

Commissioners:
Robert Tucker, Chairman
Ruby Poe
Roy McGregor

South Hopkins Water District

Phone 270-797-5760
Fax 270-797-3800
129 S. Main St. P. O. Box 487
Dawson Springs, KY 42408

RECEIVED

MAY 15 2015

PUBLIC SERVICE
COMMISSION

May 11, 2015

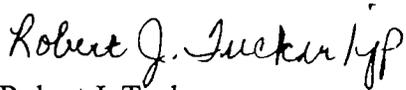
Mr. Jeff Derouen, Executive Director
Public Service Commission
P O Box 615
Frankfort, KY 40601

Dear Mr. Derouen:

Enclosed is the original and five (5) copies of Application for Rate Adjustment for South Hopkins Water District.

If there are any questions or you need further information, please contact our office.

Sincerely,



Robert J. Tucker
Chairman

Enclosures

SUBMIT ORIGINAL AND FIVE ADDITIONAL COPIES, UNLESS FILING ELECTRONICALLY

**APPLICATION FOR RATE ADJUSTMENT
BEFORE THE PUBLIC SERVICE COMMISSION**

For Small Utilities Pursuant to 807 KAR 5:076
(Alternative Rate Filing)

RECEIVED

MAY 15 2015

PUBLIC SERVICE
COMMISSION

South Hopkins Water District
(Name of Utility)

P O Box 487

(Business Mailing Address - Number and Street, or P.O. Box)

Dawson Springs, Kentucky 42408

(Business Mailing Address - City, State, and Zip)

270-797-5760

(Telephone Number)

BASIC INFORMATION

NAME, TITLE, ADDRESS, TELEPHONE NUMBER and E-MAIL ADDRESS of the person to whom correspondence or communications concerning this application should be directed:

Robert J. Tucker

(Name)

P O Box 487

(Address - Number and Street or P.O. Box)

Dawson Springs, Kentucky 42408

(Address - City, State, Zip)

270-797-5760

(Telephone Number)

southhopkinswate@bellsouth.net

(Email Address)

(For each statement below, the Applicant should check either "YES" or "NO".)

- | | YES | NO |
|---|-------------------------------------|-------------------------------------|
| 1. a. In its immediate past calendar year of operation, Applicant had \$5,000,000 or less in gross annual revenue. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| b. Applicant operates two or more divisions that provide different types of utility service. In its immediate past calendar year of operation, Applicant had \$5,000,000 or less in gross annual revenue from the division for which a rate adjustment is sought. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 2. a. Applicant has filed an annual report with the Public Service Commission for the past year. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| b. Applicant has filed an annual report with the Public Service Commission for the two previous years. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 3. Applicant's records are kept separate from other commonly-owned enterprises. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

- | | YES | NO |
|---|-------------------------------------|-------------------------------------|
| 4. a. Applicant is a corporation. A certified copy of its articles of incorporation and all amendments are attached to this application or were filed with the Public Service Commission in Case No. _____. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b. Applicant is a limited liability company. A certified copy of its articles of organization and all amendments are attached to this application or were filed with the Public Service Commission in Case No. _____. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| c. Applicant is a limited partnership. A certified copy of its limited partnership agreement and all amendments thereto are attached to this application or were filed with the Public Service Commission in Case No. _____. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| d. Applicant is a sole proprietorship or partnership. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| e. Applicant is a water district organized pursuant to KRS Chapter 74. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| f. Applicant is a water association organized pursuant to KRS Chapter 273. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 5. a. A paper copy of this application has been mailed to Office of Rate Intervention, Office of Attorney General, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601-8204. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| b. An electronic copy of this application has been electronically mailed to Office of Rate Intervention, Office of Attorney General at rateintervention@ag.ky.gov. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 6. a. Applicant has 20 or fewer customers or is a sewer utility and has mailed written notice of the proposed rate adjustment to each of its customers no later than the date this application was filed with the Public Service Commission. A copy of this notice is attached to this application. (Attach a copy of customer notice.) | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b. Applicant has more than 20 customers, is not a sewer utility, and has included written notice of the proposed rate adjustment with customer bills that were mailed by the date on which the application was filed. A copy of this notice is attached to this application. (Attach a copy of customer notice.) | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| c. Applicant has more than 20 customers, is not a sewer utility, and has made arrangements to publish notice once a week for three (3) consecutive weeks in a prominent manner in a newspaper of general circulation in its service area, the first publication having been made by the date on which this Application was filed. A copy of this notice is attached to this application. (Attach a copy of customer notice.) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 7. Applicant requires a rate adjustment for the reasons set forth in the attachment entitled "Reasons for Application." (Attach completed "Reasons for Application" Attachment.) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

- | | YES | NO |
|--|-------------------------------------|--------------------------|
| 8. Applicant proposes to charge the rates that are set forth in the attachment entitled "Current and Proposed Rates." (Attach completed "Current and Proposed Rates" Attachment.) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 9. Applicant proposes to use its annual report for the immediate past year as the test period to determine the reasonableness of its proposed rates. This annual report is for the 12 months ending December 31, <u>2014</u> . | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 10. Applicant has reason to believe that some of the revenue and expense items set forth in its most recent annual report have or will change and proposes to adjust the test period amount of these items to reflect these changes. A statement of the test period amount, expected changes, and reasons for each expected change is set forth in the attachment "Statement of Adjusted Operations." (Attach a completed copy of appropriate "Statement of Adjusted Operations" Attachment and any invoices, letters, contracts, receipts or other documents that support the expected change in costs.) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 11. Based upon test period operations, and considering any known and measurable adjustments, Applicant requires additional revenues of \$ <u>74,203</u> and total revenues from service rates of \$ <u>1,428,074</u> . The manner in which these amounts were calculated is set forth in "Revenue Requirement Calculation" Attachment. (Attach a completed "Revenue Requirement Calculation" Attachment.) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 12. As of the date of the filing of this application , Applicant had <u>2960</u> customers. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 13. A billing analysis of Applicant's current and proposed rates is attached to this application. (Attach a completed "Billing Analysis" Attachment.) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 14. Applicant's depreciation schedule of utility plant in service is attached. (Attach a schedule that shows per account group: the asset's original cost, accumulated depreciation balance as of the end of the test period, the useful lives assigned to each asset and resulting depreciation expense.) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 15. a. Applicant has outstanding evidences of indebtedness, such as mortgage agreements, promissory notes, or bonds. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| b. Applicant has attached to this application a copy of each outstanding evidence of indebtedness (e.g., mortgage agreement, promissory note, bond resolution). | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| c. Applicant has attached an amortization schedule for each outstanding evidence of indebtedness. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

- | | YES | NO |
|--|--------------------------|-------------------------------------|
| 16.a. Applicant is not required to file state and federal tax returns. | <input type="checkbox"/> | <input type="checkbox"/> |
| b. Applicant is required to file state and federal tax returns. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| c. Applicant's most recent state and federal tax returns are attached to this Application. (Attach a copy of returns.) | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 17. Approximately _____ (Insert dollar amount or percentage of total utility plant) of Applicant's total utility plant was recovered through the sale of real estate lots or other contributions. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

I am authorized by the Applicant to sign and file this application on the Applicant's behalf, have read and completed this application, and to the best of my knowledge all the information contained in this application and its attachments is true and correct.

Signed Robert J. Tucker
Officer of the Company/Authorized Representative
 Title Chairman
 Date 5-11-15

COMMONWEALTH OF KENTUCKY

COUNTY OF Hopkins

Before me appeared Robert J. Tucker, who after being duly sworn, stated that he/she had read and completed this application, that he/she is authorized to sign and file this application on behalf of the Applicant, and that to the best of his/her knowledge all the information contained in this application and its attachments is true and correct.

Jenny L. Purdy
 Notary Public FD # 464695
 My commission expires: 4-26-16

LIST OF ATTACHMENTS
(Indicate all documents submitted by checking box)

- Applicant's Articles of Incorporation, Articles of Organization, or Limited Partnership Agreement.
- All amendments to Applicant's Articles of Incorporation, Articles of Organization, or Limited Partnership Agreement.
- Customer Notice of Proposed Rate Adjustment
- "Reasons for Application" Attachment
- "Current and Proposed Rates" Attachment
- "Statement of Adjusted Operations" Attachment
- "Revenue Requirements Calculation" Attachment
- "Billing Analysis" Attachment
- Depreciation Schedule
- Outstanding Debt Instruments (i.e., Bond Resolutions, Mortgages, Promissory Notes, Amortization Schedules.)
- State Tax Return
- Federal Tax Return

NOTICE

South Hopkins Water District has applied to the Kentucky Public Service Commission for an adjustment of rates that will increase revenues from water sales by \$74,203 .

The effect of the proposed rate adjustment on the average bill of each customer class is show below.

Meter Size	Average Monthly Usage (gallons)	Current Monthly Average Bill	Proposed Monthly Average Bill
5/8" x 3/4"	5,684	\$ 35.61	\$ 37.58
1-inch	44,431	\$223.67	\$236.06
2-inch	103,710	\$461.81	\$487.43
3-inch	126,500	\$565.26	\$582.09

The proposed rates of the proposed adjustment are:

	Present Rate	Proposed Rate	Increase \$	Increase %
<u>5/8" by 3/4" Meter</u>				
First 1,000 gals	\$10.18 Minimum	\$10.74 Minimum	\$.56	5.5%
Next 9,000 gals	\$5.43 per 1,000 gals	\$5.73 per 1,000 gals	\$.30	5.5%
Next 10,000 gals	\$5.05 per 1,000 gals	\$5.33 per 1,000 gals	\$.28	5.5%
Next 30,000 gals	\$4.67 per 1,000 gals	\$4.93 per 1,000 gals	\$.26	5.6%
All Over 50,000	\$3.95 per 1,000 gals	\$4.17 per 1,000 gals	\$.22	5.6%
<u>1-Inch Meter</u>				
First 10,000 gals	\$59.08 Minimum	\$62.32 Minimum	\$3.24	5.5%
Next 10,000 gals	\$5.05 per 1,000 gals	\$5.33 per 1,000 gals	\$.28	5.5%
Next 30,000 gals	\$4.67 per 1,000 gals	\$4.93 per 1,000 gals	\$.26	5.6%
All Over 50,000 gals	\$3.95 per 1,000 gals	\$4.17 per 1,000 gals	\$.22	5.6%
<u>2-Inch Meter</u>				
First 20,000 gals	\$109.56 Minimum	\$115.56 Minimum	\$6.00	5.5%
Next 30,000 gals	\$4.67 per 1,000 gals	\$4.93 per 1,000 gals	\$.26	5.6%
All Over 50,000 gals	\$3.95 per 1,000 gals	\$4.17 per 1,000 gals	\$.22	5.6%
<u>3-Inch Meter</u>				
First 50,000 gals	\$249.41 Minimum	\$263.08 Minimum	\$13.67	5.5%
All Over 50,000 gals	\$3.95 per 1,000 gals	\$4.17 per 1,000 gals	\$.22	5.6%

The rates contained in this notice are the rates proposed by South Hopkins Water District. The Public Service Commission, however, may order rates to be charged that differ from the proposed rates in this notice.

A corporation, association, or person may, within thirty (30) days after the initial publication or mailing of notice of the proposed rate change, submit a written request to intervene to the Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request and including the status and interest of the party.

Any person may examine this application at South Hopkins Water District's office at 129 South Main Street, Dawson Springs, Kentucky 42408. The application and all documents filed with the Public Service Commission may be viewed and downloaded at the Public Service Commission's web site at <http://psc.ky.gov/>.

REASONS FOR APPLICATION

(In the space below list all reasons why the Applicant requires a rate adjustment. Describe any event or occurrence of significance that may affect the Applicant's present or future financial condition, including but not limited to excessive water line losses, regulatory changes, major repairs, planned construction, and increases in wholesale water costs.)

The expenses for South Hopkins Water District exceeded the income for 2014. Due to the age of parts of our system and inflation of operating expenses we anticipate increasing costs for distribution.

CURRENT AND PROPOSED RATES
(List Applicant's Current and Proposed Rates)

	Current Rate	Proposed Rate
5/8" x 3/4" Meter		
First 1,000 gallons	\$10.18 Minimum	\$10.74 Minimum
Next 9,000 gallons	\$5.43 per 1,000 gallons	\$5.73 per 1,000 gallons
Next 10,000 gallons	\$5.05 per 1,000 gallons	\$5.33 per 1,000 gallons
Next 30,000 gallons	\$4.67 per 1,000 gallons	\$4.93per 1,000 gallons
All Over 50,000 gallons	\$3.95 per 1,000 gallons	\$4.17 per 1,000 gallons
1-Inch Meter		
First 10,000 gallons	\$59.08 Minimum	\$62.32 Minimum
Next 10,000 gallons	\$5.05 per 1,000 gallons	\$5.33 per 1,000 gallons
Next 30,000 gallons	\$4.67 per 1,000 gallons	\$4.93per 1,000 gallons
All Over 50,000 gallons	\$3.95 per 1,000 gallons	\$4.17 per 1,000 gallons
2-Inch Meter		
First 20,000 gallons	\$109.56 Minimum	\$115.56 Minimum
Next 30,000 gallons	\$4.67 per 1,000 gallons	\$4.93 per 1,000 gallons
All Over 50,000 gallons	\$3.95 per 1,000 gallons	\$4.17 per 1,000 gallons
3-Inch Meter		
First 50,000 gallons	\$249.41 Minimum	\$263.08 Minimum
All Over 50,000 gallons	\$3.95 per 1,000 gallons	\$4.17 per 1,000 gallons

SCHEDULE OF ADJUSTED OPERATIONS - WATER UTILITY

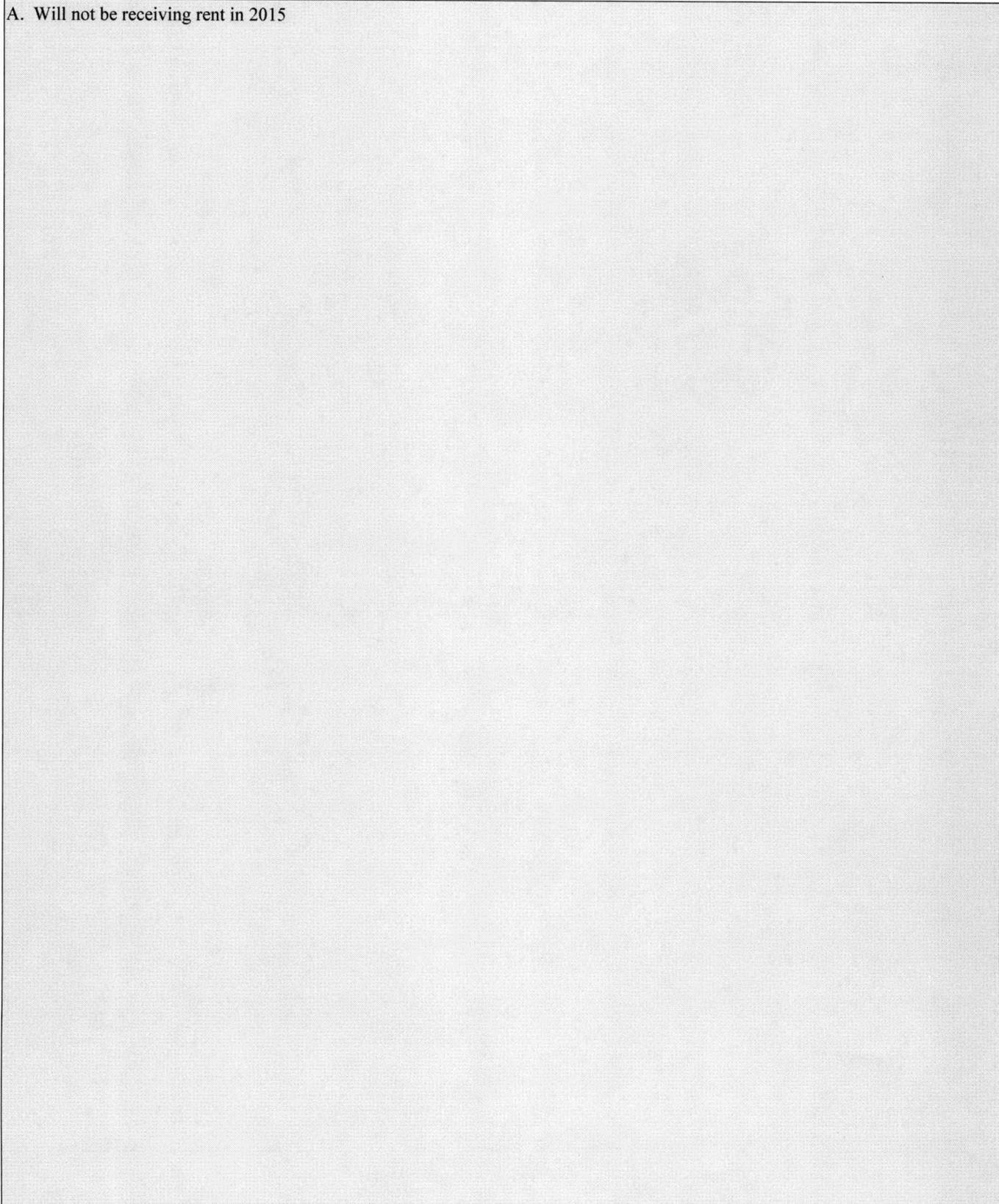
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	Test Year	Adjustment	Ref.	Pro Forma
<u>Operating Revenues</u>				
Sales of Water				
Unmetered Water Sales				0.00
Metered Water Sales	1,038,735.00			1,038,735.00
Bulk Loading Stations				0.00
Fire Protection Revenue				0.00
Sales for Resale	274,763.00			274,763.00
Total Sales of Water	1,313,498.00	0.00		1,313,498.00
Other Water Revenues				
Forfeited Discounts	24,020.00			24,020.00
Miscellaneous Service Revenues	29,674.00			29,674.00
Rents from Water Property	4,400.00	-4,400.00	A	0.00
Other Water Revenues	904.00			904.00
Total Other Water Revenues	58,998.00	-4,400.00		54,598.00
Total Operating Revenues	1,372,496.00	-4,400.00		1,368,096.00
<u>Operating Expenses</u>				
Operation and Maintenance Expenses				
Salaries and Wages - Employees	305,118.00			305,118.00
Salaries and Wages - Officers	18,200.00			18,200.00
Employee Pensions and Benefits	115,791.00			115,791.00
Purchased Water	669,357.00			669,357.00
Purchased Power	54,131.00			54,131.00
Fuel for Power Production				0.00
Chemicals	446.00			446.00
Materials and Supplies	75,708.00			75,708.00
Contractual Services	11,900.00			11,900.00
Water Testing	9,270.00			9,270.00
Rents				0.00
Transportation Expenses	29,460.00			29,460.00
Insurance	34,169.00			34,169.00
Regulatory Commission Expenses				0.00
Bad Debt Expense	11,383.00			11,383.00

Miscellaneous Expenses	5,589.00		5,589.00
Total Operation and Maintenance Expenses	1,340,522.00	0.00	1,340,522.00
Depreciation Expense	69,846.00		69,846.00
Amortization Expense			0.00
Taxes Other Than Income	29,168.00		29,168.00
Income Tax Expense			0.00
Total Operating Expenses	1,439,536.00	0.00	1,439,536.00
Utility Operating Income	-67,040.00	-4,400.00	-71,440.00

References

A. Will not be receiving rent in 2015



REVENUE REQUIREMENT CALCULATION - DEBT COVERAGE METHOD

(This method is used commonly by non-profits that have long-term debts outstanding.)

Pro forma Operating Expenses	\$1,439,536.00
Plus: Average Annual Debt Principal and Interest Payments*	42,378.00
Debt Coverage Requirement**	8,476.00
Total Revenue Requirement	1,490,390.00
Less: Other Operating Revenue	-58,998.00
Non-operating Revenue	
Interest Income	-3,318.00
Revenue Required from Rates	1,428,074.00
Less: Revenue from Sales at Present Rates	-1,353,871.00
Required Revenue Increase	\$74,203.00

Required Revenue Increase stated as a Percentage of Revenue at Present Rates 5.48%

* This should be a 3 year average calculated using the debt principal and interest payments for the three years following the test year.

** This amount is calculated by multiplying the average annual debt principal and interest payments by the debt service requirement of the utility's lending agency.

South Hopkins Water District Rate Analysis

Wholesale rate is based on formula contained in Purchased Water Agreements with wholesale customers as approved by Public Service Commission. Wholesale rate was increased to \$2.69 per thousand gallons July 1, 2014. Projected wholesale revenue for 2015 based on current rate is \$264,835 and can be added to additional retail revenue. Total proposed retail and wholesale revenue would be \$1,353,871.

South Hopkins Water District Rate Analysis

Billing Cycle All Cycles
Service Type WT WATER
Old Rate Code 01 5/8 X 3/4 Rate 1
New Rate Code 19 5/8 x 3/4 Rate 1
Date Range 01/01/2014 To 12/31/2014
Use Reading Factor Yes

WT WATER 01 5/8 X 3/4 Rate 1

Usage Table - Usage By Rate Increment

	Level	Bills	First 1,000	Next 9,000	Next 10,000	Next 30,000	Over 50,000
	1,000	6,380	2,130,309				
	9,000	27,348	27,348,000	73,475,212			
	10,000	1,205	1,205,000	10,845,000	3,772,909		
	30,000	304	304,000	2,736,000	3,040,000	2,765,366	
Over	50,000	95	95,000	855,000	950,000	2,850,000	5,436,184
Total		35,332	31,082,309	87,911,212	7,762,909	5,615,366	5,436,184

	Level	Total Usage
	1,000	2,130,309
	9,000	100,823,212
	10,000	15,822,909
	30,000	8,845,366
Over	50,000	10,186,184
Total		137,807,980

WT WATER 01 5/8 X 3/4 Rate 1

Revenue Table - Revenue By Rate Increment

	Level	Bills	Total Usage	Rate / 1000	Revenue
	1,000	35,332	31,082,309	\$10.18 Minimum	\$359,679.76
	9,000		87,911,212	5.43	\$477,357.88
	10,000		7,762,909	5.05	\$39,202.69
	30,000		5,615,366	4.67	\$26,223.76
Over	50,000		5,436,184	3.95	\$21,472.93
Total Revenue					\$923,937.02

WT WATER 19 5/8 x 3/4 Rate 1

Usage Table - Usage By Rate Increment

	Level	Bills	First 1,000	Next 9,000	Next 10,000	Next 30,000	Over 50,000
	1,000	6,380	2,130,309				
	9,000	27,348	27,348,000	73,475,212			
	10,000	1,205	1,205,000	10,845,000	3,772,909		
	30,000	304	304,000	2,736,000	3,040,000	2,765,366	
Over	50,000	95	95,000	855,000	950,000	2,850,000	5,436,184
Total		35,332	31,082,309	87,911,212	7,762,909	5,615,366	5,436,184

	Level	Total Usage
	1,000	2,130,309
	9,000	100,823,212
	10,000	15,822,909
	30,000	8,845,366
Over	50,000	10,186,184
Total		137,807,980

WT WATER 19 5/8 x 3/4 Rate 1

Revenue Table - Revenue By Rate Increment

	Level	Bills	Total Usage	Rate / 1000	Revenue
	1,000	35,332	31,082,309	\$10.74 Minimum	\$379,465.68
	9,000		87,911,212	5.73	\$503,731.24
	10,000		7,762,909	5.33	\$41,376.30
	30,000		5,615,366	4.93	\$27,683.75
Over	50,000		5,436,184	4.17	\$22,668.89
Total Revenue					\$974,925.86

Revenue Difference	\$50,988.84
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South Hopkins Water District Rate Analysis

Billing Cycle All Cycles
Service Type WT WATER
Old Rate Code 02 5/8 X 3/4 Rate 2
New Rate Code 29 5/8 x 3/4 Rate 2
Date Range 01/01/2014 To 12/31/2014
Use Reading Factor Yes

WT WATER 02 5/8 X 3/4 Rate 2

Usage Table - Usage By Rate Increment

	Level	Bills	First 2,000	Next 8,000	Next 10,000	Next 30,000	Over 50,000
	2,000	34	37,230				
	8,000	130	260,000	425,999			
	10,000	23	46,000	184,000	83,021		
	30,000	8	16,000	64,000	80,000	101,040	
Over	50,000	9	18,000	72,000	90,000	270,000	174,950
Total		204	377,230	745,999	253,021	371,040	174,950

Level	Total Usage
2,000	37,230
8,000	685,999
10,000	313,021
30,000	261,040
Over 50,000	624,950
Total	1,922,240

WT WATER 02 5/8 X 3/4 Rate 2

Revenue Table - Revenue By Rate Increment

Level	Bills	Total Usage	Rate / 1000	Revenue
2,000	204	377,230	\$20.36 Minimum	\$4,153.44
8,000		745,999	5.43	\$4,050.77
10,000		253,021	5.05	\$1,277.76
30,000		371,040	4.67	\$1,732.76
Over 50,000		174,950	3.95	\$691.05
Total Revenue				\$11,905.78

WT WATER 29 5/8 x 3/4 Rate 2

Usage Table - Usage By Rate Increment

	Level	Bills	First 2,000	Next 8,000	Next 10,000	Next 30,000	Over 50,000
	2,000	34	37,230				
	8,000	130	260,000	425,999			
	10,000	23	46,000	184,000	83,021		
	30,000	8	16,000	64,000	80,000	101,040	
Over	50,000	9	18,000	72,000	90,000	270,000	174,950
Total		204	377,230	745,999	253,021	371,040	174,950

	Level	Total Usage
	2,000	37,230
	8,000	685,999
	10,000	313,021
	30,000	261,040
Over	50,000	624,950
Total		1,922,240

WT WATER 29 5/8 x 3/4 Rate 2

Revenue Table - Revenue By Rate Increment

	Level	Bills	Total Usage	Rate / 1000	Revenue
	2,000	204	377,230	\$21.48 Minimum	\$4,381.92
	8,000		745,999	5.73	\$4,274.57
	10,000		253,021	5.33	\$1,348.60
	30,000		371,040	4.93	\$1,829.23
Over	50,000		174,950	4.17	\$729.54
Total Revenue					\$12,563.86

Revenue Difference	\$658.08
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South Hopkins Water District Rate Analysis

Billing Cycle All Cycles
Service Type WT WATER
Old Rate Code 06 1 In Rate 6
New Rate Code 69 1 In Rate 6
Date Range 01/01/2014 To 12/31/2014
Use Reading Factor Yes

WT WATER 06 1 In Rate 6

Usage Table - Usage By Rate Increment

	Level	Bills	First 10,000	Next 10,000	Next 30,000	Over 50,000	Total Usage
	10,000	102	414,490				414,490
	10,000	33	330,000	132,257			462,257
	30,000	30	300,000	300,000	426,922		1,026,922
Over	50,000	64	640,000	640,000	1,920,000	3,876,447	7,076,447
Total		229	1,684,490	1,072,257	2,346,922	3,876,447	8,980,116

WT WATER 06 1 In Rate 6

Revenue Table - Revenue By Rate Increment

	Level	Bills	Total Usage	Rate / 1000	Revenue
	10,000	229	1,684,490	\$59.08 Minimum	\$13,529.32
	10,000		1,072,257	5.05	\$5,414.90
	30,000		2,346,922	4.67	\$10,960.13
Over	50,000		3,876,447	3.95	\$15,311.97
Total Revenue					\$45,216.32

WT WATER 69 1 In Rate 6

Usage Table - Usage By Rate Increment

	Level	Bills	First 10,000	Next 10,000	Next 30,000	Over 50,000	Total Usage
	10,000	102	414,490				414,490
	10,000	33	330,000	132,257			462,257
	30,000	30	300,000	300,000	426,922		1,026,922
Over	50,000	64	640,000	640,000	1,920,000	3,876,447	7,076,447
Total		229	1,684,490	1,072,257	2,346,922	3,876,447	8,980,116

WT WATER 69 1 In Rate 6

Revenue Table - Revenue By Rate Increment

	Level	Bills	Total Usage	Rate / 1000	Revenue
	10,000	229	1,684,490	\$62.32 Minimum	\$14,271.28
	10,000		1,072,257	5.33	\$5,715.13
	30,000		2,346,922	4.93	\$11,570.33
Over	50,000		3,876,447	4.17	\$16,164.78
Total Revenue					\$47,721.52

Revenue Difference	\$2,505.20
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South Hopkins Water District Rate Analysis

Billing Cycle All Cycles
Service Type WT WATER
Old Rate Code 07 2 In Rate 7
New Rate Code 79 2 In Rate 7
Date Range 01/01/2014 To 12/31/2014
Use Reading Factor Yes

WT WATER 07 2 In Rate 7

Usage Table - Usage By Rate Increment

	Level	Bills	First 20,000	Next 30,000	Over 50,000	Total Usage
	20,000	39	75,158			75,158
	30,000	33	660,000	537,221		1,197,221
Over	50,000	84	1,680,000	2,520,000	16,986,080	21,186,080
Total		156	2,415,158	3,057,221	16,986,080	22,458,459

WT WATER 07 2 In Rate 7

Revenue Table - Revenue By Rate Increment

	Level	Bills	Total Usage	Rate / 1000	Revenue
	20,000	156	2,415,158	\$109.56 Minimum	\$17,091.36
	30,000		3,057,221	4.67	\$14,277.22
Over	50,000		16,986,080	3.95	\$67,095.02
Total Revenue					\$98,463.60

WT WATER 79 2 In Rate 7

Usage Table - Usage By Rate Increment

	Level	Bills	First 20,000	Next 30,000	Over 50,000	Total Usage
	20,000	39	75,158			75,158
	30,000	33	660,000	537,221		1,197,221
Over	50,000	84	1,680,000	2,520,000	16,986,080	21,186,080
Total		156	2,415,158	3,057,221	16,986,080	22,458,459

WT WATER 79 2 In Rate 7

Revenue Table - Revenue By Rate Increment

	Level	Bills	Total Usage	Rate / 1000	Revenue
	20,000	156	2,415,158	\$115.56 Minimum	\$18,027.36
	30,000		3,057,221	4.93	\$15,072.10
Over	50,000		16,986,080	4.17	\$70,831.95
Total Revenue					\$103,931.41

Revenue Difference	\$5,467.81
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South Hopkins Water District Rate Analysis

Billing Cycle All Cycles
Service Type WT WATER
Old Rate Code 08 3 In Rate 8
New Rate Code 89 3 In Rate 8
Date Range 01/01/2014 To 12/31/2014
Use Reading Factor Yes

WT WATER 08 3 In Rate 8

Usage Table - Usage By Rate Increment

	Level	Bills	First 50,000	Over 50,000	Total Usage
	50,000	0	0		0
Over	50,000	12	600,000	1,653,300	2,253,300
Total		12	600,000	1,653,300	2,253,300

WT WATER 08 3 In Rate 8

Revenue Table - Revenue By Rate Increment

	Level	Bills	Total Usage	Rate / 1000	Revenue
	50,000	12	600,000	\$249.41 Minimum	\$2,992.92
Over	50,000		1,653,300	3.95	\$6,530.54
Total Revenue					\$9,523.46

WT WATER 89 3 In Rate 8

Usage Table - Usage By Rate Increment

	Level	Bills	First 50,000	Over 50,000	Total Usage
	50,000	0	0		0
Over	50,000	12	600,000	1,653,300	2,253,300
Total		12	600,000	1,653,300	2,253,300

WT WATER 89 3 In Rate 8

Revenue Table - Revenue By Rate Increment

	Level	Bills	Total Usage	Rate / 1000	Revenue
	50,000	12	600,000	\$263.08 Minimum	\$3,156.96
Over	50,000		1,653,300	4.17	\$6,894.26
Total Revenue					\$10,051.22

Revenue Difference	\$527.76
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South Hopkins Water District
Federal ID #: 61-0701197
Asset Summary - Book Basis
Period Ended 12/31/14

Company: S08
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<u>Num</u>	<u>Loc</u>	<u>Property Description</u>	<u>Acquired</u>	<u>T</u>	<u>Method</u>	<u>Life</u>	<u>Cost/Basis</u>	<u>179 Exp/AFD</u>	<u>Add SDA</u>	<u>Prior Depr.</u>	<u>Current Depr.</u>	<u>Ending Depr.</u>
Group # 1 STRUCTURES & IMPROVEMENTS												
1	1	1/2 OFFICE BUILDING	01/01/82	N	SL	20	11,250.00	0.00	0.00	11,250.00	0.00	11,250.00
2	1	STORAGE BUILDING HWY 62	01/01/82	N	SL	20	26,500.00	0.00	0.00	26,500.00	0.00	26,500.00
3	1	NEW ROOF- OFFICE BUILDING	01/01/83	N	SL	20	2,342.00	0.00	0.00	2,342.00	0.00	2,342.00
4	1	BARN RENOVATION	07/01/83	N	SL	20	870.55	0.00	0.00	870.55	0.00	870.55
5	1	BARN IMPROVEMENT	07/01/85	N	SL	20	5,105.82	0.00	0.00	5,105.82	0.00	5,105.82
6	1	FENCING & PARKING	07/01/88	N	SL	15	2,851.00	0.00	0.00	2,851.00	0.00	2,851.00
7	1	LADDER GUARD	07/01/90	N	SL	20	400.00	0.00	0.00	400.00	0.00	400.00
8	1	BATHROOM	07/01/90	N	SL	20	690.40	0.00	0.00	690.40	0.00	690.40
9	1	NEW PUMPHOUSE	07/01/90	N	SL	20	34,972.36	0.00	0.00	34,972.36	0.00	34,972.36
10	1	FURNACE	07/01/95	N	SL	20	1,825.00	0.00	0.00	1,688.13	91.25	1,779.38
11	1	PUMPSTATION	07/01/95	N	SL	37.5	26,374.90	0.00	0.00	24,396.82	104.11 F	24,500.93
12	1	DOORS	07/01/96	N	SL	20	442.00	0.00	0.00	386.75	22.10	408.85
13	1	PUMPING STATION IMPROVEMENTS	07/01/96	N	SI	20	680.88	0.00	0.00	595.74	34.04	629.78
14	1	ADDITION TO PUMPS	07/01/96	N	SL	20	275.72	0.00	0.00	241.29	13.79	255.08
15	1	ROOFING	07/01/97	N	SL	10	2,413.00	0.00	0.00	2,413.00	0.00	2,413.00
16	1	FENCING/GATE	07/01/98	N	SL	15	3,075.00	0.00	0.00	3,075.00	0.00	3,075.00
17	1	SEPTIC TANK (BARN)	07/01/00	N	SL	10	462.00	0.00	0.00	461.90	0.00	461.90
18	1	DOORS & INSTALLATI	07/01/02	N	SL	20	995.06	0.00	0.00	572.14	49.75	621.89
19	1	18 X 26 CARPORT	07/01/02	N	SL	20	1,332.00	0.00	0.00	765.90	66.60	832.50
20	1	SHELVING AT THE BA	07/01/03	N	SL	20	397.14	0.00	0.00	208.52	19.86	228.38
21	1	4' X 8' BARN SIGN	03/15/04	N	SL	10	272.00	0.00	0.00	267.47	5.00	272.47
22	1	BARN SUPPLY RACKS	04/15/04	N	SL	20	391.23	0.00	0.00	190.71	19.56	210.27
23	1	BARN PAINT/LABOR	09/15/04	N	SL	20	1,084.20	0.00	0.00	505.96	54.21	560.17
24	1	BARN SUPPLY RACKS	06/15/05	N	SL	20	562.17	0.00	0.00	241.28	28.11	269.39
25	1	BARN DOOR	06/15/05	N	SL	20	100.00	0.00	0.00	42.92	5.00	47.92
26	1	ROOF-OFFICE BUILDING	06/15/05	N	SL	10	5,450.00	0.00	0.00	4,677.90	545.00	5,222.90
27	1	SIGN - FRONT OF OFFICE	11/15/06	N	SL	10	836.36	0.00	0.00	599.42	83.64	683.06
28	1	FLOORING IN PUMP STATION	02/15/07	N	SL	20	2,765.12	0.00	0.00	956.29	138.26	1,094.55
29	1	STEEL DOOR - PUMP STATION	03/15/07	N	SL	20	652.80	0.00	0.00	223.04	32.64	255.68
30	1	ROOFING-BARN	11/15/08	N	SL	10	486.75	0.00	0.00	251.51	48.68	300.19
31	1	SIDING, OVERHANG R OFFICE BLDG	08/13/10	N	SL	20	3,146.00	0.00	0.00	537.44	157.30	694.74
32	1	1/2 OFFICE TILE	03/22/11	N	SL	10	1,975.00	0.00	0.00	543.13	197.50	740.63
33	1	2 DOORS	11/02/11	N	SL	20	1,241.20	0.00	0.00	134.46	62.06	196.52
34	1	ADDITION TO STEEL	05/30/12	N	SL	20	175.00	0.00	0.00	13.85	8.75	22.60
35	1	METAL ROOF	02/11/13	N	SL	15	1,540.00	0.00	0.00	94.11	102.67	196.78
36	1	5 WINDOWS/REPLAC	06/30/14	N	SL	37.5	1,100.00	0.00	0.00	0.00	14.67	14.67
Group # 1 Total							145,032.66	0.00	0.00	129,066.81	1,904.55	130,971.36

Group # 2 ELECTRIC PUMPING EQUIPMT

1	1	ELECTRIC PUMPING EQUIPMENT	01/01/74	N	SL	40	36,137.00	0.00	0.00	36,136.64	0.00	36,136.64
2	1	ELECTRIC PUMPING EQUIPMENT	07/01/77	N	SL	29	2,179.00	0.00	0.00	2,179.00	0.00	2,179.00
3	1	ELECTRIC PUMPING EQUIPMENT	07/01/82	N	SL	20	5,020.00	0.00	0.00	5,020.00	0.00	5,020.00

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South Hopkins Water District
Federal ID #: 61-0701197
Asset Summary - Book Basis
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Num	Loc	Property Description	Acquired	T	Method	Life	Cost/Basis	179 Exp/AFD	Add SDA	Prior Depr.	Current Depr.	Ending Depr.
Group # 2 ELECTRIC PUMPING EQUIPMT (Continued)												
4	1	ELECTRIC PUMPING EQUIPMENT	07/01/83	N	SL	20	3,931.00	0.00	0.00	3,931.00	0.00	3,931.00
5	1	ELECTRIC PUMPING EQUIPMENT	11/15/84	N	SL	20	129.19	0.00	0.00	129.19	0.00	129.19
6	1	PUMP	12/01/85	N	SL	5	90.75	0.00	0.00	90.75	0.00	90.75
7	1	REBUILT PUMPS	07/01/87	N	SL	5	5,693.75	0.00	0.00	5,693.75	0.00	5,693.75
8	1	ELECTRIC PUMPING EQUIPMENT	07/01/88	N	SL	20	28,715.59	0.00	0.00	28,715.59	0.00	28,715.59
9	1	PUMP	07/01/90	N	SL	5	90.75	0.00	0.00	90.75	0.00	90.75
10	1	PUMPING EQUIPMEN	12/01/93	N	SL	20	2,281.00	0.00	0.00	2,281.00	0.00	2,281.00
11	1	15 HP PUMP	04/01/94	N	SL	20	1,457.00	0.00	0.00	1,438.79	18.00	1,456.79
12	1	PUMP IMPROVEMEN	07/01/96	N	SL	20	13,500.00	0.00	0.00	11,812.50	675.00	12,487.50
13	1	PUMP MOTOR	07/01/96	N	SL	20	1,370.00	0.00	0.00	1,198.75	68.50	1,267.25
14	1	TELEMETRY SYSTEM	07/01/96	N	*SOLD*	10	42,749.68	0.00	0.00	42,749.68	0.00	42,749.68
15	1	PUMP	07/01/99	N	SL	20	220.00	0.00	0.00	159.50	11.00	170.50
16	1	CHLORINATOR	07/01/00	N	SL	10	225.68	0.00	0.00	225.40	0.00	225.40
17	1	TWO HYDRO-PNEUM TANK WX251	07/01/01	N	SL	10	1,020.35	0.00	0.00	1,020.35	0.00	1,020.35
18	1	CENTREFUGAL PUMP MOTOR	07/01/01	N	SL	10	256.85	0.00	0.00	256.85	0.00	256.85
19	1	8XKL 2 STAGE PUMP/MOTOR	07/01/02	N	SL	20	4,716.00	0.00	0.00	2,711.70	235.80	2,947.50
20	1	X015 PUMP	07/01/02	N	SL	20	358.48	0.00	0.00	206.09	17.92	224.01
21	1	MGVOX 17" MONITOR TELEMETRY	07/01/02	N	*SOLD*	10	189.00	0.00	0.00	188.55	0.00	188.55
22	1	TELEMETRY SOFTWA	07/01/02	N	*SOLD*	10	6,400.00	0.00	0.00	6,400.00	0.00	6,400.00
23	1	TELEMETRY COMPUTER	07/01/02	N	*SOLD*	10	653.00	0.00	0.00	653.00	0.00	653.00
24	1	CHLORMETER	07/01/03	N	SL	10	235.00	0.00	0.00	235.00	0.00	235.00
25	1	PUMP	07/01/03	N	SL	20	337.48	0.00	0.00	177.15	16.87	194.02
26	1	TELEMETRY UPDATE	12/15/06	N	*SOLD*	10	5,832.11	0.00	0.00	4,131.07	291.61	4,422.68
27	1	REBUILT PUMPS - #1 AND #2	02/15/07	N	SL	20	19,313.27	0.00	0.00	6,679.15	965.66	7,644.81
28	1	PUMPING EQUIPMEN	03/15/07	N	SL	20	379.11	0.00	0.00	129.56	18.96	148.52
29	1	PUMP CONTROLS	04/15/07	N	SL	20	9,840.00	0.00	0.00	3,321.00	492.00	3,813.00
30	1	CHOR PUMP	07/15/07	N	SL	20	226.00	0.00	0.00	73.45	11.30	84.75
31	1	TRANSDUCER	04/15/07	N	SL	20	422.89	0.00	0.00	142.70	21.14	163.84
32	1	REBUILT-2 STAGE PU	11/15/08	N	SL	20	5,865.00	0.00	0.00	1,515.13	293.25	1,808.38
33	1	PUMP, MOTOR, INSTA	03/09/10	N	SL	20	13,938.00	0.00	0.00	3,561.93	641.82 F	4,203.75
34	1	PUMP	11/05/10	N	SL	20	6,458.00	0.00	0.00	1,363.35	302.65 F	1,666.00
35	1	GV PRESSURE PUMP	09/30/12	N	SL	20	572.67	0.00	0.00	47.72	28.00 F	75.72
36	1	REBUILT PUMP	10/31/12	N	SL	20	8,870.00	0.00	0.00	517.42	443.50	960.92
37	1	NEW PUMP MOTOR	10/31/12	N	SL	20	371.00	0.00	0.00	28.85	18.17 F	47.02
38	1	CHRLORINE PUMP	05/13/13	N	SL	20	247.00	0.00	0.00	10.98	12.21 F	23.19
39	1	SUMP PUMPS (2)	06/26/13	N	SL	20	229.98	0.00	0.00	7.67	11.40 F	19.07
40	1	PUMP	06/30/14	N	SL	20	855.46	0.00	0.00	0.00	21.39	21.39
Sub-Total							231,377.04	0.00	0.00	175,230.96	4,616.15	179,847.11
Less: Assets Sold							55,823.79	0.00	0.00	54,122.30	291.61	54,413.91
Group # 2 Total							175,553.25	0.00	0.00	121,108.66	4,324.54	125,433.20
Group # 3 DISTRIBUTION RESERVOIRS												
1	1	DISTRIBUTION RESER	07/01/72	N	SL	40	112,250.00	0.00	0.00	112,250.00	0.00	112,250.00
2	1	PAINT 3 TANKS	12/01/85	N	SL	5	16,200.00	0.00	0.00	16,200.00	0.00	16,200.00
3	1	LETTERING	04/01/89	N	SL	10	2,057.00	0.00	0.00	2,057.00	0.00	2,057.00
4	1	TANK PAINTED	07/01/91	N	SL	5	7,000.00	0.00	0.00	7,000.00	0.00	7,000.00

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South Hopkins Water District
Federal ID #: 61-0701197
Asset Summary - Book Basis
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<u>Num</u>	<u>Loc</u>	<u>Property Description</u>	<u>Acquired</u>	<u>T</u>	<u>Method</u>	<u>Life</u>	<u>Cost/Basis</u>	<u>179 Exp/AFD</u>	<u>Add SDA</u>	<u>Prior Depr.</u>	<u>Current Depr.</u>	<u>Ending Depr.</u>
Group # 3 DISTRIBUTION RESERVOIRS (Continued)												
5	1	TANK LIGHTS	07/01/92	N	SL	10	1,106.00	0.00	0.00	1,106.00	0.00	1,106.00
6	1	TANK PAINTING	07/01/92	N	SL	10	9,300.00	0.00	0.00	9,300.00	0.00	9,300.00
7	1	TANKS-RENOVATION	07/01/95	N	SL	10	26,905.00	0.00	0.00	26,905.00	0.00	26,905.00
8	1	NEW TANK	07/01/95	N	SL	40	49,203.16	0.00	0.00	22,756.47	1,230.08	23,986.55
9	1	ADDITIONAL COST/ NEW TANK	07/01/96	N	SL	40	459.52	0.00	0.00	201.06	11.49	212.55
10	1	TANK PAINTED	07/01/98	N	SL	10	4,000.00	0.00	0.00	4,000.00	0.00	4,000.00
11	1	TANK PAINTED- ST. CHARLES TANK	07/01/99	N	SL	10	9,500.00	0.00	0.00	9,500.00	0.00	9,500.00
12	1	FENCE & GATE- ST. CHARLES TANK	07/01/99	N	SL	10	4,182.00	0.00	0.00	4,181.90	0.00	4,181.90
13	1	TANK PAINTED- SOUTHARD TANK	07/01/99	N	SL	10	5,500.00	0.00	0.00	5,500.00	0.00	5,500.00
14	1	TANK PAINTED- CHARLESTON TANK	07/01/00	N	SL	10	8,000.00	0.00	0.00	8,000.00	0.00	8,000.00
15	1	RENOVATION- CHARLESTON TANK	07/01/01	N	SL	10	18,659.04	0.00	0.00	18,659.04	0.00	18,659.04
16	1	TANK RENOVATION	12/15/06	N	SL	30	160,320.00	0.00	0.00	37,853.33	5,344.00	43,197.33
17	1	TANK RENOVATION	10/15/07	N	SL	30	50,372.70	0.00	0.00	10,494.31	1,679.09	12,173.40
Group # 3 Total							<u>485,014.42</u>	<u>0.00</u>	<u>0.00</u>	<u>295,964.11</u>	<u>8,264.66</u>	<u>304,228.77</u>
Group # 4 TRANSMISSION & DIST MAINS												
1	1	TRANS & DIST MAINS	07/01/74	N	SL	65	509,773.50	0.00	0.00	482,928.72	1,073.79 F	484,002.51
2	1	TRANS & DIST MAINS	07/01/83	N	SL	65	1,726,051.38	0.00	0.00	1,153,507.26	16,839.53 F	1,170,346.79
3	1	TRANS & DIST MAINS	07/01/84	N	SL	65	22,880.88	0.00	0.00	14,538.87	238.34 F	14,777.21
4	1	TRANS & DIST MAINS	07/01/85	N	SL	65	22,283.90	0.00	0.00	13,655.36	239.68 F	13,895.04
5	1	TRANS & DIST MAINS	07/01/86	N	SL	65	1,031.87	0.00	0.00	608.85	11.43 F	620.28
6	1	TRANS & DIST MAINS	07/01/87	N	SL	65	12,838.70	0.00	0.00	7,282.41	146.22 F	7,428.63
7	1	TRANS & DIST MAINS	07/01/88	N	SL	65	13,522.46	0.00	0.00	7,360.20	158.01 F	7,518.21
8	1	TRANS & DIST MAINS	07/01/89	N	SL	65	610.75	0.00	0.00	318.38	7.31 F	325.69
9	1	TRANS & DIST MAINS	07/01/90	N	SL	65	36,085.18	0.00	0.00	17,976.82	441.67 F	18,418.49
10	1	TRANS & DIST MAINS	07/01/91	N	SL	65	4,500.00	0.00	0.00	2,137.50	56.25 F	2,193.75
11	1	NEW MAINS	07/01/92	N	SL	65	50,355.95	0.00	0.00	22,748.32	642.04 F	23,390.36
12	1	TRANS & DIST MAINS	07/01/93	N	SL	65	6,087.40	0.00	0.00	2,608.06	79.08 F	2,687.14
13	1	TRANS & DIST MAINS	10/15/94	N	SL	65	3,403.27	0.00	0.00	1,360.05	45.40 F	1,405.45
14	1	TRANS & DIST MAINS	07/01/95	N	SL	65	5,463.68	0.00	0.00	2,084.96	73.45 F	2,158.41
15	1	NEW MAINS	07/01/95	N	SL	65	773,337.71	0.00	0.00	295,108.62	10,396.29 F	305,504.91
16	1	ADDITIONAL COST/ NEW MAINS	07/01/96	N	SL	65	26,567.71	0.00	0.00	9,513.97	362.85 F	9,876.82
17	1	NEW LINES	07/01/96	N	SL	65	3,264.94	0.00	0.00	1,169.17	44.59 F	1,213.76
18	1	NEW LINES AND INSTALLATION	07/01/97	N	SL	65	45,016.92	0.00	0.00	15,060.22	624.10 F	15,684.32
19	1	NEW LINES- SMALL EXTENSIONS	07/01/98	N	SL	65	14,889.21	0.00	0.00	4,629.62	209.38 F	4,839.00
20	1	NEW LINES- SMALL EXTENSIONS	07/01/99	N	SL	65	11,317.53	0.00	0.00	3,251.28	161.32 F	3,412.60
21	1	NEW LINES- SMALL EXTENSIONS	07/01/00	N	SL	65	51,673.78	0.00	0.00	13,620.03	746.15 F	14,366.18
22	1	NEW LINES- SMALL EXTENSIONS	07/01/01	N	SL	65	28,313.55	0.00	0.00	6,790.48	413.91 F	7,204.39
23	1	NEW LINES- SMALL EXTENSIONS	07/01/02	N	SL	65	12,792.82	0.00	0.00	2,763.80	189.23 F	2,953.03
24	1	NEW LINES- SMALL EXTENSIONS	07/01/03	N	SL	65	32,313.80	0.00	0.00	6,211.12	483.38 F	6,694.50

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Num	Loc	Property Description	Acquired	T	Method	Life	Cost/Basis	179 Exp/AFD	Add SDA	Prior Depr.	Current Depr.	Ending Depr.
Group # 4 TRANSMISSION & DIST MAINS (Continued)												
25	1	CURTIS MINE ROAD EXTENSION	01/15/04	N	SL	65	16,082.00	0.00	0.00	2,885.66	239.93 F	3,125.59
26	1	NEW LINES- SMALL EXTENSIONS	07/01/04	N	SL	65	7,018.60	0.00	0.00	1,181.58	106.13 F	1,287.71
27	1	NEW LINES- SMALL EXTENSIONS	07/01/05	N	SL	65	6,312.40	0.00	0.00	911.80	96.44 F	1,008.24
28	1	BUTTERMILK/CAL H ROAD LINE EXTENSION	07/01/05	N	SL	65	44,412.49	0.00	0.00	6,415.11	678.52 F	7,093.63
29	1	VARIOUS NEW LINES	07/01/06	N	SL	65	2,643.89	0.00	0.00	318.58	40.79 F	359.37
30	1	LINES-CLEO YOUNG ROAD & BONE ROAD	07/30/06	N	SL	65	1,686.00	0.00	0.00	200.05	26.07 F	226.12
31	1	LINES-BUTTERMILK	01/15/06	N	SL	65	817.90	0.00	0.00	107.67	12.46 F	120.13
32	1	LINES-FORK SPRINGS RD & LEGATE LANE	03/31/06	N	SL	65	28,720.61	0.00	0.00	3,620.96	440.35 F	4,061.31
33	1	LINES-MCGREGOR RD	08/31/06	N	SL	65	16,330.21	0.00	0.00	1,907.30	253.03 F	2,160.33
34	1	LINES-JIMMY LOVEL	06/30/06	N	SL	65	7,553.97	0.00	0.00	910.34	116.56 F	1,026.90
35	1	TRANS & DIST MAINS	06/15/07	N	SL	65	4,683.12	0.00	0.00	474.33	72.05	546.38
36	1	LINES-ISAAC LANE	07/17/07	N	SL	65	10,964.87	0.00	0.00	1,082.43	168.69	1,251.12
37	1	LINES-JACK SISK ROA	12/01/07	N	SL	65	6,463.53	0.00	0.00	604.93	99.44	704.37
38	1	LINES-STEARMAN LA	09/02/08	N	SL	65	15,328.99	0.00	0.00	1,257.76	235.83	1,493.59
39	1	LINES-HUBERT REID/ CONNECTOR RD	06/01/08	N	SL	65	5,451.10	0.00	0.00	468.22	83.86	552.08
40	1	LINES-HIGHWAY 109	06/27/08	N	SL	65	14,835.87	0.00	0.00	1,255.32	228.24	1,483.56
41	1	LINES-BUTTERMILK	06/20/08	N	SL	65	13,418.47	0.00	0.00	1,135.42	206.44	1,341.86
42	1	LINES-CUNNINGHAM/ PAPPY LANE	11/13/08	N	SL	65	2,683.79	0.00	0.00	213.33	41.29	254.62
43	1	LINES-JENN MAR/J LO	05/30/08	N	SL	65	6,479.54	0.00	0.00	556.60	99.69	656.29
44	1	LINES-CUTIS DAVES	01/15/09	N	SL	65	3,122.52	0.00	0.00	240.20	48.04	288.24
45	1	LINES-LAUREL/UTLE	03/15/09	N	SL	65	17,380.55	0.00	0.00	1,292.39	267.39	1,559.78
46	1	LINES-BONE ROAD	07/01/09	N	SL	65	6,303.82	0.00	0.00	436.41	96.98	533.39
47	1	LINES-SAW MILL ROA	09/01/09	N	SL	65	10,534.23	0.00	0.00	702.30	162.07	864.37
48	1	LINES-YOUNG	11/27/12	N	SL	65	2,132.55	0.00	0.00	35.54	32.81	68.35
49	1	169/109 LINE RELOCA	02/04/13	N	SL	65	51,432.00	0.00	0.00	725.32	791.26	1,516.58
50	1	169/OAK HILL LINE RELOCATION	04/28/14	N	SL	65	6,310.00	0.00	0.00	0.00	64.72	64.72
Group # 4 Total							3,723,479.91	0.00	0.00	2,116,173.62	38,392.48	2,154,566.10
Group # 5 METERS & INSTALLATION												
13	1	METERS	07/01/88	N	*SOLD*	40	1,904.98	0.00	0.00	1,904.98	0.00	1,904.98
14	1	METERS	07/01/89	N	*SOLD*	40	1,170.60	0.00	0.00	1,072.15	6.57 F	1,078.72
15	1	METERS	07/01/92	N	SL	40	2,372.30	0.00	0.00	1,903.67	26.03 F	1,929.70
16	1	METERS	07/01/94	N	SL	40	4,521.00	0.00	0.00	4,521.00	0.00	4,521.00
17	1	METERS	07/01/95	N	SL	40	12,248.56	0.00	0.00	12,248.56	0.00	12,248.56
30	1	METER INSTALLATIO	07/01/89	N	*SOLD*	40	4,400.00	0.00	0.00	4,025.00	25.00 F	4,050.00
31	1	METER INSTALLATIO	07/01/90	N	SL	40	5,905.81	0.00	0.00	5,905.81	0.00	5,905.81
32	1	METER INSTALLATIO	07/01/91	N	SL	40	7,481.64	0.00	0.00	7,481.64	0.00	7,481.64
34	1	METER INSTALLATIO	07/01/94	N	SL	40	6,820.00	0.00	0.00	6,820.00	0.00	6,820.00
35	1	METER INSTALLATIO	07/01/95	N	SL	40	6,380.00	0.00	0.00	6,380.00	0.00	6,380.00
36	1	METERS	07/01/96	N	SL	40	7,731.50	0.00	0.00	7,731.50	0.00	7,731.50
37	1	METER INSTALLATIO	07/01/96	N	SL	40	4,730.00	0.00	0.00	4,730.00	0.00	4,730.00
38	1	METERS	07/01/97	N	SL	40	10,158.80	0.00	0.00	9,769.60	16.92 F	9,786.52
39	1	METER INSTALLATIO	07/01/97	N	SL	40	5,830.00	0.00	0.00	5,606.90	9.70 F	5,616.60
40	1	METERS	07/01/98	N	SL	40	10,448.24	0.00	0.00	9,234.68	50.56 F	9,285.24
41	1	METER INSTALLATIO	07/01/98	N	SL	40	6,270.00	0.00	0.00	5,542.24	30.32 F	5,572.56
42	1	METERS	07/01/99	N	SL	40	13,975.83	0.00	0.00	11,246.34	109.18 F	11,355.52

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Group # 5 METERS & INSTALLATION (Continued)												
43	1	METER INSTALLATIO	07/01/99	N	SL	40	5,500.00	0.00	0.00	4,425.79	42.97 F	4,468.76
44	1	METERS	07/01/00	N	SL	40	6,390.91	0.00	0.00	4,628.55	67.78 F	4,696.33
45	1	METER INSTALLATIO	07/01/00	N	SL	40	4,840.00	0.00	0.00	3,505.31	51.33 F	3,556.64
46	1	METERS	07/01/01	N	SL	40	6,136.80	0.00	0.00	3,943.78	81.22 F	4,025.00
47	1	METER INSTALLATIO	07/01/01	N	SL	40	5,170.00	0.00	0.00	3,322.51	68.43 F	3,390.94
48	1	3" T3000 TURBO MET	07/01/02	N	SL	40	525.00	0.00	0.00	294.00	8.25 F	302.25
49	1	METERS	07/01/02	N	SL	40	4,547.88	0.00	0.00	2,546.84	71.47 F	2,618.31
50	1	METER INSTALLATIO	07/01/02	N	SL	40	4,070.00	0.00	0.00	2,279.22	63.96 F	2,343.18
51	1	METERS	07/01/03	N	SL	40	8,955.63	0.00	0.00	4,266.37	161.70 F	4,428.07
52	1	METER INSTALLATIO	07/01/03	N	SL	40	6,270.00	0.00	0.00	2,986.97	113.21 F	3,100.18
53	1	METERS	07/01/04	N	SL	40	3,807.75	0.00	0.00	1,492.20	77.18 F	1,569.38
54	1	METER INSTALLATIO	07/01/04	N	SL	40	4,840.00	0.00	0.00	1,896.77	98.11 F	1,994.88
55	1	METERS	07/01/05	N	SL	40	4,101.93	0.00	0.00	1,257.54	91.75 F	1,349.29
56	1	METER INSTALLATIO	07/01/05	N	SL	40	5,940.00	0.00	0.00	1,821.09	132.87 F	1,953.96
57	1	3" TURBO METER	10/15/06	N	SL	40	359.30	0.00	0.00	71.84	8.98 F	80.82
58	1	WATER METERS	06/15/06	N	SL	40	5,400.00	0.00	0.00	1,227.66	130.38 F	1,358.04
59	1	METER	12/15/06	N	SL	40	125.00	0.00	0.00	23.30	3.18 F	26.48
60	1	METER INSTALLATIO	07/01/06	N	SL	40	6,750.00	0.00	0.00	1,488.44	164.42 F	1,652.86
61	1	2" METER	03/15/07	N	SL	40	385.00	0.00	0.00	65.80	9.63	75.43
62	1	2" METER	04/15/07	N	SL	40	410.35	0.00	0.00	69.25	10.26	79.51
63	1	METERS	04/15/07	N	SL	40	3,111.00	0.00	0.00	525.01	77.78	602.79
64	1	METERS	05/15/07	N	SL	40	6,039.00	0.00	0.00	1,006.53	150.98	1,157.51
65	1	4" METER	07/15/07	N	SL	40	650.00	0.00	0.00	105.63	16.25	121.88
66	1	3" COMPOUND METE	08/15/07	N	SL	40	1,600.00	0.00	0.00	256.67	40.00	296.67
67	1	2" METER	09/15/07	N	SL	40	410.35	0.00	0.00	64.98	10.26	75.24
68	1	METER INSTALLATIO	07/01/07	N	SL	40	8,250.00	0.00	0.00	1,340.63	206.25	1,546.88
73	1	METERS	07/01/08	N	SL	40	9,030.50	0.00	0.00	1,241.68	225.76	1,467.44
74	1	METER INSTALLATIO	07/01/08	N	SL	40	4,350.00	0.00	0.00	598.13	108.75	706.88
75	1	3" METER	09/08/09	N	SL	40	1,341.00	0.00	0.00	145.30	33.53	178.83
76	1	METERS	07/01/09	N	SL	40	12,584.00	0.00	0.00	1,415.70	314.60	1,730.30
77	1	METER INSTALLATIO	07/01/09	N	SL	40	3,000.00	0.00	0.00	337.50	75.00	412.50
79	1	2 METERS	07/31/10	N	SL	40	265.30	0.00	0.00	22.65	6.63	29.28
80	1	METERS	07/31/10	N	SL	40	3,500.00	0.00	0.00	298.96	87.50	386.46
81	1	METER INSTALLATIO	07/31/10	N	SL	40	3,450.00	0.00	0.00	294.69	86.25	380.94
82	1	METERS	07/01/77	N	*SOLD*	40	669.00	0.00	0.00	669.00	0.00	669.00
83	1	METER INSTALLATIO	07/01/81	N	SL	40	450.00	0.00	0.00	450.00	0.00	450.00
84	1	METERS	07/01/11	N	SL	40	8,512.00	0.00	0.00	532.00	212.80	744.80
85	1	METERS	07/01/11	N	SL	40	6,100.00	0.00	0.00	381.25	152.50	533.75
86	1	METER INSTALLATIO	07/01/11	N	SL	40	1,800.00	0.00	0.00	112.50	45.00	157.50
87	1	METERS	07/01/84	N	*SOLD*	40	400.77	0.00	0.00	400.77	0.00 F	400.77
88	1	METER INSTALLATIO	07/01/88	N	*SOLD*	40	5,557.81	0.00	0.00	5,557.81	0.00 F	5,557.81
89	1	METERS	07/01/12	N	SL	40	7,104.00	0.00	0.00	266.40	177.60	444.00
90	1	METERS	07/01/12	N	SL	40	5,458.00	0.00	0.00	204.68	136.45	341.13
91	1	6" ELECTROMAGNETI	11/12/12	N	SL	40	3,999.00	0.00	0.00	116.64	99.98	216.62
92	1	METER INSTALLATIO	07/01/12	N	SL	40	3,108.00	0.00	0.00	116.55	77.70	194.25
93	1	300 METERS & INSTA	03/12/13	N	SL	40	12,605.00	0.00	0.00	262.60	315.13	577.73
94	1	AMCO WATER METE	02/11/13	N	SL	40	448.00	0.00	0.00	10.27	11.20	21.47
95	1	AMCO WATER METE	04/09/13	N	SL	40	448.00	0.00	0.00	8.40	11.20	19.60
96	1	METERS	07/01/90	N	*SOLD*	40	516.84	0.00	0.00	516.84	0.00	516.84
97	1	METERS & INSTALLA	07/01/14	N	SL	40	6,143.10	0.00	0.00	0.00	76.79	76.79
98	1	METERS & INSTALLA	07/01/14	N	SL	40	15,235.89	0.00	0.00	0.00	190.45	190.45
Sub-Total							333,011.37	0.00	0.00	164,997.07	4,677.70	169,674.77
Less: Assets Sold							14,620.00	0.00	0.00	14,146.55	31.57	14,178.12
Group # 5 Total							318,391.37	0.00	0.00	150,850.52	4,646.13	155,496.65

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Group # 6 HYDRANTS												
1	1	HYDRANTS	01/01/70	N	SL	40	14,432.00	0.00	0.00	14,431.98	0.00	14,431.98
2	1	HYDRANTS	07/01/84	N	SL	40	387.33	0.00	0.00	285.63	9.68	295.31
3	1	HYDRANT	07/01/88	N	SL	40	599.99	0.00	0.00	382.50	15.00	397.50
4	1	HYDRANTS	10/15/89	N	SL	40	3,781.97	0.00	0.00	2,292.82	94.55	2,387.37
5	1	HYDRANTS	07/01/90	N	SL	40	620.60	0.00	0.00	372.40	15.52	387.92
6	1	HYDRANTS	07/01/91	N	SL	40	325.00	0.00	0.00	182.85	8.13	190.98
7	1	HYDRANTS	07/01/93	N	SL	40	1,163.00	0.00	0.00	596.08	29.08	625.16
8	1	HYDRANTS	07/01/95	N	SL	40	2,332.79	0.00	0.00	1,078.92	58.32	1,137.24
9	1	HYDRANTS	07/01/96	N	SL	40	330.00	0.00	0.00	144.38	8.25	152.63
10	1	HYDRANTS	07/01/97	N	SL	40	679.00	0.00	0.00	280.13	16.98	297.11
11	1	HYDRANTS	07/01/98	N	SL	40	670.00	0.00	0.00	259.63	16.75	276.38
12	1	HYDRANTS	07/01/99	N	SL	40	1,005.00	0.00	0.00	364.35	25.13	389.48
13	1	HYDRANTS	07/01/00	N	SL	40	345.00	0.00	0.00	116.48	8.63	125.11
14	1	FOUR 1WAY, 3FT BURY HYDRANTS	07/01/01	N	SL	40	1,380.00	0.00	0.00	431.25	34.50	465.75
15	1	4 1WAY, 3FT BURY HYDRANTS	07/01/02	N	SL	40	1,380.00	0.00	0.00	396.75	34.50	431.25
16	1	6 1WAY, 3FT BURY HYDRANTS	07/01/03	N	SL	40	2,390.52	0.00	0.00	627.49	59.76	687.25
17	1	3 1WAY, 3FT BURY HYDRANTS	07/01/04	N	SL	40	1,035.00	0.00	0.00	245.85	25.88	271.73
18	1	5 1WAY, 3FT BURY HYDRANTS	07/01/05	N	SL	40	1,925.00	0.00	0.00	409.10	48.13	457.23
19	1	1WAY, 3FT BURY HYDRANT	05/15/07	N	SL	40	425.00	0.00	0.00	70.86	10.63	81.49
20	1	1WAY, 3FT BURY HYDRANT	06/15/07	N	SL	10	425.00	0.00	0.00	279.79	42.50	322.29
21	1	HYDRANTS	08/15/07	N	SL	40	2,030.00	0.00	0.00	325.65	50.75	376.40
22	1	1WAY, 3FT BURY HYDRANT	10/15/07	N	SL	40	425.00	0.00	0.00	66.44	10.63	77.07
23	1	1WAY, 3FT BURY HYDRANT	12/15/07	N	SL	40	445.00	0.00	0.00	67.71	11.13	78.84
24	1	HYDRANTS	12/15/07	N	SL	40	1,145.00	0.00	0.00	174.17	28.63	202.80
25	1	HYDRANTS	07/01/08	N	SL	40	3,406.00	0.00	0.00	468.33	85.15	533.48
26	1	1WAY, 3FT BURY HYD	10/11/10	N	SL	40	525.00	0.00	0.00	42.67	13.13	55.80
27	1	3WAY, 3FT BURY HYD	10/11/10	N	SL	40	1,375.00	0.00	0.00	111.73	34.38	146.11
28	1	HYDRANT	04/15/11	N	SL	40	525.00	0.00	0.00	36.10	13.13	49.23
29	1	1WAY, 3FT BURY HYD	08/14/12	N	SL	40	545.00	0.00	0.00	19.31	13.63	32.94
30	1	3 WAY 3FT BURY HYD	08/13/13	N	SL	40	1,259.00	0.00	0.00	13.11	31.48	44.59
31	1	2 WAY 3FT BURY HYD	09/10/13	N	SL	40	4,756.00	0.00	0.00	39.63	118.90	158.53
32	1	HYDRANT	07/31/14	N	SL	40	1,057.00	0.00	0.00	0.00	11.01	11.01
33	1	HYDRANT	07/31/14	N	SL	40	1,951.00	0.00	0.00	0.00	20.32	20.32
34	1	HYDRANT	07/31/14	N	SL	40	1,027.00	0.00	0.00	0.00	10.70	10.70
Group # 6 Total							<u>56,103.20</u>	<u>0.00</u>	<u>0.00</u>	<u>24,614.09</u>	<u>1,014.89</u>	<u>25,628.98</u>

Group # 7 OTHER PLANT & MISC EQUIP

1	1	PTC860 HANDHELD UNITS	07/01/01	N	SL	5	3,311.06	0.00	0.00	3,310.95	0.00	3,310.95
2	1	TELXON 860 BATTERY CHARGERS	07/01/01	N	SL	5	212.77	0.00	0.00	212.49	0.00	212.49
3	1	PRESSURE RECORDER	01/15/08	N	SL	5	564.00	0.00	0.00	564.00	0.00	564.00
4	1	POCKET CHLOROME	01/15/08	N	SL	5	1,452.85	0.00	0.00	1,452.85	0.00	1,452.85
5	1	WATER SAMPLING STATION	02/15/08	N	SL	10	864.65	0.00	0.00	511.61	86.47	598.08

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<u>Num</u>	<u>Loc</u>	<u>Property Description</u>	<u>Acquired</u>	<u>T</u>	<u>Method</u>	<u>Life</u>	<u>Cost/Basis</u>	<u>179 Exp/AFD</u>	<u>Add SDA</u>	<u>Prior Depr.</u>	<u>Current Depr.</u>	<u>Ending Depr.</u>
Group # 7 OTHER PLANT & MISC EQUIP (Continued)												
6	1	8 HANDHELD METER READERS	04/15/08	N	SL	5	18,150.00	0.00	0.00	18,150.00	0.00	18,150.00
Group # 7 Total							<u>24,555.33</u>	<u>0.00</u>	<u>0.00</u>	<u>24,201.90</u>	<u>86.47</u>	<u>24,288.37</u>
Group # 8 OFFICE FURNITURE & EQUIP												
1	1	OFFICE FURNITURE & EQUIPMENT	01/01/74	N	SL	10	2,664.00	0.00	0.00	2,664.00	0.00	2,664.00
3	1	SHELVING	07/01/83	N	SL	5	214.00	0.00	0.00	214.00	0.00	214.00
4	1	MAP CABINET	02/01/84	N	SL	10	300.00	0.00	0.00	300.00	0.00	300.00
5	1	FILING CABINET	08/15/85	N	SL	5	132.81	0.00	0.00	132.81	0.00	132.81
7	1	OFFICE REMODELING	04/15/89	N	SL	20	2,477.67	0.00	0.00	2,477.67	0.00	2,477.67
8	1	3 FILE CABINETS	02/01/89	N	SL	10	222.00	0.00	0.00	222.00	0.00	222.00
9	1	WALNUT DESK	03/15/89	N	SL	10	627.30	0.00	0.00	627.30	0.00	627.30
10	1	METER SOFTWARE	07/01/92	N	SL	5	2,515.00	0.00	0.00	2,515.00	0.00	2,515.00
11	1	METER READING DEV	07/01/92	N	SL	5	4,800.00	0.00	0.00	4,800.00	0.00	4,800.00
14	1	TWO CHAIRS	07/01/96	N	SL	10	253.88	0.00	0.00	253.88	0.00	253.88
15	1	VACUUM CLEANER	07/01/98	N	SL	5	82.83	0.00	0.00	82.83	0.00	82.83
17	1	HP 720C DESKJET PRINTER	07/01/98	N	SL	5	330.00	0.00	0.00	330.00	0.00	330.00
18	1	TYPEWRITER	07/01/98	N	SL	5	89.96	0.00	0.00	89.96	0.00	89.96
19	1	ELECTRONIC METER READERS	07/01/98	N	SL	5	7,980.00	0.00	0.00	7,980.00	0.00	7,980.00
21	1	WATER HEATER	07/01/99	N	SL	10	350.00	0.00	0.00	350.00	0.00	350.00
22	1	3 STARPLUS PHONES/ INSTALLATION	07/01/01	N	SL	5	1,163.00	0.00	0.00	1,162.70	0.00	1,162.70
24	1	SHARP CALCULATOR	07/01/02	N	SL	5	119.90	0.00	0.00	119.90	0.00	119.90
28	1	3 COMPAC COMPUTE I LASERPRINTER	07/01/03	N	SL	5	10,301.38	0.00	0.00	10,301.25	0.00	10,301.25
29	1	CALCULATOR	07/01/03	N	SL	5	89.99	0.00	0.00	89.99	0.00	89.99
30	1	SOFTWARE	08/15/04	N	SL	5	81.64	0.00	0.00	81.64	0.00	81.64
31	1	BLINDS/INSTALLATIO FRONT OFFICE	12/15/04	N	SL	10	347.19	0.00	0.00	315.37	32.00	347.37
32	1	FELLOWS PAPER SHREDDER	04/15/05	N	SL	10	99.99	0.00	0.00	87.50	10.00	97.50
33	1	RECORD CABINET/SA	06/15/05	N	SL	20	3,065.19	0.00	0.00	1,315.49	153.26	1,468.75
34	1	FAX, PRINTER	03/15/06	N	SL	10	199.99	0.00	0.00	156.67	20.00	176.67
35	1	2 TON GIBSON A/C UN	08/15/06	N	SL	20	1,330.00	0.00	0.00	493.21	66.50	559.71
36	1	BURGUNDY OFFICE CHAIR	03/15/07	N	SL	10	99.50	0.00	0.00	67.99	9.95	77.94
37	1	APC COMPUTER POWER BACKUPS	07/15/07	N	SL	5	51.21	0.00	0.00	51.21	0.00	51.21
38	1	FLOOR MATS	10/15/08	N	SL	5	176.99	0.00	0.00	176.99	0.00	176.99
39	1	SERVER BACKUP	11/15/08	N	SL	5	759.86	0.00	0.00	759.86	0.00	759.86
40	1	HP LCD MONITOR	04/14/09	N	SL	5	158.95	0.00	0.00	151.00	7.95	158.95
41	1	SHARP COPIER	06/29/09	N	SL	10	995.95	0.00	0.00	448.20	99.60	547.80
42	1	STARPLUS TELEPHO	06/14/09	N	SL	10	179.00	0.00	0.00	82.04	17.90	99.94
43	1	SHREL CALCULATOR	07/28/09	N	SL	3	75.99	0.00	0.00	75.99	0.00	75.99
44	1	CALCULATOR	12/15/09	N	SL	3	59.99	0.00	0.00	59.99	0.00	59.99
46	1	CHECKWRITER	08/10/10	N	SL	5	180.65	0.00	0.00	123.44	36.13	159.57
47	1	OFFICE CHAIR	10/11/10	N	SL	5	104.50	0.00	0.00	67.93	20.90	88.83
48	1	APC POWER BACKUP	12/29/10	N	SL	5	122.49	0.00	0.00	73.50	24.50	98.00
49	1	1/2 CARPET/TILE	07/01/02	N	SL	10	767.97	0.00	0.00	767.97	0.00	767.97
51	1	30x60 CHERRY DESK	03/22/11	N	SL	5	399.00	0.00	0.00	219.45	79.80	299.25
52	1	KEYBOARD DRAWER	03/22/11	N	SL	5	70.00	0.00	0.00	38.50	14.00	52.50
53	1	SPEAKERPHONE	07/20/11	N	SL	5	30.00	0.00	0.00	14.50	6.00	20.50

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Group # 8 OFFICE FURNITURE & EQUIP (Continued)												
54	1	HP MICRO TOWER	02/28/12	N	SL	5	2,580.00	0.00	0.00	946.00	516.00	1,462.00
55	1	DIRT DEVIL VACUUM	09/20/12	N	SL	5	49.96	0.00	0.00	12.49	9.99	22.48
56	1	HP COMPAQ 6300 PR WORKSTATION	07/29/13	N	SL	5	1,565.00	0.00	0.00	130.42	313.00	443.42
57	1	SOFTWARE	04/30/14	N	SL	5	1,377.50	0.00	0.00	0.00	183.67	183.67
58	1	OKIDATA LASER PRIN	07/30/14	N	SL	5	1,350.83	0.00	0.00	0.00	112.57	112.57
Group # 8 Total							50,993.06	0.00	0.00	41,430.64	1,733.72	43,164.36
Group # 9 TRANSPORTATION EQUIPMENT												
1	1	TRUCK TOOL BOXES	07/01/90	N	SL	5	935.92	0.00	0.00	935.92	0.00	935.92
2	1	TOOL TRAILER	07/01/91	N	SL	5	250.00	0.00	0.00	250.00	0.00	250.00
5	1	2000 WHITE FORD F650	07/01/00	N	SL	5	28,700.00	0.00	0.00	28,700.00	0.00	28,700.00
6	1	GOOSENECK TRUCKB	07/01/01	N	SL	5	2,050.00	0.00	0.00	2,050.00	0.00	2,050.00
8	1	TOOLBOXES	07/01/01	N	SL	5	425.00	0.00	0.00	425.00	0.00	425.00
10	1	2004 FORD F150 WHITE	07/01/03	N	SL	5	12,793.90	0.00	0.00	12,793.51	0.00	12,793.51
11	1	TRUCK TOOLBOX	07/01/03	N	SL	5	394.00	0.00	0.00	393.60	0.00	393.60
12	1	TRUCK LIGHTS	07/01/03	N	SL	5	512.52	0.00	0.00	512.26	0.00	512.26
13	1	SIX TOOL BOXES	04/15/05	N	SL	5	978.00	0.00	0.00	978.00	0.00	978.00
14	1	30' TRAILER	01/15/06	N	SL	10	9,875.00	0.00	0.00	7,900.00	987.50	8,887.50
15	1	WHITE 2006 FORD F150	03/15/06	N	SL	5	12,956.60	0.00	0.00	12,956.60	0.00	12,956.60
16	1	LETTERING FOR TRUCK	04/01/06	N	SL	5	100.00	0.00	0.00	100.00	0.00	100.00
17	1	2008 FORD F150	09/15/07	N	SL	5	14,496.05	0.00	0.00	14,496.05	0.00	14,496.05
19	1	BED/TAILGATE MATS	07/17/09	N	SL	5	191.72	0.00	0.00	169.34	22.38	191.72
20	1	2009 FORD F250 XL W	07/16/09	N	SL	7	23,833.50	0.00	0.00	21,052.93	1,112.23 F	22,165.16
21	1	RUNNING BOARDS	08/26/09	N	SL	5	362.50	0.00	0.00	314.17	48.33	362.50
22	1	2013 FORD F150	05/01/13	N	SL	7	16,728.00	0.00	0.00	2,230.40	2,230.40 F	4,460.80
23	1	2014 FORD F150	09/30/14	N	SL	7	17,014.00	0.00	0.00	0.00	607.64	607.64
24	1	MINI BAR	10/31/14	N	SL	7	249.00	0.00	0.00	0.00	5.93	5.93
25	1	2014 FORD F150	12/30/14	N	SL	7	17,112.00	0.00	0.00	0.00	0.00	0.00
Group # 9 Total							159,957.71	0.00	0.00	106,257.78	5,014.41	111,272.19
Group # 10 TOOLS, SHOP, & GARAGE EQP												
1	1	LINE TRACER	07/01/01	N	SL	10	2,455.00	0.00	0.00	2,455.00	0.00	2,455.00
2	1	T BILT BRONCO TILL	07/01/01	N	SL	10	599.00	0.00	0.00	599.00	0.00	599.00
3	1	ANGLE GRINDER	07/01/01	N	SL	10	133.00	0.00	0.00	133.00	0.00	133.00
4	1	PRESSURE RECORDER	07/01/02	N	SL	10	524.00	0.00	0.00	523.80	0.00	523.80
5	1	METAL LOCATOR	09/15/08	N	SL	17.5	795.00	0.00	0.00	424.00	30.39 F	454.39
6	1	(3) 8000W GENERATO	02/02/09	N	SL	17.5	3,774.47	0.00	0.00	1,237.18	173.00 F	1,410.18
7	1	20" CHAINSAW	02/04/09	N	SL	17.5	409.90	0.00	0.00	403.07	0.54 F	403.61
8	1	(2) ECHO WEEDEATE	04/14/09	N	SL	3	695.96	0.00	0.00	695.96	0.00	695.96
9	1	RECIP SAW	04/14/09	N	SL	3	189.00	0.00	0.00	189.00	0.00	189.00
10	1	CHAINSAW	05/27/09	N	SL	17.5	369.90	0.00	0.00	339.08	2.37 F	341.45
11	1	MOWER	06/29/09	N	SL	3	174.00	0.00	0.00	174.00	0.00	174.00
12	1	TOOLS	11/10/09	N	SL	17.5	146.58	0.00	0.00	122.17	1.83 F	124.00
13	1	2" TRASH PUMP	11/08/10	N	SL	17.5	765.00	0.00	0.00	484.50	19.57 F	504.07
14	1	PUMP	12/13/10	N	SL	17.5	119.65	0.00	0.00	24.60	6.59 F	31.19
15	1	SHOP VAC	04/20/11	N	SL	17.5	68.79	0.00	0.00	36.69	2.18 F	38.87
16	1	2 PRESSURE TRANSMI	09/13/11	N	SL	17.5	1,092.00	0.00	0.00	254.80	55.05 F	309.85
17	1	18V RECIP SAW	07/19/12	N	SL	17.5	199.00	0.00	0.00	93.97	6.60 F	100.57
18	1	18V DRILL	09/05/12	N	SL	17.5	141.55	0.00	0.00	37.75	6.42 F	44.17

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Group # 10 TOOLS, SHOP, & GARAGE EQP (Continued)												
19	1	DEHUMIDIFIER	10/31/12	N	SL	17.5	169.99	0.00	0.00	39.67	7.98 F	47.65
20	1	PRESSURE RECORDER	11/30/12	N	SL	17.5	658.00	0.00	0.00	71.28	35.74 F	107.02
21	1	SUMP PUMP	02/01/13	N	SL	17.5	129.99	0.00	0.00	23.83	6.40 F	30.23
22	1	2 TON GARAGE JACK	06/30/13	N	SL	17.5	94.99	0.00	0.00	23.75	4.19 F	27.94
23	1	TOOLS	12/15/13	N	SL	17.5	251.02	0.00	0.00	10.46	13.78 F	24.24
24	1	TEST BENCH	04/15/85	N	SL	5	4,242.05	0.00	0.00	4,242.05		4,242.05
25	1	HEATER	03/31/14	N	SL	17.5	525.00	0.00	0.00	0.00	22.50	22.50
26	1	B&S 3000 PSI 5.0 GPM	10/31/14	N	SL	17.5	379.05	0.00	0.00	0.00	3.61	3.61
Group # 10 Total							<u>19,101.89</u>	<u>0.00</u>	<u>0.00</u>	<u>12,638.61</u>	<u>398.74</u>	<u>13,037.35</u>
Group # 11 LAB EQUIPMENT												
1	1	METER TESTING EQUIPMENT	07/01/91	N	SL	10	2,773.13	0.00	0.00	2,773.13	0.00	2,773.13
2	1	POCKET CHLORINE S	07/26/11	N	SL	10	418.95	0.00	0.00	101.26	41.90	143.16
Group # 11 Total							<u>3,192.08</u>	<u>0.00</u>	<u>0.00</u>	<u>2,874.39</u>	<u>41.90</u>	<u>2,916.29</u>
Group # 12 POWER OPERATED EQUIPMENT												
2	1	PORTABLE GENERAT	07/01/78	N	SL	3	165.00	0.00	0.00	165.00	0.00	165.00
3	1	MOWER & WEDEATER	07/01/82	N	SL	4	430.00	0.00	0.00	430.00	0.00	430.00
4	1	WEDEATER	05/15/83	N	SL	5	81.00	0.00	0.00	81.00	0.00	81.00
5	1	POWER SAW	06/30/83	N	SL	5	395.00	0.00	0.00	395.00	0.00	395.00
6	1	AQUA SCOPE	09/30/89	N	SL	10	1,310.69	0.00	0.00	1,310.69	0.00	1,310.69
7	1	LAWN MOWER	08/15/84	N	SL	4	123.24	0.00	0.00	123.24	0.00	123.24
8	1	ROTARY WITCH	10/15/84	N	SL	5	1,600.00	0.00	0.00	1,600.00	0.00	1,600.00
9	1	TEST BENCH W/TANKS	04/15/85	N	*SOLD*	5	4,242.05	0.00	0.00	4,242.05	0.00	4,242.05
10	1	PRESSURE TEST EQUIPMENT	05/15/85	N	SL	5	378.27	0.00	0.00	378.27	0.00	378.27
11	1	HOMELITE SAW	02/15/86	N	SL	5	488.04	0.00	0.00	488.04	0.00	488.04
12	1	ROAD BORER	07/01/92	N	SL	5	6,449.41	0.00	0.00	6,449.41	0.00	6,449.41
13	1	6 HP AIR COMPRESSO	10/15/94	N	SL	10	495.09	0.00	0.00	495.09	0.00	495.09
14	1	5550 BACKHOE/TRAC	10/15/94	N	SL	10	31,556.87	0.00	0.00	31,556.87	0.00	31,556.87
15	1	BUSHHOG	07/01/03	N	SL	10	1,400.00	0.00	0.00	1,400.00	0.00	1,400.00
16	1	TRACTOR BRUSH GU	06/01/13	N	SL	12.5	3,411.00	0.00	0.00	198.98	269.59 F	468.57
Sub-Total							<u>52,525.66</u>	<u>0.00</u>	<u>0.00</u>	<u>49,313.64</u>	<u>269.59</u>	<u>49,583.23</u>
Less: Assets Sold							<u>4,242.05</u>	<u>0.00</u>	<u>0.00</u>	<u>4,242.05</u>	<u>0.00</u>	<u>4,242.05</u>
Group # 12 Total							<u>48,283.61</u>	<u>0.00</u>	<u>0.00</u>	<u>45,071.59</u>	<u>269.59</u>	<u>45,341.18</u>
Group # 13 COMMUNICATION EQUIPMENT												
1	1	RADIO EQUIPMENT	07/01/90	N	SL	5	624.80	0.00	0.00	624.80	0.00	624.80
2	1	7 TWO-WAY RADIOS	07/01/91	N	SL	5	10,442.66	0.00	0.00	10,442.66	0.00	10,442.66
3	1	TWO-WAY RADIO	07/01/92	N	SL	5	790.00	0.00	0.00	790.00	0.00	790.00
4	1	4 CHANNEL RADIO/ ANTENNA	07/01/03	N	SL	5	430.05	0.00	0.00	430.05	0.00	430.05
5	1	TRUCK RADIO	04/15/06	N	SL	5	43.70	0.00	0.00	43.70	0.00	43.70
6	1	REPEATER	06/15/07	N	SL	5	2,245.85	0.00	0.00	2,245.85	0.00	2,245.85
7	1	ANTENNA	07/31/09	N	SL	10	51.15	0.00	0.00	22.61	5.12	27.73
8	1	WEATHER ALERT RA	05/30/12	N	SL	10	43.44	0.00	0.00	13.76	3.53 F	17.29
9	1	TELEMETRY SYSTEM	06/30/14	N	SL	25	111,309.95	0.00	0.00	0.00	2,226.20	2,226.20
10	1	SOFTWARE	12/15/14	N	SL	10	240.00	0.00	0.00	0.00	2.00	2.00
Group # 13 Total							<u>126,221.60</u>	<u>0.00</u>	<u>0.00</u>	<u>14,613.43</u>	<u>2,236.85</u>	<u>16,850.28</u>

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Group # 14 LAND & LAND RIGHTS												
1	1	LAND & LAND RIGHTS	07/01/74	N			2,322.80	0.00	0.00	0.00	0.00	0.00
2	1	LAND & LAND RIGHTS	07/01/88	N			6,631.00	0.00	0.00	0.00	0.00	0.00
3	1	THOMAS TRACT	06/01/90	N			3,500.00	0.00	0.00	0.00	0.00	0.00
4	1	LAND & LAND RIGHTS	07/01/91	N			391.50	0.00	0.00	0.00	0.00	0.00
5	1	TODD TRACT	03/01/94	N			1,500.00	0.00	0.00	0.00	0.00	0.00
6	1	CHAMBERS TRACT	03/01/94	N			1,200.00	0.00	0.00	0.00	0.00	0.00
7	1	AMCA TRACT	04/01/94	N			250.00	0.00	0.00	0.00	0.00	0.00
8	1	LAND & LAND RIGHTS	07/01/95	N			3,011.50	0.00	0.00	0.00	0.00	0.00
9	1	CSX RIGHT OF WAYS	07/01/02	N			3,800.00	0.00	0.00	0.00	0.00	0.00
10	1	RIGHT OF WAY- CURTIS MINE RD	07/01/04	N			3,300.00	0.00	0.00	0.00	0.00	0.00
11	1	LAND RIGHTS	07/01/05	N			468.00	0.00	0.00	0.00	0.00	0.00
12	1	LAND & LAND RIGHTS	06/15/06	N			3,500.00	0.00	0.00	0.00	0.00	0.00
13	1	LAND & LAND RIGHT	02/04/13	N			2,040.00	0.00	0.00	0.00	0.00	0.00
Group # 14 Total							<u>31,914.80</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Group # 15 OTHER TANGIBLE PLANT												
1	1	Septic/Sewer Tanks (2)	10/01/13	N	SL	25	17,008.49	0.00	0.00	170.08	680.34	850.42
2	1	SEPTIC/SEWER TANK	06/30/14	N	SL	25	10,636.48	0.00	0.00	0.00	212.73	212.73
3	1	SEPTIC/SEWER TANK	08/31/14	N	SL	25	6,566.33	0.00	0.00	0.00	87.55	87.55
4	1	SEPTIC/SEWER TANK	09/15/14	N	SL	25	5,711.00	0.00	0.00	0.00	76.15	76.15
5	1	SEPTIC/SEWER TANK	09/15/14	N	SL	25	5,558.50	0.00	0.00	0.00	74.11	74.11
6	1	SEPTIC/SEWER TANK	09/30/14	N	SL	25	6,257.00	0.00	0.00	0.00	62.57	62.57
Group # 15 Total							<u>51,737.80</u>	<u>0.00</u>	<u>0.00</u>	<u>170.08</u>	<u>1,193.45</u>	<u>1,363.53</u>
Grand Total							5,494,218.53	0.00	0.00	3,157,547.13	69,845.56	3,227,392.69
Less: Assets Sold							<u>74,685.84</u>	<u>0.00</u>	<u>0.00</u>	<u>72,510.90</u>	<u>323.18</u>	<u>72,834.08</u>
Net Grand Total							<u>5,419,532.69</u>	<u>0.00</u>	<u>0.00</u>	<u>3,085,036.23</u>	<u>69,522.38</u>	<u>3,154,558.61</u>

BOND RESOLUTION

SOUTH HOPKINS WATER DISTRICT

AUTHORIZING

SOUTH HOPKINS WATER DISTRICT
WATERWORKS REVENUE BONDS, SERIES 1994

IN THE AMOUNT OF

\$770,000

CONSISTING OF \$670,000 OF SERIES A BONDS
AND \$100,000 OF SERIES B BONDS

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BOND RESOLUTION

RESOLUTION OF THE SOUTH HOPKINS WATER DISTRICT OF HOPKINS AND CALDWELL COUNTIES, KENTUCKY, AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF \$770,000 PRINCIPAL AMOUNT OF SOUTH HOPKINS WATER DISTRICT WATERWORKS REVENUE BONDS, SERIES 1994 FOR THE PURPOSE OF FINANCING THE COST (NOT OTHERWISE PROVIDED) OF THE CONSTRUCTION OF EXTENSIONS, ADDITIONS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM OF SAID DISTRICT; SETTING FORTH TERMS AND CONDITIONS UPON WHICH SAID BONDS MAY BE ISSUED AND OUTSTANDING; PROVIDING FOR THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SAID WATERWORKS SYSTEM; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF SAID BONDS.

WHEREAS, the waterworks system (the "System") of the South Hopkins Water District (the "District") is owned and operated by said District pursuant to Chapters 58 and 74 of the Kentucky Revised Statutes (the "Act"), and

WHEREAS, the District presently has an outstanding obligation to the Kentucky Infrastructure Authority (as hereinafter defined), which is payable from and secured by a pledge of the revenues derived from the operation of the System, and

WHEREAS, it is the desire and intent of the District at this time to authorize and provide for the issuance of revenue bonds in the principal amount of \$770,000 (the "Current Bonds"), for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the System of the District, in accordance with plans and specifications prepared by Campbell Wallace Consulting Engineers and to prescribe the covenants of the District, the rights of Bondowners and the details of the issuance and sale of the proposed Current Bonds, and

WHEREAS, the District desires and intends that the Current Bonds be issued as second lien bonds, subject to the vested rights and priorities in favor of the owners of the outstanding KIA Loan, and

WHEREAS, the Public Service Commission of Kentucky has granted to the District a Certificate of Public Convenience and Necessity, authorizing the construction of said extensions, additions and improvements, and

WHEREAS, the proceeds of the Current Bonds will be supplemented by Grant Proceeds (as hereinafter defined) in the amount of approximately \$128,000, and by connection charges in the amount of at least \$68,000, to provide the total cost of such construction,

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF THE SOUTH HOPKINS WATER DISTRICT OF HOPKINS AND CALDWELL COUNTIES, KENTUCKY, AS FOLLOWS:

**ARTICLE 1. DEFINITIONS; PURPOSE; AUTHORIZATION OF BONDS;
SECURITY.**

Section 101. Definitions. As used in this Resolution, unless the context requires otherwise:

"Act" refers to Chapters 58 and 74 of the Kentucky Revised Statutes.

"ACC Grant" refers to the Andalex Coal Company grant described in Section 805 of this Resolution.

"Beginning Month" refers to the month following the month in which the Current Bonds authorized herein are issued, sold and delivered to the Purchaser thereof.

"Bond Counsel" refers to an attorney or firm of attorneys recognized nationally as experts in the field of municipal bond law and shall be deemed to refer to Rubin Hays & Foley, Louisville, Kentucky, or their successors.

"Bondowner" or "Owner" refer to registered Owners of the Current Bonds at the time issued and outstanding hereunder.

"Bonds" collectively refers to the outstanding Current Bonds and the Parity Bonds.

"Chairman" refers to the elected or appointed Chairman or Chairperson of the Commission.

"Code" refers to the Internal Revenue Code of 1986, as amended, and the Treasury Regulations relating thereto.

"Commission" refers to the Board of Commissioners of the District, or such other body as shall be the governing body of said District under the laws of Kentucky at any given time.

"Construction Account" refers to the South Hopkins Water District Construction Account, created in Section 301(B) of this Current Bond Resolution.

"Contractors" refers to the general contractors who have been employed by the District to construct the Project.

"County Grant" refers to the County of Hopkins, Kentucky Grant described in Section 804 of this Resolution.

"Current Bond Resolution" or "Resolution" refer to this Resolution authorizing the Current Bonds.

"*Current Bonds*" refers to the \$770,000 of South Hopkins Water District Waterworks Revenue Bonds, Series 1994, consisting of \$670,000 of Series A Bonds and \$100,000 of Series B Bonds, authorized by this Resolution, to be dated as of the date of issuance thereof.

"*Current Sinking Fund*" refers to the South Hopkins Water District Sinking Fund, created in Section 401 of this Resolution.

"*Depository Bank*" refers to the bank, which shall be a member of the FDIC, which bank is Trans Financial Bank, N.A., Dawson Springs, Kentucky, or its successor.

"*Depreciation Fund*" refers to the South Hopkins Water District Depreciation Fund, described in Section 402 of this Resolution.

"*District*" refers to the South Hopkins Water District of Hopkins and Caldwell Counties, Kentucky.

"*Engineers*" refers to the Engineers or any one of them, who prepared the plans and specifications for the construction of the Project and who will supervise the construction thereof and/or will furnish full time resident inspection of the construction of the Project, and shall be deemed to refer to Campbell Wallace Consulting Engineers, or a member of said firm, or their successors.

"*Event of Default*" refers to one or more of the Events of Default set forth in Section 701 of this Resolution.

"*FDIC*" refers to the Federal Deposit Insurance Corporation, or its successors.

"*Fiscal Year*" refers to the annual accounting period of the District, beginning on January 1 and ending on December 31 of each year.

"*FmHA*" refers to the Farmers Home Administration of the Department of Agriculture of the United States of America.

"*Funds*" refers to the Construction Account, the Revenue Fund, the Sinking Fund, the Depreciation Fund and the Operation and Maintenance Fund.

"*Government*" refers to the United States of America, or any agency thereof, including the FmHA.

"*Grant Proceeds*" refers to the proceeds of the ACC Grant and the County Grant.

"*Independent Consulting Engineer*" refers to a consulting engineer or a firm of consulting engineers of recognized excellent reputation in the field of waterworks system engineering, and such definition includes the Engineers named above.

"Interim Lender" refers to any financial institution or governmental agency approved by the District.

"KIA" refers to the Kentucky Infrastructure Authority, a body corporate and politic, constituting a public corporation and governmental agency and instrumentality of the Commonwealth of Kentucky.

"KIA Loan" refers to the obligation of the District to the KIA, as evidenced by an Assistance Agreement between the KIA and the District, dated as of April 1, 1993, the proceeds of which obligation were used to advance refund a prior obligation from the District to the KIA.

"Local Counsel" refers to Eldred & Wells, Princeton, Kentucky, or any other attorney or firm of attorneys designated by the District.

"Multiple Advances" refers to the advance of loan funds from the FmHA as described in Section 302 of this Resolution.

"Note" refers to a single note or any number of notes, in such form as may be prescribed by the Interim Lender, including any revenue bond anticipation notes issued pursuant to Chapter 58 of the Kentucky Revised Statutes, including any renewal or extensions of the Note, issued by the District evidencing the interim financing for the Project as prescribed in Section 302 of this Resolution.

"Operation and Maintenance Fund" refers to the South Hopkins Water District Operation and Maintenance Fund described in Section 401 of this Resolution.

"Outstanding Bonds" refers to the outstanding Bonds, and does not refer to, nor include, any Bonds for the payment of the principal and interest of which sufficient funds will have been deposited and earmarked for payment of Bonds; provided all Outstanding Bonds of any series held by the FmHA shall be deemed to constitute Outstanding Bonds until paid regardless of the deposit of funds to pay for same.

"Parity Bonds" refers to bonds which may be issued in the future which, pursuant to this Resolution, rank on a basis of parity with the outstanding Bonds, as to priority, security and source of payment, and does not refer to bonds which might be issued so as to rank inferior to the security and source of payment of the outstanding Bonds.

"Project" refers specifically to the construction of the currently proposed extensions, additions and improvements to the System of the District, which Project is being financed by the Current Bonds and by other funds.

"Purchaser" refers to the agency, person, firm or firms, or their successors, to whom the Current Bonds herein authorized are awarded at the public sale of the Current Bonds.

"Required Signatures" refers to the signatures necessary to be obtained with reference to the approval of the expenditures to be made from the Construction Account, which required

signatures shall consist of the signatures of (1) the Chairman; (2) the Engineers; and (3) the Purchaser; provided, however, any expenditures for issuance and administrative costs and the costs of any equipment which is not permanently affixed to the real estate shall not require the signature or the approval of the Engineers.

"*Revenue Fund*" refers to the South Hopkins Water District Revenue Fund, described in Section 401 of this Resolution.

"*Secretary*" refers to the elected or appointed Secretary of the Commission.

"*Sinking Fund*" refers to the Waterworks Bond and Interest Sinking Fund, described in Section 401 of this Resolution.

"*System*" refers to the existing waterworks system of the District, together with all extensions, additions and improvements to said System.

"*Treasurer*" refers to the elected or appointed Treasurer of the Commission.

"*U.S. Obligations*" refers to bonds or notes which are the direct obligations of the United States of America, or obligations the principal of and interest on which are guaranteed by the United States of America.

All words and terms importing the singular number shall, where the context requires, import the plural number and vice versa. Unless otherwise indicated, references to Articles or Sections refers to those in this Resolution.

Section 102. Purpose. The Current Bonds shall be issued for the purpose of financing the cost (not otherwise provided) of the Project, as set out in the plans and specifications prepared by the Engineers. The Commission hereby declares the System of the District, including the extensions, additions and improvements to be constructed, to constitute a revenue producing public project, and said System shall continue to be owned, controlled, operated and maintained by the District as a revenue producing public project pursuant to the Act, so long as any Bonds remain outstanding.

Section 103. Construction Award Approved; Work Authorized. The Commission hereby authorizes, approves, ratifies and confirms its previous action in advertising for and taking steps toward awarding the contracts for the construction of the Project to the lowest and best bidders, and further approves the action of the District officials in entering into formal contracts with said bidders, subject to the necessary approvals being obtained. Authority is hereby given for undertaking the construction of the Project according to the plans and specifications heretofore prepared by the Engineers for the District, after all necessary approvals have been obtained.

Section 104. Declaration of Period of Usefulness. The Commission hereby declares that the period of usefulness of the System is more than forty (40) years from the date of completion of the Project.

Section 105. Authorization of Bonds. The District has heretofore determined that the total cost of the Project, including preliminary expenses, land and rights-of-way, engineering expense, capitalized interest during construction, legal and administrative costs, publication costs, initial deposits required and all incidental expenses, will not exceed \$966,000. Therefore, it is hereby determined to be necessary in order for the District to finance the cost (not otherwise provided) of the Project that the District issue a total of \$770,000 of Current Bonds, based on the following calculation:

Total cost of Project		\$966,000
Less:		
County Grant	\$100,000	
ACC Grant	28,000	
Connection Charges	<u>68,000</u>	
Total Non-Bond Funds:		<u>(196,000)</u>
Balance to be financed by Current Bonds		\$770,000

Accordingly, for the purpose of financing the cost (not otherwise provided) of the Project, under the provisions of the Act, there is hereby authorized to be issued and sold \$770,000 principal amount of South Hopkins Water District Waterworks Revenue Bonds, Series 1994, consisting of \$670,000 of Series A Bonds and \$100,000 of Series B Bonds.

The Current Bonds shall be dated as of the date of delivery to the Purchaser thereof; shall bear interest from such date at such interest rate as may be fixed by supplemental resolution as a result of the advertised sale and competitive bidding for such Current Bonds, as hereinafter provided; and shall be issued and delivered as prescribed in Section 202 hereof.

Interest on the Current Bonds shall be payable semiannually on January 1 and July 1 of each year, provided that the first interest payment period will cover interest only from the date of delivery of the Current Bonds to the ensuing January 1 or July 1, as the case may be. Principal of the Current Bonds shall be payable on January 1 of each of the respective years until maturity, as set out in Section 201 hereof.

Section 106. Recognition of KIA Loan. The District hereby expressly recognizes and acknowledges that the District has previously created for the benefit and protection of the owners of the KIA Loan, a certain lien and pledge and certain security rights relating to the System, all as set forth in the documentation evidencing the KIA Loan.

Section 107. Current Bonds Shall be Payable on Second Lien Basis Out of Gross Revenues. The Current Bonds, and any additional Parity Bonds that may be issued under the conditions and restrictions hereinafter set forth, shall be secured by and payable on a parity solely on a second lien basis out of the gross revenues of the System, after providing for all of the principal and interest requirements of the outstanding KIA Loan.

Section 108. Lien on Contracts. In addition to the revenue pledge securing the Bonds, a lien is hereby created and granted in favor of the Bondowners on all contracts, and on all other rights of the District pertaining to the System, enforceable by assignment to any receiver or other operator proceeding by authority of any court.

ARTICLE 2. THE BONDS; BOND FORM; PREPAYMENT.

Section 201. Principal Payments. Principal payments due on the Current Bonds shall be as set forth in the schedule of maturities set out in **Exhibit A** attached to this Resolution and incorporated herein.

Section 202. Issuance of Current Bonds; Bond Form. The Purchaser of the Current Bonds at the public sale shall take delivery of the Current Bonds in the form of one or more fully registered bonds, as set forth in **Exhibit B** attached hereto and incorporated herein, amounting in the aggregate to the principal amount of the Current Bonds authorized herein, maturing as to principal as set out in Section 201. The Current Bonds shall be numbered R-1 and consecutively upward thereafter. Such Current Bonds shall, upon appropriate execution on behalf of the District as prescribed, constitute the entire bond issue herein authorized, shall be negotiable (subject to registration requirements as to transferability), registered as to principal and interest and payable as directed by the registered Owner.

Section 203. Place of Payment and Manner of Execution. Both principal of and interest on the Current Bonds shall be payable at the place and in the manner set out in the form of such Current Bond. The Current Bonds shall be executed on behalf of the District by the manual or facsimile signature of the Chairman of the District, with the Corporate Seal of the District affixed thereto and attested by the manual or facsimile signature of the Secretary of said District.

If either of the officers whose signatures appear on the Current Bonds ceases to be such officer before delivery of said Current Bonds, such signatures shall nevertheless be valid for all purposes the same as if such officers had remained in office until delivery.

Section 204. Provisions as to Prepayment. Except when all of the Current Bonds are held by the Government, principal maturities falling due prior to January 1, 2005, shall not be subject to prepayment. Principal maturities falling due on and after January 1, 2005, shall be subject to prepayment by the District on any interest payment date falling on and after January 1, 2004, at par plus accrued interest, without any prepayment penalty.

So long as all of the Current Bonds are owned by the Government, all or any of the Current Bonds, or in a multiple of \$100, may be prepaid at any time in inverse chronological order of the principal maturities due, at par plus accrued interest without any prepayment penalty.

Notice of such prepayment shall be given by certified mail to the Bondowner or his assignee, at least 30 days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the Bondowner.

**ARTICLE 3. CONSTRUCTION ACCOUNT; INTERIM FINANCING;
APPLICATION OF PROCEEDS; ARBITRAGE LIMITATIONS.**

Section 301. Construction Account; Application of Proceeds of Bonds; Other Transfers and Deposits. The Treasurer, or such other District official as shall be designated by the Commission, shall be the custodian of all funds belonging to and associated with the System. All moneys in excess of the amount insured by the FDIC in the Construction Account shall be secured by the Depository Bank in accordance with U. S. Treasury Department Circular No. 176. The officials of the District entrusted with the receipt and disbursement of revenues of the System and the custody of valuable property shall be covered by a fidelity bond in the amount of not less than \$40,000 (the "Fidelity Bond"), or such larger amount as the FmHA may require, which Fidelity Bond shall be effective and secured by a surety company approved by the FmHA so long as it is owner of any of the Current Bonds. The FmHA and the District shall be named co-obligees in such Fidelity Bond and the amount thereof shall not be reduced without the written consent of the FmHA. Whenever sums in the Funds shall exceed \$40,000, the Fidelity Bond shall be increased accordingly as requested by and with the approval of the FmHA.

A. Covenants Applicable if FmHA Purchases Current Bonds. It is acknowledged that all covenants herein with reference to the necessity for approval of the FmHA, the necessity of observing FmHA regulations and procedures and the necessity of using FmHA forms (the "FmHA Forms"), shall apply only if the FmHA is the Purchaser of the Current Bonds and only so long as the FmHA holds the Current Bonds thereafter. In the event that the FmHA shall not be the Purchaser of the Current Bonds, or, after purchasing same, shall sell or transfer the Current Bonds to an Owner who shall not be the Government, all covenants herein with reference to the necessity for approval of the FmHA, the necessity of observing FmHA regulations and procedures, and the necessity of using FmHA Forms, shall not be applicable.

B. Application of Proceeds of Current Bonds. The proceeds of the Current Bonds shall be applied as follows:

(1) Payment of Interim Financing, Costs of Project and Costs of Issuance. Simultaneously with the delivery of the Current Bonds, there shall immediately be paid to the Interim Lender (or the FmHA if Multiple Advances are made) an amount sufficient to pay principal of and interest on any temporary loans borrowed by the District in anticipation of the sale and delivery of the Current Bonds and/or of the receipt of Grant Proceeds. Also, at the time of delivery of the Current Bonds, there shall be paid all amounts then due and payable in connection with the costs of the Project and in connection with the issuance of the Current Bonds.

(2) Construction Account. If and to the extent that the proceeds of the Current Bonds shall be in excess of the amount necessary to pay the interest, principal and costs referred to in subparagraph B(1) of this Section, such excess amount shall immediately be deposited in the "South Hopkins Water District Construction Account" hereby created, which shall be established at the Depository Bank. There shall also be deposited in said Construction Account the Grant Proceeds, as and when received, or said Grant Proceeds may be applied, to the extent necessary, to liquidate or reduce any interim financing owed by the District at the time of receipt of Grant Proceeds. Simultaneously

with or prior to the delivery of the Current Bonds, there shall also be deposited in the Construction Account the proceeds of the District contribution in the minimum amount of \$68,000 (less any amounts theretofore used for authorized purposes), to supplement the proceeds of the Current Bonds and Grant Proceeds in order to assure completion of the Project.

(3) Withdrawal of Funds From Construction Account. Prior to the expenditure by the District of any moneys from the Construction Account, the District must obtain written approval from the FmHA as to such expenditures, if the FmHA is the Owner of any Outstanding Bonds. The proceeds of said Construction Account shall be withdrawn only on checks signed by the Chairman, the Treasurer (or by such other official of the District as may be authorized by the Commission), provided such official shall be covered by the Fidelity Bond required by Section 301 of this Resolution, in payment for services and/or materials supplied in connection with the Project, as evidenced by (1) a Requisition Certificate; and (2) invoices and/or partial payment estimates bearing the written approval of the Engineers and the Chairman (or by such other official of the District as may be authorized by the Commission), and which invoices and/or partial payment estimates must have been reviewed and approved for payment by the designated FmHA official.

Written approval or certification of the Engineers shall not be required for matters not under the jurisdiction of the Engineers, such as legal fees, land acquisition and related items.

During construction, the District shall disburse Construction Account funds in a manner consistent with FmHA Instruction 1942-A.

The District shall prepare and submit any and all FmHA Forms required by the FmHA. Periodic audits of the District's Construction Account records shall be made by FmHA as determined by it to be necessary.

(4) Transfer of Capitalized Interest to Sinking Fund. There shall be transferred from the Construction Account an amount sufficient to provide for capitalized interest (initially estimated at \$35,500) during the construction of the Project, as approved by the Engineers and by the FmHA. If and to the extent not theretofore expended in paying interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the Project, such amount so transferred from the Construction Account shall be deposited in the Sinking Fund.

(5) Investment of Funds in Construction Account. Pending disbursement of amounts on deposit in the Construction Account, all such funds, or such portion of said amounts on deposit in said Construction Account as is designated by the Commission, shall be invested for the benefit of such Construction Account in Certificates of Deposit, savings accounts or U.S. Obligations which may be converted readily into cash, having a maturity date prior to the date when the sums invested will be needed for costs of the Project (as determined by the Engineers, the Chairman and the FmHA), provided that to the extent that any amounts on deposit in said Depository Bank shall

cause the total deposits of the District in said Depository Bank to exceed the amount insured by the FDIC, the same shall be continuously secured by a valid pledge of U.S. Obligations, having an equivalent market value, in conformity with Section 66.480 of the Kentucky Revised Statutes. Investments in Certificates of Deposit may be made only if a separate FmHA Form 402-4 Agreement is executed, if the FmHA has purchased any of the Bonds, and investments in Certificates of Deposit or savings accounts may be made only in such Certificates or accounts of an FDIC bank. Any such investments will be a part of the Construction Account, and income from such investments will be credited to the Construction Account. All such investments shall be subject to the limitations set out in Section 303 hereof.

(6) **Statements of Contractors, Engineers and Attorneys as to Payment.** Prior to the delivery of the Current Bonds, if the FmHA is the Purchaser of the Current Bonds, the District will be required to provide the FmHA with statements from the Contractors, Engineers and attorneys for the District that they have been paid to date in accordance with their contract or other agreements and, in the case of any Contractor, that he has paid his suppliers and subcontractors. Any exceptions must be authorized under FmHA Instruction 1942-A.

(7) **Disposition of Balance in Construction Account After Completion of Project.** When the Project has been completed and all construction costs have been paid in full, as certified by the Engineers for the District and/or by the FmHA, any balance then remaining in the Construction Account may, with the consent of the FmHA, be applied to the cost of constructing additional extensions, additions and improvements to the System (the "Additional Construction"). If such Additional Construction is to be undertaken by the Contractors previously engaged in the Project, such Additional Construction may be authorized by a change order.

If there is a balance remaining in the Construction Account after such Additional Construction, such balance (subject to legal requirements as to possible refund of any allocated portion of the balance derived from Grant Proceeds) shall be transferred to the Sinking Fund, whereupon said Construction Account shall be closed. Such remaining balance in the Construction Account so transferred to the Sinking Fund shall be used by the District immediately to prepay principal installments due on the Current Bonds in the inverse order of maturities without prepayment penalty, provided further that any balance insufficient to prepay at least \$100 of the principal payment falling due in any year on the Bonds will be transferred to the Depreciation Fund.

Section 302. Interim Financing Authorization.

A. Interim Financing. The District shall use interim financing for the Project during construction of that portion of the cost of the Project financed by the Current Bonds, if available at reasonable rates and terms.

The borrowing of up to the aggregate sum of \$770,000 from the Interim Lender is hereby authorized; and the Chairman is hereby authorized to execute the Note in the name and on behalf of the District. Each advance under the Note shall evidence a loan by the Interim

Lender to the District for services rendered and/or materials supplied in connection with the Project, as evidenced by a Requisition Certificate.

Interim financing shall be disbursed as follows:

(1) At the direction of the District, the Interim Lender shall disburse the proceeds of the Note by cashier's checks directly to the parties entitled thereto as set forth in the Requisition Certificate; or

(2) At the direction of the District, the Interim Lender shall deposit the proceeds of the Note in the Construction Account, in which event amounts of the District on deposit therein shall, until expended to the extent that same shall exceed the amount insured by the FDIC, be fully secured by a pledge of U.S. Obligations.

The aggregate of the principal amount of all Notes shall not exceed \$770,000. Each Note which is renewed or superseded shall be simultaneously cancelled by the Interim Lender and transmitted to the Treasurer. The rate of interest applicable to each Note shall not exceed a reasonable rate, which rate is subject to the approval of the FmHA.

The total authorized interim financing of \$770,000 shall be the maximum indebtedness which the District may owe at any one time to the Interim Lender for the purpose of providing temporary construction financing for the Project; provided, however, that the District may reduce the amount owed by the District to the Interim Lender from time to time as and when funds are available to the District, whether derived from the proceeds of the Grant Proceeds, the proceeds of the sale of the Current Bonds or otherwise, and may reborrow from the Interim Lender additional amounts in anticipation of the further receipt by the District of additional proceeds from the Current Bonds and/or Grant Proceeds.

The District hereby covenants and agrees with the Interim Lender that upon the issuance and delivery of the Current Bonds and/or the receipt of said Grant Proceeds, the District will apply the proceeds thereof, to whatever extent may be necessary, in payment of the principal amount of the Note, together with accrued interest thereon to the date of such payment; and the proceeds of the Current Bonds and Grant Proceeds are hereby pledged therefor, and such pledge shall constitute a first and prior charge against said proceeds.

Although the proceeds of the Current Bonds and Grant Proceeds are pledged to the repayment of said interim financing, it is recognized that the Grant Proceeds may be applied to the extent required at the time of receipt of the Grant Proceeds, to the payment of costs of the Project due and owing by the District at the time of receipt of such Grant Proceeds, rather than to the repayment of portions of the interim financing at that time. If and to the extent that the Grant Proceeds are in excess of any costs of the Project due and owing at the time of receipt thereof, such Grant Proceeds may be applied, in the same manner as set out hereinabove, to the reduction of the amount of the interim financing, after which, such interim financing may again be increased as theretofore. The District further pledges the revenues of the System to the repayment of said interim financing, subject to the vested rights and priorities of the pledges securing the KIA Loan.

It is understood that the foregoing constitutes an alternative method of obtaining interim financing, and does not preclude the authorization and sale, by public advertisement or otherwise, of bond anticipation notes and/or grant anticipation notes to the most favorable bidder on the open market, by concurrent or subsequent proceedings of the District.

B. Multiple Advances by FmHA. In the event the Current Bonds are purchased by the FmHA, and in the event the District is unable to obtain a commitment for interim financing for the Project from any Interim Lender at reasonable rates and terms, the Chairman is authorized to request Multiple Advances of loan funds from the FmHA.

If the FmHA agrees to make Multiple Advances to the District pending the delivery of the Current Bonds, the Chairman is hereby authorized to execute in the name and on behalf of the District any number of Notes. Each such Note, evidencing an advance of funds by the FmHA to the District, shall be in the form prescribed by the FmHA.

Each request for an advance from the FmHA shall be accompanied by a Requisition Certificate. The District will also furnish to the FmHA, prior to the receipt of each Multiple Advance, whatever additional documentation shall be requested by the FmHA, including an updated supplemental title opinion of Local Counsel and an updated supplemental preliminary legal opinion of Bond Counsel.

The proceeds of any Multiple Advances shall be either (i) disbursed directly to the parties entitled thereto for services and/or materials supplied in connection with the Project; or (ii) deposited into the Construction Account and disbursed in accordance with the provisions of Section 301 hereof, in which event amounts on deposit in such Construction Account shall, until expended, to the extent that same shall exceed the amount insured by the FDIC, be fully secured by a pledge of U.S. Obligations.

The proceeds of the Current Bonds are hereby pledged to the repayment of such Multiple Advances, and such pledge shall constitute a first and prior pledge against such proceeds. The District further pledges the revenues of the System to the repayment of said Multiple Advances, subject to the vested rights and priorities of the pledges securing the KIA Loan.

Section 303. Arbitrage Limitations on Investment of Proceeds. The District covenants and certifies, in compliance with the Code, on the basis of known facts and reasonable expectations on the date of adoption of this Resolution, that it is not expected that the proceeds of the Current Bonds will be used in a manner which would cause the Current Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The District covenants to the Owners of the Current Bonds that (1) the District will make no use of the proceeds of said Current Bonds which, if such use had been reasonably expected on the date of issue of such Current Bonds, would have caused such Current Bonds to be "arbitrage bonds"; and (2) the District will comply with all of the requirements of the Code to whatever extent is necessary to assure that the Current Bonds shall not be treated as or constitute "arbitrage bonds" and that the interest on the Bonds shall be excludable from gross income for federal income tax purposes.

Prior to or at the time of delivery of the Current Bonds, the Chairman and/or the Treasurer (who are jointly and severally charged with the responsibility for the issuance of the Current Bonds) are authorized to execute such certifications as shall be required by Bond Counsel, setting out all known and contemplated facts concerning the anticipated construction, expenditures and investments, including the execution of necessary and/or desirable certifications of the type contemplated by Section 148 of the Code in order to assure that interest on the Current Bonds shall be excludable from gross income for federal income tax purposes and that the Current Bonds will not be treated as "arbitrage bonds".

ARTICLE 4. FLOW OF FUNDS.

Section 401. Funds. The is hereby created and established in this Resolution the following funds and accounts:

- (a) South Hopkins Water District Revenue Fund
- (b) South Hopkins Water District Sinking Fund
- (c) South Hopkins Water District Depreciation Reserve Fund
- (d) South Hopkins Water District Operation and Maintenance Fund

All of the Funds shall be maintained with the Depository Bank so long as any Bonds remain outstanding.

Section 402. Flow of Funds. After the issuance of the Current Bonds, the income and revenues of the System shall be collected, segregated, accounted for and distributed as follows, subject to the priority of the documentation evidencing the KIA Loan:

A. Revenue Fund. The District covenants and agrees that it will continue to deposit in the Revenue Fund, promptly as received from time to time, all revenues of the System, as same may be extended and improved from time to time. The moneys in the Revenue Fund shall continue to be used, disbursed and applied by the District only for the purpose and in the manner and order of priorities specified this Resolution, all as permitted by the Act, and in accordance with previous contractual commitments.

B. Sinking Fund. It is hereby recognized that the District is obligated upon the issuance of the Current Bonds to provide for additional debt service requirements of the Current Bonds.

At or after the delivery of the Current Bonds, there shall be transferred from the Construction Account to the Sinking Fund an amount sufficient to provide for capitalized interest (initially estimated at \$35,500) on the Current Bonds during the construction of the Project, if and to the extent not theretofore expended in paying interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the Project.

There shall be transferred from the Revenue Fund and deposited into the Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Outstanding Bonds, a sum equal to the total of the following:

- (1) An amount equal to one-sixth (1/6) of the next succeeding six-month interest payment to become due on the Bonds, plus
- (2) A sum equal to one-twelfth (1/12) of the principal of any Bonds maturing on the next succeeding January 1.

If the District for any reason shall fail to make any monthly deposit as required, then an amount equal to the deficiency shall be set apart and deposited into the Sinking Fund out of the first available revenues in the ensuing months, which amount shall be in addition to the monthly

deposit otherwise required during such succeeding months. Whenever there shall accumulate in the Sinking Fund amounts in excess of the requirements during the next twelve months for paying the principal of and interest due on the Outstanding Bonds, as same fall due, such excess may be used for redemption or prepayment of any Outstanding Bonds, subject to the terms and conditions set forth therein, prior to maturity.

C. Depreciation Fund. There shall next be transferred from the Revenue Fund the sum of at least \$380 each month which shall be deposited into the Depreciation Fund until there is accumulated in such Depreciation Fund the sum of at least \$45,600, which amount shall be maintained, and when necessary, restored to said sum of \$45,600, so long as any of the Bonds are outstanding and unpaid.

As further security for the Bondowners and for the benefit of the District, it has been and is hereby provided that in addition to the monthly transfers required to be made from the Revenue Fund into the Depreciation Fund, there shall be deposited into said Depreciation Fund all proceeds of connection fees collected from potential customers (except the amounts necessary to pay the actual costs and service connections applicable to said potential customers) to aid in the financing of the cost of future extensions, additions and improvements to the System, plus the proceeds of any property damage insurance (not otherwise used to replace damaged or destroyed property); and any such amounts or proceeds so deposited shall be used solely and only for the purposes intended.

Moneys in the Depreciation Fund may be withdrawn and used by the District, upon appropriate certification of the Commission, for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, renewals and replacements not included in the annual budget of current expenses and/or of paying the costs of constructing future extensions, additions and improvements to the System which will either enhance its revenue-producing capacity or will provide a higher degree of service, and when necessary, for the purpose of making payments of principal and interest on the Bonds if the amount on deposit in the Sinking Fund is not sufficient to make such payments.

D. Operation and Maintenance Fund. There shall next be transferred monthly from the Revenue Fund and deposited into said Operation and Maintenance Fund, sums sufficient to meet the current expenses of operating and maintaining the System. The balance maintained in said Operation and Maintenance Fund shall not be in excess of the amount required to cover anticipated System expenditures for a two-month period pursuant to the District's annual budget.

E. Monthly Principal and Interest Payments if Requested by the FmHA. So long as any of the Bonds are held or insured by the FmHA, the District shall, if requested by the FmHA, make the payments required by this Section 402, in monthly installments to the FmHA or to the insured Owners of the Bonds.

F. Surplus Funds. Subject to the provisions for the disposition of the income and revenues of the System as set forth hereinabove, which provisions are cumulative, and after paying or providing for the payment of debt service on any subordinate obligations, there shall be transferred, within sixty days after the end of each fiscal year, the balance of excess funds in

the Revenue Fund on such date, to the Depreciation Fund for application in accordance with the terms of this Resolution or to the Sinking Fund to be applied to the maximum extent feasible, to the prompt purchase or redemption of Outstanding Bonds.

G. Investment and Miscellaneous Provisions. All monies in the Sinking Fund and the Depreciation Fund shall be deposited in the Depository Bank, or such portion thereof as is designated by the Commission. All monies in the Sinking Fund and the Depreciation Fund shall be invested for the benefit of such respective Funds in Certificates of Time Deposit or savings accounts of the Depository Bank or in U.S. Obligations which may be converted readily into cash, having a maturity date prior to the date when the sums invested will be needed for the purposes for which such funds may be expended, provided that to the extent that any amount of the District on deposit in the Depository Bank shall cause the total deposits of the District in said Depository Bank to exceed the amount insured by the FDIC, such excess amount shall be continuously secured by a valid pledge of U.S. Obligations, having an equivalent market value, in conformity with Section 66.480 of the Kentucky Revised Statutes.

If the FmHA has purchased any of the Outstanding Bonds, investments in Certificates of Deposit may be made only if a separate FmHA Form 402-4 Agreement is executed. Any such investments will be a part of the respective Funds from which the proceeds invested are derived, and income from such investments will be credited to such respective Funds. All investments of funds derived from proceeds of the Outstanding Bonds shall be subject to the applicable limitations set out in Section 303 hereof.

All payments into the Funds shall be made on or before the twentieth (20th) day of each month, except that when the twentieth (20th) day of any month shall be a Saturday, Sunday or a legal holiday, then such payment shall be made on the next succeeding business day.

All monies held in any of the Funds shall be kept apart from all other District funds and shall be deposited in the Depository Bank, and all such deposits which cause the aggregate of all deposits of the District therein to be in excess of the amount secured by FDIC, shall (unless invested as herein authorized) be secured by a surety bond or bonds or by a pledge of U.S. Obligations, having a market value equivalent to such deposit.

The Treasurer shall keep appropriate records as to payment of principal and interest installments and as to payment of principal of and interest on any Bonds.

Section 403. Current Bonds are Subordinate to the KIA Loan. It is hereby certified and declared that the Current Bonds shall be subordinate to the lien and pledge of the KIA Loan on the gross revenues of the System.

ARTICLE 5. COVENANTS OF DISTRICT

Section 501. Rates and Charges. The District shall charge such rates and charges for all services and facilities rendered by the System, which rates and charges shall be reasonable, taking into account and consideration the cost and value of the System, the cost of maintaining, repairing and operating same and the amounts necessary for the payment of principal of and interest on Outstanding Bonds against the System. The District shall charge such rates and charges as shall be adequate to meet the requirements of Articles 4 and 5 hereof.

The District covenants that it will not reduce the rates and charges for the services rendered by the System without first filing with the Secretary a certification of an Independent Consulting Engineer that the annual net revenues (defined as gross revenues less operating expenses) of the then existing System for the fiscal year preceding the year in which such reduction is proposed, as such annual net revenues are adjusted, after taking into account the projected reduction in annual net revenues anticipated to result from any such proposed rate decrease, are equal to not less than 120% of the average annual debt service requirements for principal and interest on all of the then Outstanding Bonds payable from the revenues of the System, calculated in the manner specified in Section 603 hereof.

Section 502. Books and Accounts; Audit. The District shall maintain proper records and accounts relating to the operation of the System and the District's financial affairs; and the Bondowners, or their authorized representatives, shall have the right at all reasonable times to inspect the facilities of the System and all records, accounts and data relating thereto. An annual audit shall be made of the books and accounts pertinent to the System by a Certified Public Accountant licensed in Kentucky. No later than ninety (90) days after the close of each Fiscal Year, copies of such audit reports certified by such Certified Public Accountant shall be promptly mailed to the FmHA without request, so long as the Government is the Owner of any of the Bonds, and to any Bondowner that may have made a written request for same.

Monthly operating reports shall be furnished to the FmHA and to any Bondowner requesting same, during the first two (2) years of operation after completion of the Project, and whenever and so long as the District is delinquent in any of the covenants set out in this Current Bond Resolution. Thereafter, quarterly operating reports shall be furnished at all other times to the FmHA and to any Bondowner requesting the same.

Section 503. System to Continue to be Operated on Fiscal Year Basis; Annual Budget. While any of the Bonds are outstanding and unpaid, and to the extent permitted by law, the System shall continue to be operated and maintained on a Fiscal Year basis.

Not later than sixty (60) days before the end of each Fiscal Year, the District agrees to cause to be prepared a proposed annual budget of operating expenses (the "Proposed Budget") of the System for the then ensuing Fiscal Year, itemized on the basis of monthly requirements. A copy of said Proposed Budget shall be mailed to any Bondowner who may request in writing a copy of such Proposed Budget and to the FmHA without request, if the Government is the Owner of any of the Bonds.

For the purpose of the Proposed Budget, operating expenses shall include all reasonable and necessary expenses of operating, repairing, maintaining and insuring the System, but shall exclude depreciation and debt service payments. The District covenants that the operating expenses incurred in any year will not exceed the reasonable and necessary amounts therefor, and that the District will not expend any amount or incur any obligation for operation or maintenance and repair in excess of the amounts provided for operating expenses in the annual budget, except upon resolution by the District that such expenses are necessary to operate and maintain the System.

Not later than sixty (60) days before the end of each Fiscal Year, the District shall prepare an estimate of gross revenues to be derived from the operation of the System for said Fiscal Year, and, to the extent that said gross revenues are insufficient (a) to pay debt service requirements on all Outstanding Bonds during the ensuing Fiscal Year, (b) to accumulate and maintain all required reserves enumerated herein and (c) to pay operating expenses, the District shall revise the rates and charges sufficiently to provide the funds so required.

If the Owners of at least 50% of the principal amount of the Outstanding Bonds, or the Government so long as it is the Owner of any of said Outstanding Bonds, so request, the Commission shall hold an open hearing not later than thirty (30) days before the beginning of the ensuing Fiscal Year, at which time any Bondowner may appear by agent or attorney and may file written objections to such proposed budget. Notice of the time and place of such hearing shall be mailed at least fifteen (15) days prior to the hearing to each registered Bondowner and to the Government.

The District covenants that annually before the first day of the Fiscal Year, the annual budget for the upcoming Fiscal Year will be adopted substantially in accordance with the Proposed Budget, and that no expenditures for operation and maintenance expenses of the System in excess of the budgeted amount shall be made during such Fiscal Year unless directed by said District by a specific resolution duly adopted.

Section 504. General Covenants. The District, through its Commission, hereby covenants and agrees with the Owners of the Bonds that:

- (1) It will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the Commonwealth of Kentucky;
- (2) It will make and collect reasonable and sufficient rates and charges for services and facilities rendered by the System;
- (3) It will segregate the revenues and income from the System and make application thereof consistent with and as provided by this Resolution;
- (4) Unless the written consent of the Owners of a majority of the principal amount of the Outstanding Bonds has been obtained, the District agrees not to sell, lease, mortgage or in any manner dispose of any integral part of the System, including any and all appurtenances thereto and extensions,

additions and improvements that may be made thereto, until all of the Outstanding Bonds shall have been paid or provided for in full, as provided herein; subject to the provisions of Section 607 hereof;

- (5) It will maintain in good condition and continuously operate the System and appurtenances thereto and will charge such rates and charges for the services rendered thereby so that the gross income and revenues will be sufficient at all times (i) to pay the interest on and principal of the Outstanding Bonds as same become due; (ii) to pay the cost of operating and maintaining the System; and (iii) to provide for an adequate depreciation account;
- (6) It will carry and maintain insurance on properties of the System subject to loss or damage in amounts and against hazards substantially in accordance with the practices of other districts, cities or corporations which own and maintain waterworks systems under similar conditions; and so long as the Government is the Owner of any of the Outstanding Bonds, the Government will be listed as co-beneficiary on any such policy; and the District shall further comply with the insurance requirements of Section 506 hereof (involving insurance on motors, tanks and structures); and
- (7) It will, pursuant to Section 96.394 of the Kentucky Revised Statutes and other applicable legal provisions, cause rates and charges for sewer services provided by the System to be billed simultaneously with rates and charges for water service furnished to sewer customers by the System, and will provide that water service will be discontinued to any premises where there is a failure to pay any part of the aggregate charges so billed, including such penalties and fees for disconnection and/or reconnection as be prescribed from time to time.

Section 505. Other Covenants Applicable So Long as FmHA Owns Any Bonds. So long as the FmHA shall own any of the Bonds, the District shall comply with such FmHA regulations, requirements and requests as shall be made by the FmHA, including the furnishing of operating and other financial statements, in such form and substance and for such periods as may be requested by the FmHA, the carrying of insurance of such types and in such amounts as the FmHA may specify, with insurance carriers acceptable to the FmHA and compliance with all of the terms and conditions of the Loan Resolution (FmHA Form 1942-47) adopted and executed by the District, which is hereby authorized, approved, ratified and confirmed.

Section 506. Insurance on Motors, Tanks and Structures. The District shall (a) immediately after the adoption of this Resolution and (b) at the time of final acceptance of the Project, insure all electric motors, elevated water storage tanks, pumping stations and major structures of the System in an amount recommended by the Engineers and approved by the FmHA, so long as the FmHA is the Owner of any of the Bonds, for the hazards usually covered in such area, and shall similarly insure same in an amount recommended by the Engineers, without the necessity of approval by the FmHA if and whenever the District has Outstanding Bonds against the System and none of such Outstanding Bonds are owned by the FmHA.

ARTICLE 6. INFERIOR BONDS AND PARITY BONDS

Section 601. Inferior Bonds. Except as hereinafter provided below in this Article, the District shall not, so long as any Bonds are outstanding, issue any additional bonds payable from the revenues of the System unless the security and/or pledge of the revenues and statutory mortgage lien to secure such additional bonds are made inferior and subordinate in all respects to the security of the Bonds.

The District expressly reserves the right at any time to issue its bonds or other obligations payable from the revenues of the System and not ranking on a parity basis with the Current Bonds, without any proof of previous earnings or net revenues, provided that the consent of the FmHA must be obtained prior to the issuance of any inferior bonds so long as the FmHA owns any of the Bonds, and provided further that, after the initial completion of the Project, such inferior bonds may be issued only for the purpose of providing for future extensions, additions and improvements to the System, and only in express recognition of the priorities, liens and rights created and existing for the security, source of payment and protection of the Outstanding Bonds; provided further, that nothing in this Section is intended to restrict or shall be construed as a restriction upon, the ordinary refunding all or a portion of the Outstanding Bonds.

Section 602. Parity Bonds to Complete the Project. The District hereby certifies, covenants and agrees that in the event that the cost of completion of the construction of the Project shall exceed the moneys available to the District from any and all sources, the District shall have the right, if necessary, to provide for such excess, and only such excess, through the issuance of Parity Bonds, provided the District has obtained a certification from the Engineers to the effect that it is necessary to issue the desired amount of Parity Bonds in order to enable the District to pay the cost (not otherwise provided) of the completion of the Project, and provided the District has complied with the provisions of Section 603 below or has obtained the consent of (1) the FmHA if the Government is the purchaser of the Current Bonds; or (2) the Owners of at least 75% of the principal amount of the Current Bonds outstanding, if the Current Bonds have been issued, sold and delivered and are held by Owners other than the Government.

Section 603. Parity Bonds to Finance Future Improvements. The District reserved the right and privilege, and does hereby reserve the right and privilege, of issuing additional Parity Bonds, but only under the conditions specified in the Current Bond Resolution, which conditions are as follows:

The District further reserves the right to add new waterworks facilities and/or to finance future extensions, additions and improvements to the System by the issuance of one or more additional series of Parity Bonds to be secured by a parity lien on and ratably payable on a parity with the Current Bonds, from the revenues of the System, provided:

(a) The facilities to be constructed from the proceeds of the additional Parity Bonds are made a part of the System and their revenues are pledged as additional security for the additional Parity Bonds and for the Outstanding Bonds.

(b) The District is in compliance with all covenants and undertakings in connection with all of the Outstanding Bonds.

(c) The annual net revenues (defined as gross revenues less operating expenses), of the then existing System for the Fiscal Year preceding the year in which such Parity Bonds are to be issued, adjusted as hereinafter provided, shall be certified by an independent Certified Public Accountant to be equal at least one hundred twenty percent (120%) of the average annual debt service requirements for principal and interest on all Outstanding Bonds payable from the revenues of the System, plus the anticipated debt service requirements of any Parity Bonds then proposed to be issued. The calculation of average annual debt service requirements of principal and interest on the additional Parity Bonds to be issued shall, regardless of whether such additional Parity Bonds are to be serial or term bonds, be determined on the basis of the principal of and interest on such Parity Bonds being payable in approximately equal annual installments.

(d) The annual net revenues referred to above may be adjusted for the purpose of the foregoing computations to reflect:

(1) any revisions in the System's schedule of rates or charges being imposed on or before the time of the issuance of any such additional Parity Bonds, and

(2) any increase in the annual net revenues to be realized from the proposed extensions, additions and improvements being financed (in whole or in part) by such additional Parity Bonds;

provided all such adjustments shall be based upon and included in a certification of an Independent Consulting Engineer.

(e) Compliance with Section 603(a) through (d) shall not be necessary for the issuance of Parity Bonds if the District has obtained the written consent of the FmHA for the issuance of such Parity Bonds, if the Government is the Owner of any Bonds at the time of issuance of such Parity Bonds and no other prerequisite need be complied with by the District in order to issue Parity Bonds.

Section 604. Covenants to be Complied with at Time of Issuance of Parity Bonds.

The District hereby covenants and agrees that in the event any Parity Bonds are issued, the District shall:

(a) Adjust the monthly amount to be deposited into the Sinking Fund on the same basis as that prescribed in the provisions establishing such Sinking Fund, to reflect the average annual debt service requirements of the Parity Bonds;

(b) Adjust the minimum annual amount to be deposited monthly into the Depreciation Fund on the same basis as that prescribed in the provisions establishing such Depreciation Fund, taking into account the future debt service requirements of all Bonds which will then be outstanding against the System; and

(c) Make such Parity Bonds payable as to principal on January 1 of each year in which principal falls due and payable as to interest on January 1 and July 1 of each year until the final maturity of such Parity Bonds.

Section 605. Prepayment Provisions Applicable to Parity Bonds. If, in connection with any subsequently issued series of Parity Bonds, it is provided that excess revenues in the Revenue Fund shall be used to prepay Outstanding Bonds in advance of scheduled maturity, or if the District at its option undertakes to prepay Outstanding Bonds in advance of scheduled maturity, it is agreed and understood, for so long as the Government owns any of the Outstanding Bonds, that no such prepayment will be effected without the approval of the FmHA.

Section 606. Consent of the FmHA Regarding Future Bonds. Notwithstanding any other provisions of this Resolution, the District agrees that so long as the Government owns any Outstanding Bonds against and/or payable from the revenues of the System, the District will not issue any future bonds, notes or other obligations against, secured by or payable from the revenues of the System without the written consent of the FmHA.

Section 607. Priority of Lien; Permissible Disposition of Surplus or Obsolete Facilities. The District covenants and agrees that so long as any of the Bonds are outstanding, the District will not sell or otherwise dispose of any of the facilities of the System, or any part thereof, and, except as provided above, the District will not create or permit to be created any charge or lien on the revenues thereof ranking equal or prior to the charge or lien of the Outstanding Bonds. Notwithstanding the foregoing, the District may at any time permanently abandon the use of, or sell at fair market value, any part of the facilities of the System, provided that:

- (a) The District is in compliance with all covenants and undertakings in connection with all of the Outstanding Bonds, and the required reserves for such Outstanding Bonds will have been accumulated;
- (b) The District will, in the event of any such sale, apply the proceeds to either (1) redemption of Outstanding Bonds in accordance with the provisions governing prepayment of bonds in advance of maturity; or (2) replacement of the facility so disposed of by another facility, the revenues of which shall be incorporated into the System, as hereinbefore provided;
- (c) The District certifies, in good faith, prior to any abandonment of use, that the facilities to be abandoned are no longer economically feasible of producing net revenues; and
- (d) The District certifies, in good faith, that the estimated net revenues of the remaining facilities of the System for the then next succeeding Fiscal Year, plus the estimated net revenues of the facilities, if any, to be added to the System, comply with the earnings requirements hereinbefore provided in the provisions and conditions governing the issuance of Parity Bonds.

Notwithstanding any other provisions hereof, so long as any Bonds are held by the Government, the District shall not dispose of its title to the System or to any part thereof, without first obtaining the written consent of the FmHA.

ARTICLE 7. DEFAULT AND CONSEQUENCES

Section 701. Events of Default. The following items shall constitute an Event of Default on the part of the District:

- (a) The failure to pay principal of the Bonds as and when same shall become due and payable, either at maturity or by proceedings for redemption.
- (b) The failure to pay any installment of interest on the Bonds when the same shall become due and payable or, if any or all of the Outstanding Bonds are owned by the FmHA, within thirty (30) days thereafter.
- (c) The default by the District in the due or punctual performance of any of the covenants, conditions, agreements and provisions contained in the Bonds or in this Resolution.
- (d) The failure to promptly repair, replace or reconstruct facilities of the System that have been damaged and/or destroyed.
- (e) The entering of any order or decree with the consent or the acquiescence of the District, appointing a receiver of all or any part of the System or any revenues thereof; or if such order or decree shall be entered without the acquiescence or consent of the District, its failure to have the order vacated, discharged or stayed on appeal within sixth (60) days after entry.

Section 702. Consequences of Event of Default. Any Owner of the Current Bonds may enforce and compel the performance of all duties and obligations of the District set forth herein. Upon the occurrence of an Event of Default, then upon the filing of a suit by any Owner of said the Current Bonds, any court having jurisdiction of the action may appoint a receiver to administer said System on behalf of the District with power to charge and collect rates sufficient to provide for the payment of operating and maintenance expenses and for the payment of principal of and interest on the Outstanding Bonds and to provide and apply the income and revenues in conformity with this Resolution and with the laws of the Commonwealth of Kentucky.

The District hereby agrees to transfer to any bona fide receiver or other subsequent operator of the System, pursuant to any valid court order in a proceeding brought to enforce collection or payment of the District's obligations, all contracts and other rights of the District pertaining to the System, conditionally, for such time only as such receiver or operator shall operate by authority of the court. Upon the occurrence of an Event of Default, the Owner of any of the Outstanding Bonds may require the governing body of the District by appropriate order to raise the rates a reasonable amount consistent with the requirements of this Resolution.

**ARTICLE 8. CONTRACTUAL PROVISIONS; GRANT APPROVAL;
MISCELLANEOUS PROVISIONS.**

Section 801. Resolution Contractual with Bondowners. The provisions of this Resolution constitute a contract between the District and its Commission and the Owners of the Current Bonds as may be outstanding from time to time; and after the issuance of any of said Current Bonds, no change, alteration or variation of any kind of the provisions of this Resolution shall be made in any manner which will affect an Owner's rights except as herein provided or except with the written consent of all Bondowners until such time as all of the Current Bonds and the interest thereon have been paid in full or fully provided for; provided that the Commission may adopt any resolution for any purpose not inconsistent with the terms of this Resolution and which shall not impair the security of the Owners of the Current Bonds and/or for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained herein or in any resolution or other proceedings pertaining hereto.

It is further agreed that the Owners of 75% in principal amount of the Current Bonds at any time outstanding shall have the right to consent to and approve the adoption of resolutions or other proceedings, modifying or amending any of the terms or provisions contained in this Resolution, subject to the conditions that (a) this Resolution shall not be so modified in any manner that may adversely affect the rights of any certain Owners of the Outstanding Bonds without similarly affecting the rights of all Owners of such Outstanding Bonds, or to reduce the percentage of the number of Owners whose consent is required to effect a further modification and (b) no such change may be effected without the consent of the FmHA so long as the FmHA owns any of the Outstanding Bonds.

Section 802. All Current Bonds are Equal. The Current Bonds authorized herein shall not be entitled to priority one over the other in the application of the income and revenues of the System, or with respect to the security for their payment, regardless of the time or times of their issuance, it being the intention that there shall be no priority among any of the Current Bonds regardless of the fact that they may be actually issued and delivered at different times.

Section 803. District Obligated to Refund Current Bonds Owned by Government Whenever Feasible; Defeasement Prohibited. So long as the Government is the Owner of any of the Current Bonds, if it appears to the Government that the District is able to refund such Current Bonds in whole or in part, by obtaining a loan for such purposes from responsible cooperative or private credit sources, or to sell bonds of the District in the open market, at reasonable rates and terms, for loans or bond issues for similar purposes and periods of time, the District will, upon request of the Government, obtain such loan and/or issue such bonds in sufficient amount to repay the Government and will take all such action as may be required in connection therewith.

In addition, so long as the Government is the Owner of any of the Current Bonds, the District shall not issue any bonds or other obligations for the purpose of defeasing or otherwise terminating the lien of the Current Bonds without immediately prepaying all of the then outstanding Current Bonds.

Section 804. Approval and Acceptance of County Grant. The County of Hopkins Kentucky (the "County") has agreed to make a grant to the District in the amount of \$100,000 (the "County Grant") to supplement the proceeds of the Current Bonds in order to provide the total cost of the Project. The Chairman and Secretary are authorized on behalf of the District to accept any and all County Grants offered to the District in connection with the Project and to execute any and all Grant agreements and any other documents in connection with County Grants which have been and/or which may hereafter be approved for such Project.

Section 805. Approval and Acceptance of ACC Grant. The Andalex Coal Company (the "ACC") has agreed to make a grant to the District in the amount of \$28,000 (the "ACC Grant") to supplement the proceeds of the Current Bonds in order to provide the total cost of the Project. The Chairman and Secretary are authorized on behalf of the District to accept any and all other ACC Grants offered to the District in connection with the Project and to execute any and all Grant agreements and any other documents in connection with ACC Grants which have been and/or which may hereafter be approved for such Project.

Section 806. Authorization, Ratification and Confirmation of Approval and Execution of Various Documents. The Commission hereby authorizes, approves, ratifies and confirms the previous action of the officers of the District in approving and executing various documents related to the financing of the Project, including the following:

- (a) Legal Services Agreement with Bond Counsel.
- (b) Legal Services Agreement with Local Counsel.
- (c) Letter of Intent to Meet Conditions of FmHA Letter of Conditions (FmHA Form 1942-46).
- (d) Loan Resolution (FmHA Form 1942-47).
- (e) Agreement for Engineering Services with the Engineers.

Section 807. Authorization of Condemnation to Acquire Easements and/or Sites. In the event that (a) any necessary deeds of easement to allow construction of the Project over the property of any property owner or (b) any necessary deed to the necessary site of any waterworks facility of the Project shall not be obtained through negotiation within ten (10) days after the date of adoption of this Resolution and in the event that (1) such waterworks lines cannot be located within the right-of-way of the State and/or County road involved; and/or (2) such waterworks facilities cannot be located on a site already owned by the District, Local Counsel is hereby authorized and directed to file condemnation actions to obtain such necessary rights-of-way and/or sites forthwith, without further authorization or direction from the District or the Commission. Local Counsel is further directed to follow the same condemnation procedure in the event that it becomes necessary, through change orders, line extensions and/or errors in the location of property lines and/or property owners, to obtain additional easements, rights-of-way and/or sites for completion of the Project and whenever the necessary deed is not obtained by negotiation at least ten (10) days prior to the date on which construction is contemplated in the respective easement, right-of-way and/or site.

The District further approves the payment from the funds available therefor allocated to the costs of the Project to pay any judgment award, or compromise, determined by Local Counsel with the acquiescence of the Commission, toward the costs of such easements, rights-of-way and/or sites; provided, in each instance, that the payment of such funds to satisfy any judgment, award or compromise must first be approved by the FmHA; and the Commission further determines that if and to whatever extent the funds available from the proceeds of the financing contemplated by this Resolution shall be inadequate to pay any judgment, award or compromise amount for such easements, rights-of-way and/or sites, or if the District is unable to obtain the approval of the FmHA for any such payment, the Commission shall take all reasonably necessary actions, within the powers and authority of the Commission, to make such additional amount available from all other available District resources.

ARTICLE 9. SALE OF CURRENT BONDS

Section 901. Sale of Current Bonds. The Current Bonds shall be offered publicly for sale upon the basis of sealed, competitive bids at such time as the Commission shall designate.

A suggested form of "Notice of Bond Sale", a suggested form of "Official Notice of Sale of Bonds" and a suggested form of "Bid Form", having been prepared in advance by Bond Counsel, and all of such documents having been found to be in satisfactory form, a copy of each is hereby ordered to be filed in the records of the Secretary with the Minutes of the meeting at which this Resolution is adopted. The Notice of Bond Sale shall be signed by the Secretary and may be used for the purpose of publishing notice of the sale of the Current Bonds. Copies of such documents shall be furnished to any interested parties who may request same.

In the event that there is no bid or that all bids are rejected, the District may readvertise the sale pursuant to this Resolution.

Section 902. Adjustment in Maturities, Prepayment Provisions and Other Dates, with Consent of Purchaser if Delivery is Delayed. In the event that delivery of the Current Bonds authorized herein is delayed for any reason and the District, with the consent of the Purchaser of the Current Bonds, determines it is in the District's best interest to change the maturities, the applicable prepayment date or any other dates, the District may adjust the same by a Resolution of the Commission approving the adjustments.

ARTICLE 10. CONCLUDING PROVISIONS

Section 1001. Covenant of District to Take All Necessary Action To Assure Compliance with the Code. In order to assure the Owners of the Current Bonds that such Current Bonds shall continue to be legal and that interest thereon will continue to be excludable from gross income for federal income tax purposes and exempt from all Kentucky income taxation, the District covenants to and with the Owners of the Current Bonds to take the following action:

(a) The District will (1) take all actions necessary to comply with the provisions of the Code necessary to assure that interest on the Current Bonds will be excludable from gross income for federal income tax purposes; (2) will take no actions which will violate any of the provisions of the Code; and (3) not use the proceeds of the Current Bonds for any purpose which will cause interest on the Current Bonds or on interim financing obligations, including, but not limited to the Note, issued pursuant to Section 302 hereof to become includable in gross income for federal income tax purposes.

(b) The District hereby certifies that it does not reasonably anticipate that the total principal amount of "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code which the District, or any subordinate entity of the District, will issue during the calendar year during which the Current Bonds are issued, will exceed \$10,000,000; and therefore the District hereby designates the Current Bonds and all interim financing obligations, including, but not limited to the Note, issued pursuant to Section 302 hereof as "qualified tax-exempt obligations".

(c) The District further certifies that the Current Bonds and any and all interim financing obligations of the District are not "private activity bonds" within the meaning of the Code.

(d) The District covenants and agrees to comply with the rebate requirements on certain excess earnings imposed by Section 148 of the Code, and in the event it is determined by the District, upon the advice of Bond Counsel, that the Construction Account, or any other Fund established hereunder, is subject to said rebate requirements and does in fact generate earnings from "non-purpose investments" in excess of the amount which said investments would have earned at a rate equal to the "yield" on the Current Bonds, plus any income attributable to such excess, there shall be established a separate and special fund with the Depository Bank, which fund shall be designated the "Excess Earnings and Rebate Fund", which shall be utilized for the collection and payment of any excess generated from investments and the remittance thereof to the United States of America on or before the anniversary of the fifth (5th) year from the date of the Current Bonds, and once every five (5) years thereafter until the final retirement of the Current Bonds; the last installment, to the extent required, to be made no later than sixty (60) days following the date on which funds sufficient for the complete retirement of the Current Bonds are deposited with any escrow agent. The District further covenants to file any and all reports, if any, as may be required to be filed with the Government with regard to the liability or non-liability of the District as to any such rebate

requirements and to maintain records in regard thereto for the period of time required by applicable Treasury regulations.

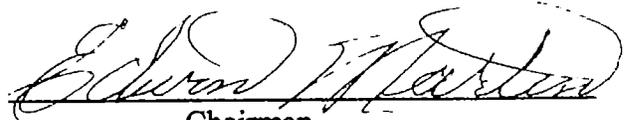
Section 1002. Severability Clause. If any section, paragraph, clause or provision of this Resolution shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, which shall continue in full force and effect.

Section 1003. All Provisions in Conflict Repealed. All motions, resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution, are to the extent of such conflict hereby repealed. It is hereby specifically ordered and provided that any proceedings heretofore taken for the issuance of other bonds of the District payable or secured in any manner by all or any part of the income and revenues of said System or any part thereof, and which have not been heretofore issued and delivered, are hereby revoked and rescinded, and none of such other bonds shall be issued and delivered. The District covenants to correct by appropriate proceedings any required procedure previously taken invalidly.

Section 1004. Effective Immediately Upon Adoption. This Resolution shall take effect and be effective immediately upon its adoption.

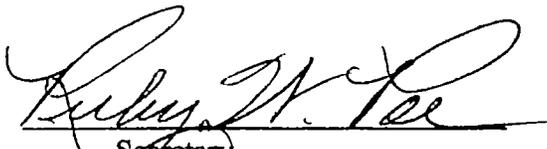
Adopted this November 29, 1994.

SOUTH HOPKINS WATER DISTRICT


Chairman

(Seal of District)

Attest:

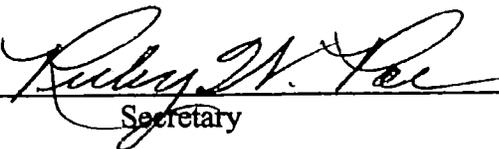

Secretary

CERTIFICATION

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the South Hopkins Water District of Hopkins and Caldwell Counties, Kentucky, and that the foregoing Resolution is a true copy of a Resolution duly adopted by the Board of Commissioners of said District, signed by the Chairman of said District and attested under Seal by me as Secretary, at a properly convened meeting of said Board of Commissioners held on November 29, 1994, as shown by the official records of said District in my custody and under my control.

I further certify that said meeting was duly held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.825, that a quorum was present at said meeting, that said Resolution has not been modified, amended, revoked or repealed, and that same is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature as Secretary and the official Seal of the District this November 29, 1994.


Secretary

(Seal of District)

EXHIBIT A-1 - SERIES A

Schedule of Principal Payments

<u>Payment Due</u> <u>January 1,</u>	<u>Principal</u> <u>Payment</u>	<u>Payment Due</u> <u>January 1,</u>	<u>Principal</u> <u>Payment</u>
1998	6,000	2019	18,000
1999	7,000	2020	18,000
2000	7,000	2021	19,000
2001	7,000	2022	20,000
2002	8,000	2023	21,000
2003	8,000	2024	22,000
2004	8,000	2025	23,000
2005	9,000	2026	25,000
2006	9,000	2027	25,000
2007	10,000	2028	27,000
2008	10,000	2029	28,000
2009	11,000	2030	30,000
2010	11,000	2031	31,000
2011	12,000	2032	33,000
2012	12,000	2033	34,000
2013	13,000	2034	36,000
2014	14,000	2035	37,000
2015	14,000		
2016	15,000		
2017	16,000		
2018	16,000		

EXHIBIT A-2 - SERIES B

Schedule of Principal Payments

Principal Due January 1,	Principal Payment	Principal Due January 1,	Principal Payment
1998	1,000	2018	2,500
1999	1,100	2019	2,600
2000	1,100	2020	2,700
2001	1,200	2021	2,900
2002	1,200	2022	3,000
2003	1,300	2023	3,100
2004	1,300	2024	3,300
2005	1,400	2025	3,400
2006	1,500	2026	3,600
2007	1,500	2027	3,700
2008	1,600	2028	3,900
2009	1,700	2029	4,100
2010	1,700	2030	4,200
2011	1,900	2031	4,500
2012	1,900	2032	4,600
2013	2,000	2033	4,900
2014	2,100	2034	5,000
2015	2,200	2035	5,600
2016	2,300		
2017	2,400		

EXHIBIT B

(FORM OF FULLY REGISTERED BOND)

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
COUNTIES OF HOPKINS AND CALDWELL
SOUTH HOPKINS WATER DISTRICT
WATERWORKS REVENUE BONDS, SERIES 1994 _____

No. R- _____ Interest Rate: _____ % \$ _____

KNOW ALL MEN BY THESE PRESENTS:

That the South Hopkins Water District (the "District"), acting by and through its Board of Commissioners (the "Commission"), a public body corporate in Hopkins and Caldwell Counties, Kentucky, for value received, hereby promises to pay to

the registered owner hereof, or to its registered assigns, solely from the fund hereinafter identified, the sum of

_____ DOLLARS (\$ _____),

on the first day of January, in years and installments as follows:

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
-------------	------------------	-------------	------------------	-------------	------------------

[Here the printer of the Current Bond will print the maturities of the Current Bonds purchased by the registered Owner]

and in like manner, solely from said fund, to pay interest on the balance of said principal sum from time to time remaining unpaid, at the Interest Rate specified above, semiannually on the first days of January and July in each year, beginning with the first January or July after the date of this Bond, until said sum is paid, except as the provisions hereinafter set forth with respect to prepayment may be and become applicable hereto, both principal and interest being payable, without deduction for exchange or collection charges, in lawful money of the United States of America, at the address of the registered owner shown on the registration book of the District.

This Series _____ Bond is issued by the District under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Chapters 58 and 74 of

registered mail to the registered owner of this Bond or his assignee, at least 30 days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the registered owner of this Bond.

So long as the registered owner of this Bond is the United States of America, or any agency thereof, the entire principal amount of this Bond, or installments in multiples of \$100, may be prepaid at any time in inverse chronological order of the installments due.

Upon default in the payment of any principal or interest payment on this Bond, or upon failure by the District to comply with any other provision of this Bond or with any provision of the Current Bond Resolution, the registered owner may, at his option, institute all rights and remedies provided by law or by said Current Bond Resolution.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond, do exist, have happened and have been performed in due time, form and manner as required by law, and that the face amount of this Bond, together with all other obligations of the District, does not exceed any limit prescribed by the Constitution or Statutes of the Commonwealth of Kentucky.

IN WITNESS WHEREOF said South Hopkins Water District, by its Board of Commissioners, has caused this Bond to be executed by its Chairman, its corporate seal to be hereunto affixed, and attested by its Secretary, on the date of this Bond, which is

SOUTH HOPKINS WATER
DISTRICT
Hopkins and Caldwell Counties,
Kentucky

By _____
Chairman

Attest:

Secretary

(Seal of District)

PROVISION FOR REGISTRATION

This Bond shall be registered on the registration book of the District kept for that purpose by the Secretary, as Bond Registrar, upon presentation hereof to said Secretary, who shall make notation of such registration in the registration blank, and this Bond may thereafter be transferred only upon written transfer acknowledged by the registered owner or its attorney, such transfer to be made on said book and endorsed hereon.

ASSIGNMENT

Date of Registration	Name of Registered Owner	Signature of Bond Registrar

For value received, this Bond is hereby assigned, without recourse and subject to all of its terms and conditions, unto _____, this ____ day of _____, _____.

By: _____

EXHIBIT C

REQUISITION CERTIFICATE

Re: South Hopkins Water District Waterworks Revenue Bonds, Series 1994, in the amount of \$770,000

The undersigned hereby certify as follows:

1. That they are the signatories required for construction and/or administrative draws pursuant to the Bond Resolution adopted by the South Hopkins Water District (the "District") of Hopkins and Caldwell Counties, Kentucky.

2. That the named firms and/or persons set forth on Exhibit A attached hereto are now entitled to the aggregate sum of \$_____, itemized as set forth in said Exhibit A and as per approved invoices attached hereto:

3. That upon said amount being lent to said District and/or obtained by said District from the proceeds of the Current Bonds and/or other sources, the undersigned approve such expenditure and the payment of said amounts to said firms and/or persons, either directly or from amounts deposit in the "South Hopkins Water District Construction Account", at the Trans Financial Bank, N.A., Dawson Springs, Kentucky.

4. That we hereby certify that we have carefully inspected the work and, as a result of our inspection and to the best of our knowledge and belief, the amounts shown in this Requisition Certificate are correct and the work has been performed in accordance with the agreements between the District and the parties requesting payment.

IN TESTIMONY WHEREOF, witness the signature of the undersigned, this ____ day of _____, 19____.

SOUTH HOPKINS WATER DISTRICT

CAMPBELL WALLACE CONSULTING ENGINEERS

By _____
Chairman

By _____
Registered Professional Engineer
State of Kentucky No. _____

Approved on _____

Approved on _____

FARMERS HOME ADMINISTRATION

Amount expended heretofore \$_____

By _____
Authorized FmHA Official

Amount approved herein _____

Total _____

Approved on _____

EXHIBIT A TO REQUISITION CERTIFICATE

Name of Entity/Person

Amount

4/150 beg 11.11

SOUTH HOPKINS WATER DISTRICT						
PMT YEAR	UNPD BLNC	DUE 01-01			DUE 07-01	TOTAL DEBT SRVC
		INT DUE	PRIN DUE	TOT PMT	INT DUE	
1997	670,000	15,075	0	15,075	15,075	30,150
1998	670,000	15,075	6,000	21,075	14,940	36,015
1999	664,000	14,940	7,000	21,940	14,783	36,723
2000	657,000	14,783	7,000	21,783	14,625	36,408
2001	650,000	14,625	7,000	21,625	14,468	36,093 ✓
2002	643,000	14,468	8,000	22,468	14,288	36,755 ✓
2003	635,000	14,288	8,000	22,288	14,108	36,395 ✓
2004	627,000	14,108	8,000	22,108	13,928	36,035 ✓
2005	619,000	13,928	9,000	22,928	13,725	36,653 ✓
2006	610,000	13,725	9,000	22,725	13,523	36,248 ✓
2007	601,000	13,523	10,000	23,523	13,298	36,820 ✓
2008	591,000	13,298	10,000	23,298	13,073	36,370 ✓
2009	581,000	13,073	11,000	24,073	12,825	36,898 ✓
2010	570,000	12,825	11,000	23,825	12,578	36,403 ✓
2011	559,000	12,578	12,000	24,578	12,308	36,885 ✓
2012	547,000	12,308	12,000	24,308	12,038	36,345 ✓
2013	535,000	12,038	13,000	25,038	11,745	36,783 ✓
2014	522,000	11,745	14,000	25,745	11,430	37,175 ✓
2015	508,000	11,430	14,000	25,430	11,115	36,545 ✓
2016	494,000	11,115	15,000	26,115	10,778	36,893 ✓
2017	479,000	10,778	16,000	26,778	10,418	37,195 ✓
2018	463,000	10,418	16,000	26,418	10,058	36,475 ✓
2019	447,000	10,058	18,000	28,058	9,653	37,710 ✓
2020	429,000	9,653	18,000	27,653	9,248	36,900 ✓
2021	411,000	9,248	19,000	28,248	8,820	37,068 ✓
2022	392,000	8,820	20,000	28,820	8,370	37,190 ✓
2023	372,000	8,370	21,000	29,370	7,898	37,268 ✓
2024	351,000	7,898	22,000	29,898	7,403	37,300 ✓
2025	329,000	7,403	23,000	30,403	6,885	37,288 ✓
2026	306,000	6,885	25,000	31,885	6,323	38,208 ✓
2027	281,000	6,323	25,000	31,323	5,760	37,083 ✓
2028	256,000	5,760	27,000	32,760	5,153	37,913 ✓
2029	229,000	5,153	28,000	33,153	4,523	37,675 ✓
2030	201,000	4,523	30,000	34,523	3,848	38,370 ✓
2031	171,000	3,848	31,000	34,848	3,150	37,998 ✓
2032	140,000	3,150	33,000	36,150	2,408	38,558 ✓
2033	107,000	2,408	34,000	36,408	1,643	38,050 ✓
2034	73,000	1,643	36,000	37,643	833	38,475 ✓
2035	37,000	833	37,000	37,833	0	37,833
TOTAL PRINCIPAL PMTS. ARE		670,000				
TOTAL INTEREST PMTS. ARE		769,140 (769,162)				

SOUTH HOPKINS WATER DISTRICT

Total Annual payments due ON both LOANS OF \$170,000.

PMT YEAR	UNPD BLNC	DUE 01-01			DUE 07-01		TOTAL DEBT SRVC
		INT DUE	PRIN DUE	TOT PMT	INT DUE		
1997	100,000	2,250	0	2,250	2,250	4,500	
1998	100,000	2,250	1,000	3,250	2,228	5,478	
1999	99,000	2,228	1,100	3,328	2,203	5,530	
2000	97,900	2,203	1,100	3,303	2,178	5,481	
2001	96,800	2,178	1,200	3,378	2,151	5,529	
2002	95,600	2,151	1,200	3,351	2,124	5,475	
2003	94,400	2,124	1,300	3,424	2,095	5,519	
2004	93,100	2,095	1,300	3,395	2,066	5,460	
2005	91,800	2,066	1,400	3,466	2,034	5,500	
2006	90,400	2,034	1,500	3,534	2,000	5,534	
2007	88,900	2,000	1,500	3,500	1,967	5,467	
2008	87,400	1,967	1,600	3,567	1,931	5,497	
2009	85,800	1,931	1,700	3,631	1,892	5,523	
2010	84,100	1,892	1,700	3,592	1,854	5,446	
2011	82,400	1,854	1,900	3,754	1,811	5,565	
2012	80,500	1,811	1,900	3,711	1,769	5,480	
2013	78,600	1,769	2,000	3,769	1,724	5,492	
2014	76,600	1,724	2,100	3,824	1,676	5,500	
2015	74,500	1,676	2,200	3,876	1,627	5,503	
2016	72,300	1,627	2,300	3,927	1,575	5,502	
2017	70,000	1,575	2,400	3,975	1,521	5,496	
2018	67,600	1,521	2,500	4,021	1,465	5,486	
2019	65,100	1,465	2,600	4,065	1,406	5,471	
2020	62,500	1,406	2,700	4,106	1,346	5,452	
2021	59,800	1,346	2,900	4,246	1,280	5,526	
2022	56,900	1,280	3,000	4,280	1,213	5,493	
2023	53,900	1,213	3,100	4,313	1,143	5,456	
2024	50,800	1,143	3,300	4,443	1,069	5,512	
2025	47,500	1,069	3,400	4,469	992	5,461	
2026	44,100	992	3,600	4,592	911	5,504	
2027	40,500	911	3,700	4,611	828	5,439	
2028	36,800	828	3,900	4,728	740	5,468	
2029	32,900	740	4,100	4,840	648	5,488	
2030	28,800	648	4,200	4,848	554	5,402	
2031	24,600	554	4,500	5,054	452	5,506	
2032	20,100	452	4,600	5,052	349	5,401	
2033	15,500	349	4,900	5,249	239	5,487	
2034	10,600	239	5,000	5,239	126	5,365	
2035	5,600	126	5,600	5,726	0	5,726	

= 34,650
 = 41,493
 = 42,253
 = 41,889
 = 41,622
 = 42,230
 = 41,914
 = 41,495
 = 42,153
 = 41,782
 = 42,287
 = 41,867
 = 42,421
 = 41,849
 = 42,450
 = 41,825
 = 42,275
 = 42,675
 = 42,048
 = 42,395
 = 42,691
 = 41,961
 = 43,181
 = 42,352
 = 42,594
 = 42,683
 = 42,724
 = 42,812
 = 42,749
 = 43,712
 = 42,522
 = 43,381
 = 43,163
 = 43,772
 = 43,504
 = 43,939
 = 43,537
 = 43,840
 = 43,559
 1,652,269

TOTAL PRINCIPAL PMTS. ARE 100,000
 TOTAL INTEREST PMTS. ARE 113,117 (113,124)

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between South Hopkins Water District ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.
- Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Robert J. Tucker
(Print Name)

Robert J. Tucker
(Signed)

Chairman
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Hopkins

Subscribed and sworn to before me by Robert J. Tucker
(Name)

this 11th day of May, 2015.

Jenny L. Purdy
NOTARY PUBLIC
State-at-Large ED# 464695

My commission expires 4-26-16

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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Ruby W. Poe
(Print Name)

Ruby W. Poe
(Signed)

Treasurer
(Position/Office)

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COMMONWEALTH OF KENTUCKY

COUNTY OF Wolfe

Subscribed and sworn to before me by Ruby W. Poe
(Name)

this 11th day of May, 2015.

Jenny L. Purdy
NOTARY PUBLIC ID # 464695
State-at-Large

My commission expires 4-26-16

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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Jon Blalock
(Print Name)

Jon Blalock
(Signed)

Superintendent
(Position/Office)

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COMMONWEALTH OF KENTUCKY

COUNTY OF Hopkins

Subscribed and sworn to before me by Jon Blalock
(Name)

this 11th day of May, 2015.

Jenny A. Purdy
NOTARY PUBLIC
State-at-Large ID # 4164695

My commission expires 4-26-16

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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Roy D. McCreger
(Print Name)

Roy D. McCreger
(Signed)

Secretary
(Position/Office)

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COMMONWEALTH OF KENTUCKY

COUNTY OF Hopkins

Subscribed and sworn to before me by Roy O. McGregor
(Name)

this 11th day of May, 2015.

Jenny L. Purdy
NOTARY PUBLIC
State-at-Large ID # 464695

My commission expires 4-26-16