Credit

Peggy says this recipe is one of her mother's favorites and is very, very good. She says you don't even realize you are eating zucchini!

3 Eggs

1 1/2 cups Sugar

1/2 cup Crisco oil

3 tsp Vanilla

2 1/2 cups All-purpose flour

1/2 tsp Baking powder

1 tsp Salt

1 tsp Baking soda

1 1/2 tsp Cinnamon

3 tsp Grated lemon rind

1 cup Chopped walnuts or pecans

2 cups Grated zucchini

Beat eggs until light and fluffy. Add sugar, vanilla, oil and blend well. Stir in the zucchini. Sift together the flour, baking powder, salt, baking soda and cinnamon. Add to creamed mixture. Fold in lemon rind and nuts. Bake at 350 degrees for one hour in a well-greased and floured loaf pan.

Yellow Squash Muffins

From Susan Anderson
Central Kentucky Ag Credit

Susan is Rob Anderson's wife and she confirms that her family will eat about two dozen of these family-favorite muffins at a single meal. Of course, Rob points out that there are seven people in their family!

2 lbs. Yellow squash

2 Eggs

1 cup Butter, melted

3 cups Flour

1 tsp. Salt

1 cup Sugar

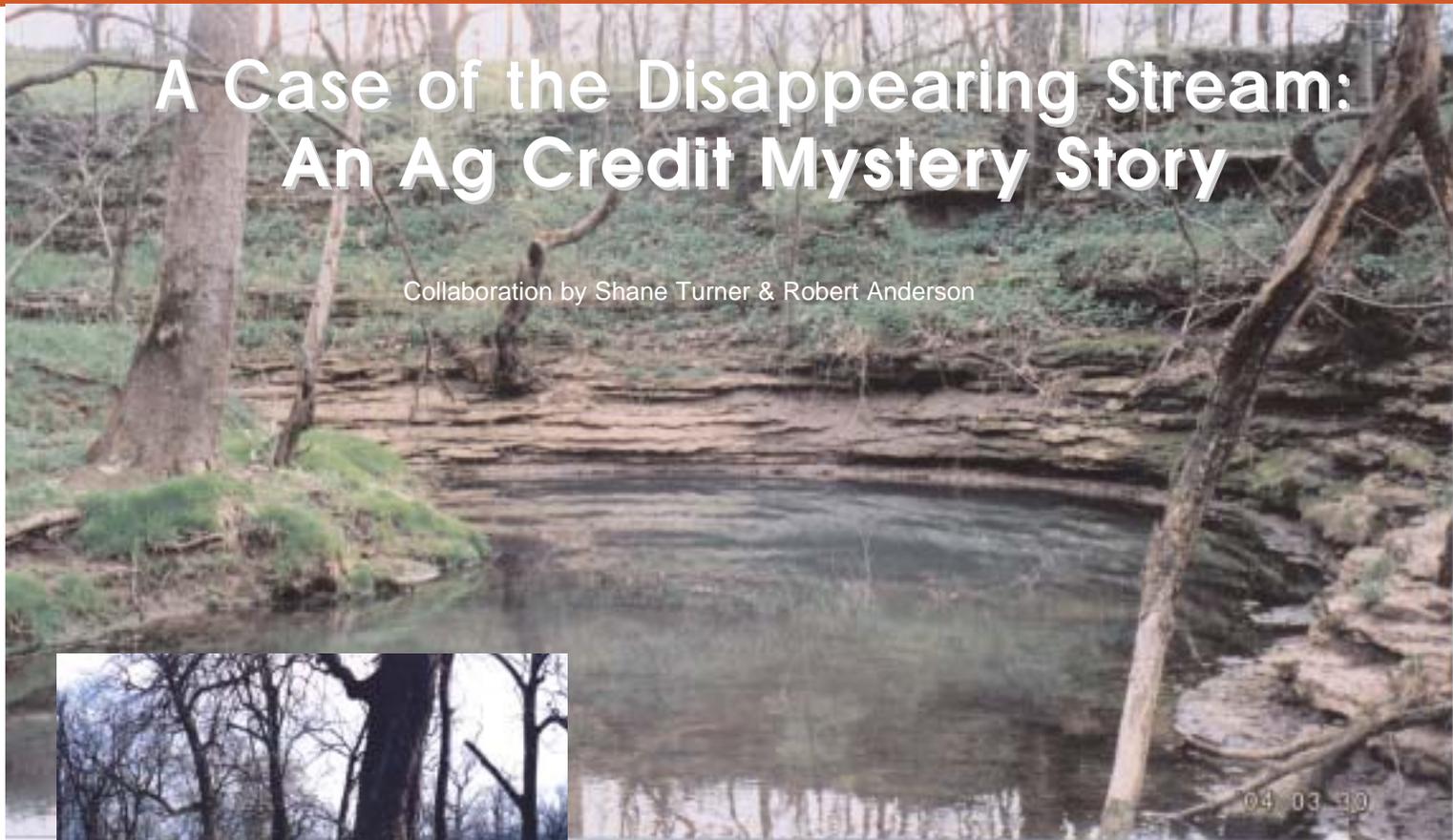
1 Tbsp + 1 tsp Baking powder

Wash squash, trim ends and slice. Cook squash in boiling salt water 15-20 minutes. Drain. Mash or blend squash to puree. Measure 2 cups of pureed squash into bowl. Add eggs and butter. Stir well. Set aside. Combine remaining ingredients in large bowl. Add squash mixture to dry ingredients. Stir until just moistened – do not over stir. Spoon into greased muffin tins or muffin papers, 3/4 full. Bake 20-minutes in a 375 degree, pre-heated oven. Makes 24-32 muffins.

This recipe can also be "baked" in a microwave. Use microwave-safe muffin container lined with cupcake papers. Microwave on high for 6-8 minutes. Let set for about 2 minutes to finish the cooking process before serving. Microwaves vary, so time baked will depend on your unit.

A Case of the Disappearing Stream: An Ag Credit Mystery Story

Collaboration by Shane Turner & Robert Anderson



This serene, forested setting just off Woodlake Road in Woodford County is the location of a fresh-water spring.

This beautiful shale ledge is the birthplace of a stream on the farm. The pool of water that stands at the origin of this stream is 6-8 feet deep. It is cold as ice and water is always a beautiful blue/green color.

During the drought of 1983, four farmers from the area irrigated their crops all summer from the spring's pool. While the water level dropped during the day's irrigation process, the spring's pool returned to its original level overnight. Moreover, one year during typical rainfall levels, the University of Kentucky used their biggest irrigation pump in an effort to lower the water level. They failed.

There is a farm in Woodford County that has many secrets beneath its surface. A stream appears out of the side of a hill, meanders through the countryside, then disappears back beneath the earth's surface from whence it came. Then opens to engulf unsuspecting surface travelers. Tractors fall into the holes. The whole episode is a big mystery. Honest! This is a true story!

Ag Credit members Patsy and Jason Webb of Woodford County are accustomed to strange occurrences. They have lived with a disappearing stream and bottomless fields on the property they have farmed for the past eighteen years.

The farm is located southwest of Midway, KY at the corner of Old Frankfort Pike and Woodlake Road in Woodford County. The farm is managed by Patsy and Jason and

is owned by Lucy Breathitt of Lexington. Patsy and Jason are long-time Ag Credit members and their primary farm enterprises consist of Burley tobacco and cattle production.

It was while cruising the pasture in his truck to check on cattle that one of Jason's hired farm hands came to an abrupt halt in 2003. The front end of his truck fell into a big sinkhole. Had the hole been just a little bit larger, the whole vehicle could have disappeared, including Jason's farm hand! Luckily, the truck was recovered and the farm hand met no harm. However, interest that has surrounded the mystery has been of recurring curiosity to many folks for many years.

While the primary farming operation is conducted on 499 acres, a

ten-acre parcel located near the main farm is the site of an unusually large, fresh water spring. It is the source of a never-ending water supply.

Many facts and activities surrounding this farmland water phenomenon through the years are extremely interesting:

- Several years ago a fisherman reported catching a one-eyed fish from the pool that emerges from the ledge at the farm.

- The farm has traditionally been very "lightening prone" with many trees struck by electric energy from the heavens.



Leadership Appreciation

Two central Kentucky leaders expressed a willingness to serve on the Ag Credit Board of Directors at the association's recent Annual Meeting. While membership voted to retain Messrs. Lyons and Penn on the board, our appreciation is sincerely expressed to Messrs. Marcum and Miller for their Ag Credit leadership loyalty and willingness to serve the association.

James H. Marcum II

Mr. Marcum owns and operates 81 acres of land in Madison County, where he produces about 12,000 pounds of tobacco. The farm features intensive grazing, electric fences and improved water systems to maximize forage production. The livestock program consists of purebred and percentage bred Gelbvieh cattle.

Mr. Marcum recently retired from service with USDA's Natural Resources Conservation Service, following 36 years of service. An Eastern Kentucky University graduate, his list of community and professional services is extensive. He served his country as a Quartermaster Officer in Vietnam.

James W. Miller

Mr. Miller owns and operates 37 acres of land in Woodford County, where he conducts a thoroughbred breeding operation. Prior to moving to Versailles in 2001, he raised and raced thoroughbreds for many years in California. Since the early 1990's he bought and sold thoroughbred weanlings, yearlings and broodmares in Kentucky.

Mr. Miller earned Bachelor's and Master's Degrees in Ag Education from California Polytechnic University at San Luis Obispo. He served for 30 years as an ag teacher and department chairman at a high school in northern California, where the school had a farm that raised and showed steers, hogs and lambs, and also produced walnuts, almonds, grain and hay.



Jason Webb's adventure continued on the farm last year when the front end of his truck fell into a big sinkhole. This sink hole was measured by Ag Credit's Shane Turner and Russell Gray at roughly about 35 feet deep. Ironically, the sinkhole was very dry. However, Mr. Webb did comment that you can hear the running water of an underground stream or river after heavy rains on the farm.

But, alas, Jason's disappearing truck act last year was not the first time such an incident has happened! The rear end of Jason's tractor fell into another sinkhole a few years ago, reminding all who venture onto the farm to beware of hidden subsurface caverns!

- Attempts have been made to pump the sink hole dry. None have been successful.

As an aid to our Ag Credit Leader audience, we've included pictures of the Woodford County phenomenon. Read each photo caption to further enjoy this story, then marvel at the wonders of nature.

When the stream on the Breathitt Farm emerges from beneath the shale ledge and into a water pool, it then meanders for about a mile along a scenic route through adjoining farms. A stroll along the banks would, for all intent and purpose, indicate that the stream is like thousands of others throughout Kentucky. Wrong! The stream suddenly disappears underground after flowing above ground for about a mile as it makes a journey to the Kentucky River.



"We Put Our Profits in Your Pockets"...

(and we let you know how we did it!)

A complete copy of the Central Kentucky Ag Credit 2003 Annual Report book is available free at any Ag Credit office. Just ask any of your Ag Credit staff for your personal Annual Report book. Annual Report information is also available on the World Wide Web at www.ckaca.com.

Our Bottom Line Improves Yours!

Banks return profits to investors ... at Ag Credit YOU are the owner!

As an owner, you share the profits through rebates of your interest expense, known as patronage.



Richmond Ag Credit manager John Thomas presents member Margaret Coy with her patronage check.



More money goes to Ag Credit member Brent Masterson (left). Lebanon Ag Credit manager Harry Young does the honor.



Ag Credit member Ronnie Thomas (right) accepts his patronage check from Richmond manager John Thomas, with Ag Credit's "Pay Day" poster in the background.

Jason Webb (right) receives his patronage check from Shane Turner, Ag Credit's Lexington manager.



Jeanine Williams, loan assistant in the Lebanon Ag Credit office, presents member Charles Cambron with his patronage check,



The Program Works Like This:

- A portion of our net profit is declared for rebate to members annually.
- Approximately 30% of this rebate is distributed immediately in cash.
- The balance is placed in a surplus account in your name.
- Distributions of the surplus can begin after 5 years.
- Distributions continue until everything in your account is paid in cash.
- Your Ag Credit Board of Directors approves payment of patronage & surplus.



Ag Credit Lexington manager Shane Turner, gives more money to member Amy Allen.



Ag Credit member Lisa Sandusky (left) happily receives her patronage check from Donna Mudd, senior loan assistant in Ag Credit's Lebanon office.

This is Ag Credit's Patronage Refund Program History

| DECLARED/ PAID YEAR | TOTAL REFUND DECLARED | INITIAL CASH PAYMENT | SURPLUS PAYMENT | CALENDAR YEAR OF SURPLUS | TOTAL CASH PAYMENTS IN CALENDAR YEAR |
|---------------------------|-----------------------------|----------------------------|--------------------|--------------------------------|---|
| 1997 | \$ 464,336 | \$ 145,000 | \$ - | - | \$ |
| 1998 | \$ 592,279 | \$ 182,887 | \$ - | - | \$ |
| 1999 | \$ 654,307 | \$ 201,436 | \$ - | - | \$ |
| 2000 | \$ 701,753 | \$ 215,235 | \$ - | - | \$ |
| 2001 | \$ 682,587 | \$ 213,900 | \$ - | - | \$ |
| 2002 | \$ 653,341 | \$ 198,105 | \$ - | - | \$ |
| 2003 | \$ 621,518 | \$ 187,995 | \$ 319,336 | 1997 | \$ 507,331 |
| Totals | \$4,370,121 | \$1,344,558 | \$ 319,336 | | \$ 507,331 |

This Proves Being an Owner Pays First Year That Ag Credit Paid Surplus

Central Kentucky Agricultural Credit Association

Consolidated Balance Sheets

| Balance Sheet Category | March 31, 2004 | December 31, 2003 |
|---|-------------------|----------------------|
| ASSETS | | |
| Cash | \$ 52 | \$ 52 |
| Debit | 2,572 | 2,572 |
| Federal Reserve Bank assets | 2,572 | 2,572 |
| Net items | 1,220 | 1,220 |
| Assets of Federal Reserve Bank | 1,302 | 2,100 |
| Federal Reserve Bank of New York | 7,020 | 6,100 |
| Federal Reserve Bank of Atlanta | 1,200 | 1,200 |
| Other assets | 402 | 1,200 |
| Total assets | \$ 11,250 | \$ 11,250 |
| LIABILITIES | | |
| Notes payable to Federal Reserve Bank | \$ 2,572 | \$ 2,572 |
| Assets of Federal Reserve Bank | 400 | 400 |
| Federal Reserve Bank of New York | 20 | 20 |
| Federal Reserve Bank of Atlanta | 380 | 380 |
| Other liabilities | 200 | 200 |
| Total liabilities | 10,750 | 10,750 |
| Equity of Federal Reserve Bank | | |
| Members' Equity | | |
| Capital stock (includes deposits from branches) | 6,000 | 6,000 |
| Retained earnings | | |
| Accumulated | 2,100 | 2,100 |
| Unallocated | 6,000 | 6,000 |
| Assets held in trust (includes assets of members) | 450 | 450 |
| Total members' equity | 8,550 | 8,550 |
| Total assets and liabilities | \$ 11,250 | \$ 11,250 |

Consolidated Statements of Income

March 31

| Income Statement Category | For the three months ended March 31, 2004 | 2003 |
|---|--|----------|
| Interest Income | | |
| Deposits | \$ 2,200 | \$ 2,200 |
| Interest Expense | | |
| Notes payable to Federal Reserve Bank | 1,000 | 1,000 |
| Net interest income | 1,200 | 1,200 |
| Provision for nonaccrual loans | | |
| Net interest income (includes provision for nonaccrual loans) | 1,200 | 1,200 |
| Noninterest Income | | |
| Fees and commissions | 50 | 50 |
| Income from other investments | 1 | 1 |
| Equity investments (includes Federal Reserve Bank) | 20 | 20 |
| Other investments, net | 30 | 30 |
| Total noninterest income | 101 | 101 |
| Noninterest Expense | | |
| Salaries and fringe benefits | 50 | 50 |
| Depreciation and amortization | 10 | 10 |
| Provision for doubtful assets | 20 | 20 |
| Other noninterest expenses | 10 | 10 |
| Total noninterest expense | 90 | 90 |
| Provision for nonaccrual loans | 50 | 50 |
| Provision for doubtful assets | 20 | 20 |
| Net income | \$ 40 | \$ 40 |





Earl Moore Sr., Earl Moore Jr., and George Sebastian - Mercer County, KY - 1957

The Good Old Days. Who says they're gone?

With today's low interest rates, you can borrow money at the same low rates your parents did back in "the good old days." Rates are still as low as they've been in decades. There's never been a better time to invest in a place in the country. Whether you want a little, or a lot, buy a new place or fix up the one you have, Ag Credit knows where to begin.

We've been a dependable source of credit in Central Kentucky for 70 years. While we are proud of our past, our focus is always on your future. Whether you are a commercial operator, a part-time farmer or simply enjoy living in the country, we want to do business with you.

