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

SEP 24 2013

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

PUBLIC SERVICE  
COMMISSION

\_\_\_\_\_  
*(Name of Utility)*

284 Murphys Lane P.O. Box 279  
*(Business Mailing Address - Number and Street, or P.O. Box)*

\_\_\_\_\_  
Garrison, Kentucky 41141  
*(Business Mailing Address - City, State, and Zip)*

\_\_\_\_\_  
606-757-4898  
*(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:

\_\_\_\_\_  
John Pierce  
*(Name)*

\_\_\_\_\_  
284 Murphys Lane  
*(Address - Number and Street or P.O. Box)*

\_\_\_\_\_  
Garrison, Ky. 41141  
*(Address - City, State, Zip)*

\_\_\_\_\_  
606-757-4898  
*(Telephone Number)*

\_\_\_\_\_  
garrisonwater@windstream.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 checked="" type="checkbox"/> | <input 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. <b>(Attach a copy of customer notice.)</b>  | <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. <b>(Attach a copy of customer notice.)</b>   | <input type="checkbox"/>            | <input 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. <b>(Attach a copy of customer notice.)</b> | <input type="checkbox"/>            | <input type="checkbox"/>            |
| 7. Applicant requires a rate adjustment for the reasons set forth in the attachment entitled "Reasons for Application." <b>(Attach completed "Reasons for Application" Attachment.)</b>   | <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." <b>(Attach completed "Current and Proposed Rates" Attachment.)</b>  | <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>2012</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." <b>(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.)</b> | <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>143,933.45</u> and total revenues from service rates of \$ <u>553,226.45</u> . The manner in which these amounts were calculated is set forth in "Revenue Requirement Calculation" Attachment. <b>(Attach a completed "Revenue Requirement Calculation" Attachment.)</b>  | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 12.    | As of the <b>date of the filing of this application</b> , Applicant had <u>1072</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. <b>(Attach a completed "Billing Analysis" Attachment.)</b>   | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 14.    | Applicant's depreciation schedule of utility plant in service is attached. <b>(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.)</b>  | <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 checked="" 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. <b>(Attach a copy of returns.)</b>   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 17. Approximately <u>N/A</u> <b>(Insert dollar amount or percentage of total utility plant)</b> of Applicant's total utility plant was recovered through the sale of real estate lots or other contributions. | <input type="checkbox"/>            | <input type="checkbox"/>            |
| 18. Applicant has attached a completed Statement of Disclosure of Related Party Transactions for each person who 807 KAR 5:076, §4(h) requires complete such form.  | <input type="checkbox"/>            | <input 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 John Pience  
 Officer of the Company/Authorized Representative  
 Title Manager  
 Date 09-19-2013

COMMONWEALTH OF KENTUCKY

COUNTY OF LEWIS

Before me appeared JOHN Pience, 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.

Kerwin S. Hillier  
 Notary Public  
 My commission expires: April 8<sup>th</sup> 2017  
 ID# 486997

**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
- Statement of Disclosure of Related Party Transactions - ARF Form 3

# CUSTOMER NOTICE

Garrison-Quincy-Ky-O-Heights Water District has applied to the Public Service Commission for an adjustment of rates in the total amount of \$553,226.45 on an annual basis, which is an increase of \$143,933.45 or approximately 15% each year for the next 3 years over normalized revenues from sales of \$409,293.00.

**The estimated amount of the total increase per customer class/meter size is:**

## 5/8 x 3/4 INCH METER

### IMPACT ON AVERAGE CUSTOMER BILL

#### AVERAGE BILL

<u>METER SIZE</u>	<u>GALLONS</u>	<u>EXISTING RATES</u>	<u>PROPOSED RATES</u>	<u>INCREASE</u>	
<u>5/8 X 3/4</u> YR 1	2000	16.93	19.01	2.48	15%
YR 2		19.01	21.87	2.86	15%
YR 3		21.87	25.15	3.28	15%

<u>5/8 x 3/4 INCH METER</u>					
		<u>EXISTING RATES</u>	<u>PROPOSED RATES</u>	<u>DIFFERENCES</u>	
FIRST 2000	1ST YR	16.53	19.01	2.48	15%
	2ND YR	19.01	21.87	2.86	15%
	3RD YR	21.87	25.15	3.28	15%
NEXT 3000	1ST YR	6.49	7.47	.98	15%
	2ND YR	7.47	8.59	1.12	15%
	3RD YR	8.59	9.88	1.29	15%
NEXT 5000	1ST YR	5.43	6.25	.82	15%
	2ND YR	6.25	7.19	.94	15%
	3RD YR	7.19	8.27	1.08	15%
ALL OVER 10,000	1ST YR	4.29	4.94	.65	15%
	2ND YR	4.94	5.69	.75	15%
	3RD YR	5.69	6.55	.86	15%
<u>1 INCH METER</u>					
		<u>EXISTING RATES</u>	<u>PROPOSED RATES</u>	<u>DIFFERENCES</u>	
FIRST 10,000	1ST YR	63.15	72.63	9.48	15%
	2ND YR	72.63	83.53	10.90	15%
	3RD YR	83.53	96.06	12.53	15%
ALL OVER 10,000	1ST YR	4.29	4.94	.65	15%
	2ND YR	4.94	5.69	.75	15%
	3RD YR	5.69	6.55	.86	15%

2 INCH METERS					
	EXISTING RATES	PROPOSED RATES	DIFFERENCES		
FIRST 5000 1ST YR	234.75	269.97	35.22	15%	
2ND YR	269.97	310.47	40.50	15%	
3RD YR	310.47	357.04	46.57	15%	
ALL OVER 5000					
1ST YR	4.29	4.94	.65	15%	
2ND YR	4.94	5.69	.75	15%	
3RDYR	5.69	6.55	.86	15%	
BULK WATER					
	EXISTING RATES	PROPOSED RATES	DIFFERENCES		
PER 1000 GALLONS					
1ST YR	7.00	8.05	1.05	15%	
2ND YR	8.05	9.26	1.21	15%	
3RD YR	9.26	10.65	1.39	15%	

The rates contained in this notice are the rates proposed by the Garrison –Quincy-K-O'Heights Water District, however, the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice

Any corporation, association, or other person with a substantial interest in the matter may submit a written request to intervene to the Public Service Commission at the address shown below. Copies of the application may be obtained at no charge by contacting Garrison-Quincy-KY-O'Heights Water District at the address below. Any person may examine the rate application and any other filings at the offices of Garrison-Quincy-KY-O'Heights Water District or the Public Service Commission.

Garrison-Quincy-KY-O'Heights Water District  
 284 Murphy's Lane  
 Garrison, Kentucky 41141

Telephone: 606-757-4898

Public Service Commission  
 211 Sower Boulevard  
 P.O. Box 615  
 Frankfort, Kentucky 40602  
 Telephone: 502-564-3940

Persons may also view and download a copy of the rate application through the Public Service Commission's website at [psc.ky.gov](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.)**

It has been five years since Garrison's last rate increase. Operating expenses have increased and Garrison needs the increase to off set increasing expenses and to service its debt also to provide adequate services to its customers.

Garrison is in process of obtaining a loan from KIA to upgrade the water treatment plant and dig a new well. This project will require a 10% increase in revenue to pay for the debt service.

\*\*\*NOTE: The figures we based the rate increase request on are the percentage from the Revenue requirement calculation sheet which was 35.17% plus 10% to cover the debt service on the planned up grades. We are requesting a 15% rate increase each year for the next 3 years.

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

5/8 x 3/4 INCH METER					
		EXISTING RATES	PROPOSED RATES	DIFFERENCES	
FIRST 2000	1ST YR	16.53	19.01	2.48	15%
	2ND YR	19.01	21.87	2.86	15%
	3RD YR	21.87	25.15	3.28	15%
NEXT 3000	1ST YR	6.49	7.47	.98	15%
	2ND YR	7.47	8.59	1.12	15%
	3RD YR	8.59	9.88	1.29	15%
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		EXISTING RATES	PROPOSED RATES	DIFFERENCES	
FIRST 10,000	1ST YR	63.15	72.63	9.48	15%
	2ND YR	72.63	83.53	10.90	15%
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	2ND YR	4.94	5.69	.75	15%
	3RD YR	5.69	6.55	.86	15%

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

2 INCH METERS					
	EXISTING RATES	PROPOSED RATES	DIFFERENCES		
FIRST 5000 1ST YR	234.75	269.97	35.22	15%	
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ALL OVER 5000					
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2ND YR	4.94	5.69	.75	15%	
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BULK WATER					
	EXISTING RATES	PROPOSED RATES	DIFFERENCES		
PER 1000 GALLONS					
1ST YR	7.00	8.05	1.05	15%	
2ND YR	8.05	9.26	1.21	15%	
3RD YR	9.26	10.65	1.39	15%	

**SCHEDULE OF ADJUSTED OPERATIONS - WATER UTILITY**

TYE 12/31/20 12

	Test Year	Adjustment	Ref.	Pro Forma
<b><u>Operating Revenues</u></b>				
<b>Sales of Water</b>				
Unmetered Water Sales				0.00
Metered Water Sales	406,916.00			406,916.00
Bulk Loading Stations				0.00
Fire Protection Revenue				0.00
Sales for Resale				0.00
<b>Total Sales of Water</b>	<b>406,916.00</b>	<b>0.00</b>		<b>406,916.00</b>
<b>Other Water Revenues</b>				
Forfeited Discounts				0.00
Miscellaneous Service Revenues				0.00
Rents from Water Property				0.00
Other Water Revenues	2,377.00			2,377.00
<b>Total Other Water Revenues</b>	<b>2,377.00</b>	<b>0.00</b>		<b>2,377.00</b>
<b>Total Operating Revenues</b>	<b>409,293.00</b>	<b>0.00</b>		<b>409,293.00</b>
<b><u>Operating Expenses</u></b>				
<b>Operation and Maintenance Expenses</b>				
Salaries and Wages - Employees	124,967.00	3,749.01	A	128,716.01
Salaries and Wages - Officers	5,060.00			5,060.00
Employee Pensions and Benefits	44,241.00			44,241.00
Purchased Water	32,484.00			32,484.00
Purchased Power	26,874.00			26,874.00
Fuel for Power Production				0.00
Chemicals	2,511.00			2,511.00
Materials and Supplies	50,619.00			50,619.00
Contractual Services	42,104.00			42,104.00
Water Testing		4,422.10		4,422.10
Rents	247.00			247.00
Transportation Expenses	6,251.00			6,251.00
Insurance	19,616.00			19,616.00
Regulatory Commission Expenses	831.00			831.00
Bad Debt Expense	2,300.00			2,300.00

Miscellaneous Expenses	29,053.00		29,053.00
Total Operation and Maintenance Expenses	387,158.00	8,171.11	395,329.11
Depreciation Expense	97,829.00		97,829.00
Amortization Expense			0.00
Taxes Other Than Income			0.00
Income Tax Expense			0.00
<b>Total Operating Expenses</b>	<b>484,987.00</b>	<b>8,171.11</b>	<b>493,158.11</b>
<b>Utility Operating Income</b>	<b>-75,694.00</b>	<b>-8,171.11</b>	<b>-83,865.11</b>

References

A. Employees to receive A 3% raise.

**REVENUE REQUIREMENT CALCULATION - DEBT COVERAGE METHOD**  
 (This method is used commonly by non-profits that have long-term debts outstanding.)

Pro forma Operating Expenses	\$493,158.11
Plus: Average Annual Debt Principal and Interest Payments*	56,768.49
Debt Coverage Requirement**	<u>5,676.85</u>
Total Revenue Requirement	555,603.45
Less: Other Operating Revenue	-2,377.00
Non-operating Revenue	
Interest Income	<u>                    </u>
Revenue Required from Rates	553,226.45
Less: Revenue from Sales at Present Rates	<u>-409,293.00</u>
Required Revenue Increase	<u><u>\$143,933.45</u></u>

Required Revenue Increase stated as a Percentage of Revenue at Present Rates 35.17%

\* 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.

# Garrison-Quincy-KY-O'Heights Water District

## Billing Analysis

### CURRENT RATES

SUMMARY				
	Meter Size	Bills	Gallons Sold	Revenue
	5/8 inch	12,818	46,044,040	358,371.29
	1 inch	60	463,410	4,244.64
	2 inch	12	903,200	4,155.91
	BULKSALES	0	84,740	593.00
	Totals	12,890	47,495,390	367,364.84

Meter Size:	5/8 inch		Total	FIRST	NEXT	Next	over
	USAGE	BILLS	GALLONS	2,000	3,000	5000	10,000
FIRST	2,000	4238	4,350,200	4,350,200			
NEXT	3,000	5941	19,648,110	11,882,000	7,766,110		
NEXT	5,000	2172	14,434,420	4,344,000	6,516,000	3,574,420	
OVER	10,000	467	7,611,310	934,000	1,401,000	2,335,000	2,941,310
TOTAL		12,818	46,044,040	21,510,200	15,683,110	5,909,420	2,941,310
REVENUE BY RATE INCREMENT							
		BILLS	GALLONS	RATE	REVENUE		
FIRST	2,000	12,818	21,510,200	16.53	211,881.54		
NEXT	3,000		15,683,110	6.49	101,783.43		
NEXT	5,000		5,909,420	5.43	32,038.16		
OVER	10,000		2,941,310	4.29	12,618.25		
TOTAL		12,818	46,044,040		358,371.29		

Meter Size:	1 inch				
				FIRST	NEXT
	USAGE	BILLS	GALLONS	10,000	10,000
FIRST	10,000	44	197,200	197,200	
OVER	10,000	16	266,210	160,000	106,210
TOTAL		60	463,410	357,200	106,210
REVENUE BY RATE INCREMENT					
		BILLS	GALLONS	RATE	REVENUE
FIRST	10,000	60	357,200	\$63.15	\$3,789.00
OVER	10,000		106,210	4.29	455.64
TOTAL		60	463,410		\$4,244.64

Meter Size:	2 inch				
				FIRST	NEXT
	USAGE	BILLS	GALLONS	50,000	50,000
FIRST	50,000	2	91,100	91,100	
OVER	50,000	10	812,100	500,000	312,100
TOTAL		12	903,200	591,100	312,100
REVENUE BY RATE INCREMENT					
		BILLS	GALLONS	RATE	REVENUE
FIRST	50,000	12	591,100	\$234.75	\$2,817.00
OVER	50,000		312,100	4.29	1,338.91
TOTAL		12	903,200		\$4,155.91

Garrison Water District  
 CAPITAL ASSETS SCHEDULE FOR NOTE DISCLOSURE  
 December 31, 2012

	Reporting Entity			Ending Balance
	Beginning Balance	Increases	Decreases	
<b>Primary Government:</b>				
<u>Proprietary Activities:</u>				
Capital Assets Not Being Depreciated:				
Land & Easements - Water Distribution	\$ 261,788	\$	\$	\$ 261,788
Land & Easements - Sewer Processing	50,000			50,000
Construction In Progress				
Total Capital Assets Not Being Depreciated	<u>311,788</u>			<u>311,788</u>
Capital Assets, Being Depreciated:				
Buildings - Water Distribution	380,866			380,866
Buildings - Sewer Processing	1,150,000			1,150,000
Wells, Springs, & Reservoirs	179,430			179,430
Pumping Equipment	167,282			167,282
Transmission & Distribution	4,167,484			4,167,484
Water Treatment	542,810			542,810
Sewer Lines	4,100,000			4,100,000
Vehicles & Heavy Equipment	104,644	8,585		113,229
Office, Tools, & Other Equipment	51,069			51,069
Total Capital Assets Being Depreciated	<u>10,843,585</u>	<u>8,585</u>		<u>10,852,170</u>
Less Accumulated Depreciation For:				
Buildings - Water Distribution	(181,040)	(8,310)		(189,350)
Buildings - Sewer Processing	(23,000)	(23,000)		(46,000)
Wells, Springs, & Reservoirs	(50,429)	(3,987)		(54,416)
Pumping Equipment	(125,462)	(8,364)		(133,826)
Transmission & Distribution	(679,887)	(64,115)		(744,002)
Water Treatment	(542,810)			(542,810)
Sewer Lines	(54,667)	(54,667)		(109,333)
Vehicles & Heavy Equipment	(58,326)	(8,838)		(67,165)
Office, Tools, & Other Equipment	(16,859)	(4,215)		(21,073)
Total Accumulated Depreciation	<u>(1,732,478)</u>	<u>(175,497)</u>		<u>(1,907,975)</u>
Total Capital Assets, Being Depreciated, Net	<u>9,111,107</u>	<u>(166,912)</u>		<u>8,944,195</u>
Proprietary Activities Capital Assets, Net	<u>\$ 9,111,107</u>	<u>\$ (166,912)</u>	<u>\$ 0</u>	<u>\$ 8,944,195</u>

Proprietary Activities:

Proprietary Activities	<u>(175,497)</u>
Total Depreciation Expense - Proprietary Activities	<u>\$ (175,497)</u>

SOI: Referenced

**RESERVE REQUIREMENTS**

**NAME:** Garrison Quincy KY O Heights Water District

**BONDS**

**LOAN NUMBER**  
**YEAR ISSUED**  
**AMOUNT OF ISSUE**

		91-03	91-04	91-05	91-08	92-12				
		11/23/1988	11/23/1988	11/13/1996	9/25/2002	11/18/2010	TOTAL	REQUIRED	Approved	Net Required
		\$250,000.00	\$50,000.00	\$295,000.00	\$356,000.00	\$798,000.00	YEAR	LEVEL	Withdraws	
Annual Deposit Requirement		\$ 3,636.00	\$ -	\$ 1,680.00	\$ 1,980.00	\$ 3,360.00				
Fully funded	YEAR 1997			\$ 1,680.00			\$ 1,680.00	\$ 1,680.00		\$ 1,680.00
	1998	\$ 36,360.00		\$ 1,680.00			\$ 38,040.00	\$ 39,720.00		\$ 39,720.00
	1999			\$ 1,680.00			\$ 1,680.00	\$ 41,400.00	\$ 20,589.00	\$ 20,811.00
	2000			\$ 1,680.00			\$ 1,680.00	\$ 43,080.00		\$ 22,491.00
	2001			\$ 1,680.00			\$ 1,680.00	\$ 44,760.00		\$ 24,171.00
	2002			\$ 1,680.00			\$ 1,680.00	\$ 46,440.00	\$ 22,704.00	\$ 3,147.00
	2003			\$ 1,680.00	\$ 1,980.00		\$ 3,660.00	\$ 50,100.00		\$ 6,807.00
	2004			\$ 1,680.00	\$ 1,980.00		\$ 3,660.00	\$ 53,760.00		\$ 10,467.00
	2005			\$ 1,680.00	\$ 1,980.00		\$ 3,660.00	\$ 57,420.00	\$ 4,155.00	\$ 9,972.00
	YEAR 2006			\$ 1,680.00	\$ 1,980.00		\$ 3,660.00	\$ 61,080.00		\$ 13,632.00
	2007				\$ 1,980.00		\$ 1,980.00	\$ 63,060.00		\$ 15,612.00
	2008				\$ 1,980.00		\$ 1,980.00	\$ 65,040.00		\$ 17,592.00
	2009				\$ 1,980.00		\$ 1,980.00	\$ 67,020.00		\$ 19,572.00
	2010				\$ 1,980.00		\$ 1,980.00	\$ 69,000.00		\$ 21,552.00
	2011				\$ 1,980.00		\$ 1,980.00	\$ 70,980.00	\$ 16,163.00	\$ 7,369.00
	YEAR 2012				\$ 1,980.00	\$ 3,360.00	\$ 5,340.00	\$ 76,320.00	\$ 10,000.00	\$ 2,709.00
	2013					\$ 3,360.00	\$ 3,360.00	\$ 79,680.00		\$ 6,069.00
	2014					\$ 3,360.00	\$ 3,360.00	\$ 83,040.00		\$ 9,429.00
	2015					\$ 3,360.00	\$ 3,360.00	\$ 86,400.00		\$ 12,789.00
	2016					\$ 3,360.00	\$ 3,360.00	\$ 89,760.00		\$ 16,149.00
	2017					\$ 3,360.00	\$ 3,360.00	\$ 93,120.00		\$ 19,509.00
	2018					\$ 3,360.00	\$ 3,360.00	\$ 96,480.00		\$ 22,869.00
	2019					\$ 3,360.00	\$ 3,360.00	\$ 99,840.00		\$ 26,229.00
	2020					\$ 3,360.00	\$ 3,360.00	\$ 103,200.00		\$ 29,589.00
	2021					\$ 3,360.00	\$ 3,360.00	\$ 106,560.00		\$ 32,949.00
	2022						\$ -	\$ 106,560.00		\$ 32,949.00
	2023						\$ -	\$ 106,560.00		\$ 32,949.00
	2024						\$ -	\$ 106,560.00		\$ 32,949.00
	2025						\$ -	\$ 106,560.00		\$ 32,949.00
	2026						\$ -	\$ 106,560.00		\$ 32,949.00
	2027						\$ -	\$ 106,560.00		\$ 32,949.00
	2028						\$ -	\$ 106,560.00		\$ 32,949.00
	2029						\$ -	\$ 106,560.00		\$ 32,949.00
	2030						\$ -	\$ 106,560.00		\$ 32,949.00
	2031						\$ -	\$ 106,560.00		\$ 32,949.00
	2032						\$ -	\$ 106,560.00		\$ 32,949.00
	2033						\$ -	\$ 106,560.00		\$ 32,949.00

FULLY FUNDED LEVEL

\$36,360	\$0	\$16,800	\$19,800	\$33,800		\$106,560	\$ 73,611.00	\$ 32,949.00
						FULLY FUNDED RESERVE	Total App. Withdraws	ADJ Reserve

Approved Withdraws

Date	Reason	Amt
September-99		\$ 20,589.00
July-02		\$ 22,704.00
September-05		\$ 4,155.00
February-11		\$ 16,163.00
May-12		\$ 10,000.00
		\$ -
		\$ -
		\$ -

Name:		Garrison Quincy KY O Heights Water Dist		LOAN NUMBER	Type Loan # Here
BOND SERIES		Amount of Series		Interest Rate	
		\$250,000.00		6.375%	
YEAR	PRINCIPAL	INTEREST	INTEREST	TOTAL	BALANCE
		JANUARY	JULY		\$250,000.00
1990	\$1,000.00	\$7,968.75	\$7,936.88	\$16,905.63	\$249,000.00
1991	\$1,000.00	\$7,936.88	\$7,905.00	\$16,841.88	\$248,000.00
1992	\$2,000.00	\$7,905.00	\$7,841.25	\$17,746.25	\$246,000.00
1993	\$2,000.00	\$7,841.25	\$7,777.50	\$17,618.75	\$244,000.00
1994	\$2,000.00	\$7,777.50	\$7,713.75	\$17,491.25	\$242,000.00
1995	\$2,000.00	\$7,713.75	\$7,650.00	\$17,363.75	\$240,000.00
1996	\$2,000.00	\$7,650.00	\$7,586.25	\$17,236.25	\$238,000.00
1997	\$2,000.00	\$7,586.25	\$7,522.50	\$17,108.75	\$236,000.00
1998	\$2,000.00	\$7,522.50	\$7,458.75	\$16,981.25	\$234,000.00
1999	\$3,000.00	\$7,458.75	\$7,363.13	\$17,821.88	\$231,000.00
2000	\$3,000.00	\$7,363.13	\$7,267.50	\$17,630.63	\$228,000.00
2001	\$3,000.00	\$7,267.50	\$7,171.88	\$17,439.38	\$225,000.00
2002	\$3,000.00	\$7,171.88	\$7,076.25	\$17,248.13	\$222,000.00
2003	\$3,000.00	\$7,076.25	\$6,980.63	\$17,056.88	\$219,000.00
2004	\$4,000.00	\$6,980.63	\$6,853.13	\$17,833.75	\$215,000.00
2005	\$4,000.00	\$6,853.13	\$6,725.63	\$17,578.75	\$211,000.00
2006	\$4,000.00	\$6,725.63	\$6,598.13	\$17,323.75	\$207,000.00
2007	\$4,000.00	\$6,598.13	\$6,470.63	\$17,068.75	\$203,000.00
2008	\$5,000.00	\$6,470.63	\$6,311.25	\$17,781.88	\$198,000.00
2009	\$5,000.00	\$6,311.25	\$6,151.88	\$17,463.13	\$193,000.00
2010	\$5,000.00	\$6,151.88	\$5,992.50	\$17,144.38	\$188,000.00
2011	\$6,000.00	\$5,992.50	\$5,801.25	\$17,793.75	\$182,000.00
2012	\$6,000.00	\$5,801.25	\$5,610.00	\$17,411.25	\$176,000.00
2013	\$7,000.00	\$5,610.00	\$5,386.88	\$17,996.88	\$169,000.00
2014	\$7,000.00	\$5,386.88	\$5,163.75	\$17,550.63	\$162,000.00
2015	\$8,000.00	\$5,163.75	\$4,908.75	\$18,072.50	\$154,000.00
2016	\$8,000.00	\$4,908.75	\$4,653.75	\$17,562.50	\$146,000.00
2017	\$9,000.00	\$4,653.75	\$4,366.88	\$18,020.63	\$137,000.00
2018	\$10,000.00	\$4,366.88	\$4,048.13	\$18,415.00	\$127,000.00
2019	\$10,000.00	\$4,048.13	\$3,729.38	\$17,777.50	\$117,000.00
2020	\$11,000.00	\$3,729.38	\$3,378.75	\$18,108.13	\$106,000.00
2021	\$12,000.00	\$3,378.75	\$2,996.25	\$18,375.00	\$94,000.00
2022	\$13,000.00	\$2,996.25	\$2,581.88	\$18,578.13	\$81,000.00
2023	\$14,000.00	\$2,581.88	\$2,135.63	\$18,717.50	\$67,000.00
2024	\$15,000.00	\$2,135.63	\$1,657.50	\$18,793.13	\$52,000.00
2025	\$16,000.00	\$1,657.50	\$1,147.50	\$18,805.00	\$36,000.00
2026	\$17,000.00	\$1,147.50	\$605.63	\$18,753.13	\$19,000.00
2027	\$19,000.00	\$605.63	\$0.00	\$19,605.63	\$0.00
2028	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2029	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2030	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	\$250,000.00	\$216,495.00	\$208,526.25	\$675,021.25	

Name:		Garrison Quincy KY O Helohis Water Dist		LOAN NUMBER	(the loan # here)
BOND SERIES		Amount of Series		Interest Rate	
		\$50,000.00		5.875%	
YEAR	PRINCIPAL	INTEREST	INTEREST	TOTAL	BALANCE
		JANUARY	JULY		\$50,000.00
1990	\$400.00	\$1,468.75	\$1,457.00	\$3,325.75	\$49,600.00
1991	\$400.00	\$1,457.00	\$1,445.25	\$3,302.25	\$49,200.00
1992	\$400.00	\$1,445.25	\$1,433.50	\$3,278.75	\$48,800.00
1993	\$400.00	\$1,433.50	\$1,421.75	\$3,255.25	\$48,400.00
1994	\$500.00	\$1,421.75	\$1,407.06	\$3,328.81	\$47,900.00
1995	\$500.00	\$1,407.06	\$1,392.38	\$3,299.44	\$47,400.00
1996	\$500.00	\$1,392.38	\$1,377.69	\$3,270.06	\$46,900.00
1997	\$600.00	\$1,377.69	\$1,360.06	\$3,337.75	\$46,300.00
1998	\$600.00	\$1,360.06	\$1,342.44	\$3,302.50	\$45,700.00
1999	\$600.00	\$1,342.44	\$1,324.81	\$3,267.25	\$45,100.00
2000	\$700.00	\$1,324.81	\$1,304.25	\$3,329.06	\$44,400.00
2001	\$700.00	\$1,304.25	\$1,283.69	\$3,287.94	\$43,700.00
2002	\$700.00	\$1,283.69	\$1,263.13	\$3,246.81	\$43,000.00
2003	\$800.00	\$1,263.13	\$1,239.63	\$3,302.75	\$42,200.00
2004	\$800.00	\$1,239.63	\$1,216.13	\$3,255.75	\$41,400.00
2005	\$900.00	\$1,216.13	\$1,189.69	\$3,305.81	\$40,500.00
2006	\$900.00	\$1,189.69	\$1,163.25	\$3,252.94	\$39,600.00
2007	\$1,000.00	\$1,163.25	\$1,133.88	\$3,297.13	\$38,600.00
2008	\$1,100.00	\$1,133.88	\$1,101.56	\$3,335.44	\$37,500.00
2009	\$1,100.00	\$1,101.56	\$1,069.25	\$3,270.81	\$36,400.00
2010	\$1,200.00	\$1,069.25	\$1,034.00	\$3,303.25	\$35,200.00
2011	\$1,300.00	\$1,034.00	\$995.81	\$3,329.81	\$33,900.00
2012	\$1,300.00	\$995.81	\$957.63	\$3,253.44	\$32,600.00
2013	\$1,400.00	\$957.63	\$916.50	\$3,274.13	\$31,200.00
2014	\$1,500.00	\$916.50	\$872.44	\$3,288.94	\$29,700.00
2015	\$1,600.00	\$872.44	\$825.44	\$3,297.88	\$28,100.00
2016	\$1,700.00	\$825.44	\$775.50	\$3,300.94	\$26,400.00
2017	\$1,800.00	\$775.50	\$722.63	\$3,298.13	\$24,600.00
2018	\$1,900.00	\$722.63	\$666.81	\$3,289.44	\$22,700.00
2019	\$2,000.00	\$666.81	\$608.06	\$3,274.88	\$20,700.00
2020	\$2,100.00	\$608.06	\$546.38	\$3,254.44	\$18,600.00
2021	\$2,200.00	\$546.38	\$481.75	\$3,228.13	\$16,400.00
2022	\$2,300.00	\$481.75	\$414.19	\$3,195.94	\$14,100.00
2023	\$2,500.00	\$414.19	\$340.75	\$3,254.94	\$11,600.00
2024	\$2,600.00	\$340.75	\$264.38	\$3,205.13	\$9,000.00
2025	\$2,800.00	\$264.38	\$182.13	\$3,246.50	\$6,200.00
2026	\$3,000.00	\$182.13	\$94.00	\$3,276.13	\$3,200.00
2027	\$3,200.00	\$94.00	\$0.00	\$3,294.00	\$0.00
2028	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2029	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2030	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	\$50,000.00	\$38,093.50	\$36,624.75	\$124,718.25	

Name:		Garrison Quincy KY O Heights Water Dist		LOAN NUMBER	97-05
BOND SERIES		Amount of Series		Interest Rate	
		\$295,000.00		4.500%	
YEAR	PRINCIPAL	INTEREST	INTEREST	TOTAL	BALANCE
		JANUARY	JULY		\$295,000.00
1999	\$3,000.00	\$6,637.50	\$6,570.00	\$16,207.50	\$292,000.00
2000	\$3,000.00	\$6,570.00	\$6,502.50	\$16,072.50	\$289,000.00
2001	\$3,500.00	\$6,502.50	\$6,423.75	\$16,426.25	\$285,500.00
2002	\$3,500.00	\$6,423.75	\$6,345.00	\$16,268.75	\$282,000.00
2003	\$3,500.00	\$6,345.00	\$6,266.25	\$16,111.25	\$278,500.00
2004	\$4,000.00	\$6,266.25	\$6,176.25	\$16,442.50	\$274,500.00
2005	\$4,000.00	\$6,176.25	\$6,086.25	\$16,262.50	\$270,500.00
2006	\$4,000.00	\$6,086.25	\$5,996.25	\$16,082.50	\$266,500.00
2007	\$4,500.00	\$5,996.25	\$5,895.00	\$16,391.25	\$262,000.00
2008	\$4,500.00	\$5,895.00	\$5,793.75	\$16,188.75	\$257,500.00
2009	\$5,000.00	\$5,793.75	\$5,681.25	\$16,475.00	\$252,500.00
2010	\$5,000.00	\$5,681.25	\$5,568.75	\$16,250.00	\$247,500.00
2011	\$5,000.00	\$5,568.75	\$5,456.25	\$16,025.00	\$242,500.00
2012	\$5,500.00	\$5,456.25	\$5,332.50	\$16,288.75	\$237,000.00
-2013	\$5,500.00	\$5,332.50	\$5,208.75	\$16,041.25	\$231,500.00
-2014	\$6,000.00	\$5,208.75	\$5,073.75	\$16,282.50	\$225,500.00
-2015	\$6,000.00	\$5,073.75	\$4,938.75	\$16,012.50	\$219,500.00
2016	\$6,500.00	\$4,938.75	\$4,792.50	\$16,231.25	\$213,000.00
2017	\$6,500.00	\$4,792.50	\$4,646.25	\$15,938.75	\$206,500.00
2018	\$7,000.00	\$4,646.25	\$4,488.75	\$16,135.00	\$199,500.00
2019	\$7,500.00	\$4,488.75	\$4,320.00	\$16,308.75	\$192,000.00
2020	\$7,500.00	\$4,320.00	\$4,151.25	\$15,971.25	\$184,500.00
2021	\$8,000.00	\$4,151.25	\$3,971.25	\$16,122.50	\$176,500.00
2022	\$8,500.00	\$3,971.25	\$3,780.00	\$16,251.25	\$168,000.00
2023	\$8,500.00	\$3,780.00	\$3,588.75	\$15,868.75	\$159,500.00
2024	\$9,500.00	\$3,588.75	\$3,375.00	\$16,463.75	\$150,000.00
2025	\$9,500.00	\$3,375.00	\$3,161.25	\$16,038.25	\$140,500.00
2026	\$10,000.00	\$3,161.25	\$2,936.25	\$16,097.50	\$130,500.00
2027	\$10,500.00	\$2,936.25	\$2,700.00	\$16,136.25	\$120,000.00
2028	\$11,000.00	\$2,700.00	\$2,452.50	\$16,152.50	\$109,000.00
2029	\$11,500.00	\$2,452.50	\$2,193.75	\$16,146.25	\$97,500.00
2030	\$12,000.00	\$2,193.75	\$1,923.75	\$16,117.50	\$85,500.00
2031	\$12,500.00	\$1,923.75	\$1,642.50	\$16,066.25	\$73,000.00
2032	\$13,000.00	\$1,642.50	\$1,350.00	\$15,992.50	\$60,000.00
2033	\$14,000.00	\$1,350.00	\$1,035.00	\$16,385.00	\$46,000.00
2034	\$15,000.00	\$1,035.00	\$697.50	\$16,732.50	\$31,000.00
2035	\$15,500.00	\$697.50	\$348.75	\$16,546.25	\$15,500.00
2036	\$15,500.00	\$348.75	\$0.00	\$15,848.75	\$0.00
2037	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2038	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2039	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	\$295,000.00	\$163,507.50	\$156,870.00	\$615,377.50	

Name:		Garrison Gulch KY O Heights Water Dist		LOAN NUMBER	91-08	
BOND SERIES:		Amount of Series		Interest Rate		
		\$356,000.00		4.500%		
YEAR	PRINCIPAL	INTEREST	INTEREST	TOTAL	BALANCE	
		JANUARY	JULY		\$356,000.00	
2005	\$4,000.00	\$8,010.00	\$7,920.00	\$19,930.00	\$352,000.00	
2006	\$4,000.00	\$7,920.00	\$7,830.00	\$19,750.00	\$348,000.00	
2007	\$4,000.00	\$7,830.00	\$7,740.00	\$19,570.00	\$344,000.00	
2008	\$4,000.00	\$7,740.00	\$7,650.00	\$19,390.00	\$340,000.00	
2009	\$4,000.00	\$7,650.00	\$7,560.00	\$19,210.00	\$336,000.00	
2010	\$5,000.00	\$7,560.00	\$7,447.50	\$20,007.50	\$331,000.00	
2011	\$5,000.00	\$7,447.50	\$7,335.00	\$19,782.50	\$326,000.00	
2012	\$5,000.00	\$7,335.00	\$7,222.50	\$19,557.50	\$321,000.00	
-2013	\$5,000.00	\$7,222.50	\$7,110.00	\$19,332.50	\$316,000.00	
-2014	\$6,000.00	\$7,110.00	\$6,975.00	\$20,085.00	\$310,000.00	
-2015	\$6,000.00	\$6,975.00	\$6,840.00	\$19,815.00	\$304,000.00	
2016	\$6,000.00	\$6,840.00	\$6,705.00	\$19,545.00	\$298,000.00	
2017	\$6,000.00	\$6,705.00	\$6,570.00	\$19,275.00	\$292,000.00	
2018	\$7,000.00	\$6,570.00	\$6,412.50	\$19,982.50	\$285,000.00	
2019	\$7,000.00	\$6,412.50	\$6,255.00	\$19,667.50	\$278,000.00	
2020	\$7,000.00	\$6,255.00	\$6,097.50	\$19,352.50	\$271,000.00	
2021	\$8,000.00	\$6,097.50	\$5,917.50	\$20,015.00	\$263,000.00	
2022	\$8,000.00	\$5,917.50	\$5,737.50	\$19,655.00	\$255,000.00	
2023	\$8,000.00	\$5,737.50	\$5,557.50	\$19,295.00	\$247,000.00	
2024	\$9,000.00	\$5,557.50	\$5,355.00	\$19,912.50	\$238,000.00	
2025	\$9,000.00	\$5,355.00	\$5,152.50	\$19,507.50	\$229,000.00	
2026	\$9,000.00	\$5,152.50	\$4,950.00	\$19,102.50	\$220,000.00	
2027	\$10,000.00	\$4,950.00	\$4,725.00	\$19,675.00	\$210,000.00	
2028	\$10,000.00	\$4,725.00	\$4,500.00	\$19,225.00	\$200,000.00	
2029	\$11,000.00	\$4,500.00	\$4,252.50	\$19,752.50	\$189,000.00	
2030	\$11,000.00	\$4,252.50	\$4,005.00	\$19,257.50	\$178,000.00	
2031	\$12,000.00	\$4,005.00	\$3,735.00	\$19,740.00	\$166,000.00	
2032	\$12,000.00	\$3,735.00	\$3,465.00	\$19,200.00	\$154,000.00	
2033	\$13,000.00	\$3,465.00	\$3,172.50	\$19,637.50	\$141,000.00	
2034	\$13,000.00	\$3,172.50	\$2,880.00	\$19,052.50	\$128,000.00	
2035	\$14,000.00	\$2,880.00	\$2,565.00	\$19,445.00	\$114,000.00	
2036	\$15,000.00	\$2,565.00	\$2,227.50	\$19,792.50	\$99,000.00	
2037	\$15,000.00	\$2,227.50	\$1,890.00	\$19,117.50	\$84,000.00	
2038	\$16,000.00	\$1,890.00	\$1,530.00	\$19,420.00	\$68,000.00	
2039	\$17,000.00	\$1,530.00	\$1,147.50	\$19,677.50	\$51,000.00	
2040	\$17,000.00	\$1,147.50	\$765.00	\$18,912.50	\$34,000.00	
2041	\$18,000.00	\$765.00	\$360.00	\$19,125.00	\$16,000.00	
2042	\$16,000.00	\$360.00	\$0.00	\$16,360.00	\$0.00	
2043	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
2044	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
2045	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
	\$356,000.00	\$195,570.00	\$187,560.00	\$739,130.00		

## BOND RESOLUTION

**RESOLUTION OF THE GARRISON-QUINCY-KY-O-HEIGHTS WATER DISTRICT OF LEWIS COUNTY, KENTUCKY, AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF \$295,000 PRINCIPAL AMOUNT OF GARRISON-QUINCY-KY-O-HEIGHTS WATER DISTRICT WATERWORKS REVENUE BONDS, SERIES 1996 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 Garrison-Quincy-Ky-O-Heights 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 outstanding certain Prior Bonds (as hereinafter defined), which Prior Bonds are payable from and secured by a pledge of the revenues derived from the operation of the System, and

WHEREAS, all of the Prior Bonds presently outstanding are current as to payment of both principal and interest, and for the security of which a certain Sinking Fund and certain reserves are being maintained in the manner and by the means prescribed in the Prior Bond Resolution (as hereinafter defined) of the District, authorizing the Prior Bonds, 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 \$295,000 (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 Haworth, Meyer & Boleyn, Inc. 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 so as to rank on a parity basis with the Prior Bonds, and

WHEREAS, the Prior Bonds were issued to and are now held by the Rural Economic and Community Development of the Department of Agriculture of the United States of America (the "RECD"), and

WHEREAS, the RECD, as the Owner of the Prior Bonds, has consented to the issuance by the District of the Current Bonds, 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 \$515,000, and by connection charges in the amount of at least \$49,000, to provide the total cost of such construction,

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF THE GARRISON-QUINCY-KY-O-HEIGHTS WATER DISTRICT OF LEWIS COUNTY, KENTUCKY, AS FOLLOWS:

## BOND RESOLUTION

**RESOLUTION OF THE GARRISON-QUINCY-KY-O-HEIGHTS WATER DISTRICT AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF \$798,000 PRINCIPAL AMOUNT OF GARRISON-QUINCY-KY-O-HEIGHTS WATER DISTRICT WATER AND SEWER REVENUE BONDS, SERIES 2010 FOR THE PURPOSE OF FINANCING THE COST (NOT OTHERWISE PROVIDED) OF THE CONSTRUCTION OF EXTENSIONS, ADDITIONS AND IMPROVEMENTS TO THE EXISTING WATER AND SEWER 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 WATER AND SEWER SYSTEM; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF SAID BONDS.**

WHEREAS, the water and sewer system (the "System") of the Garrison-Quincy-KY-O-Heights 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 outstanding certain Prior Bonds (as hereinafter defined), which Prior Bonds are payable from and secured by a pledge of the revenues derived from the operation of the System, and

WHEREAS, all of the Prior Bonds presently outstanding are current as to payment of both principal and interest, and for the security of which a certain Sinking Fund and certain reserves are being maintained in the manner and by the means prescribed in the Prior Bond Resolution (as hereinafter defined) of the District, authorizing the Prior Bonds, 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 \$798,000 (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 HMB Engineers, Inc. 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 so as to rank on a parity basis with the Prior Bonds, and

WHEREAS, the Prior Bonds were issued to and are now held by the Rural Development of the Department of Agriculture of the United States of America (the "RD"), and

WHEREAS, the RD, as the Owner of the Prior Bonds, has consented to the issuance by the District of the Current Bonds, 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 \$4,479,500, and by a contribution by the District in the amount of at least \$22,500, to provide the total cost of such construction,

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF THE GARRISON-QUINCY-KY-O-HEIGHTS WATER DISTRICT OF LEWIS COUNTY, KENTUCKY, AS FOLLOWS:

## BOND RESOLUTION

**RESOLUTION OF THE GARRISON-QUINCY-KY-O-HEIGHTS WATER DISTRICT OF LEWIS COUNTY, KENTUCKY, AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF \$356,000 PRINCIPAL AMOUNT OF GARRISON-QUINCY-KY-O-HEIGHTS WATER DISTRICT WATERWORKS REVENUE BONDS, SERIES 2002 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 Garrison-Quincy-KY-O-Heights 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 outstanding certain Prior Bonds (as hereinafter defined), which Prior Bonds are payable from and secured by a pledge of the revenues derived from the operation of the System, and

WHEREAS, all of the Prior Bonds presently outstanding are current as to payment of both principal and interest, and for the security of which a certain Sinking Fund and certain reserves are being maintained in the manner and by the means prescribed in the Prior Bond Resolution (as hereinafter defined) of the District, authorizing the Prior Bonds, 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 \$356,000 (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 Haworth, Meyer & Boleyn, Inc. 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 so as to rank on a parity basis with the Prior Bonds, and

WHEREAS, the Prior Bonds were issued to and are now held by the Rural Development of the Department of Agriculture of the United States of America (the "RD"), and

WHEREAS, the RD, as the Owner of the Prior Bonds, has consented to the issuance by the District of the Current Bonds, 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 \$640,000, and by connection charges in the amount of at least \$41,000, to provide the total cost of such construction,

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF THE GARRISON-QUINCY-KY-O-HEIGHTS WATER DISTRICT OF LEWIS COUNTY, KENTUCKY, AS FOLLOWS:

CERTIFICATE OF EXECUTION, NO LITIGATION,  
AND OF OUTSTANDING BOND ISSUES

Re: Garrison-Quincy-Ky-O-Heights Water District Waterworks Revenue Bonds of 1987, in the amount of \$300,000, consisting of \$250,000 of Series A Bonds and \$50,000 of Series B Bonds.

We, Ray Horsley, Chairman, and Jasper D. Lowder, Jr., Secretary, do hereby certify that we are the officers of the Board of Commissioners (the "Commission") of the Garrison-Quincy-Ky-O-Heights Water District (the "District"), constituting the governing body of said District, in Lewis County, Kentucky.

1. That pursuant to all legal requirements, including the Bond Resolution duly adopted by said Commission on April 22, 1987, there have been heretofore lawfully authorized the negotiable "Garrison-Quincy-Ky-O-Heights Water District Waterworks Revenue Bonds of 1987", in the amount of \$300,000, consisting of \$250,000 of Series A Bonds and \$50,000 of Series B Bonds (the "Series 1987-A Bonds"), in the aggregate principal amount of \$300,000, consisting of \$250,000 of Series A Bonds and \$50,000 of Series B Bonds, in the form of fully registered bonds, as such purchaser(s) may determine, bearing interest from the date thereof, which is the same date as the date of this Certificate.

2. That pursuant to the provisions of said Resolution, the purchaser thereof, viz., the Farmers Home Administration of the Department of Agriculture of the United States of America (the "FmHA"), duly elected to take delivery of each series of Series 1987 Bonds in the form of a single fully registered bond (the "Fully Registered Bond"), representing the total authorized issue of Series 1987 Bonds, in the aggregate principal amount of \$300,000, consisting of the Series A Bond in the principal amount of \$250,000 and the Series B Bond in the principal amount of \$50,000, dated as of the date

of this Certificate, each dated the date of delivery of and payment for said Bonds, each payable to the registered owner (initially the FmHA), numbered respectively AR-1 and BR-1, bearing interest from the date thereof. Interest on the Series 1987 Bonds is payable semiannually on January 1 and July 1 in each of the respective years, beginning January 1, 1990, with principal installments being payable on January 1 in each of the respective years, 1990 through 2027, inclusive, as set out in the maturity schedule contained in said Bond Resolution.

3. That said Fully Registered Bond has been executed with the genuine signatures of the undersigned Chairman and Secretary, with the corporate seal (the "Seal") of the District duly affixed to said Fully Registered Bond by one of us who was then and is now duly authorized to affix said Seal to said Fully Registered Bond, and that at that time, a true impression of said Seal was duly affixed to this Certificate at the place indicated below.

4. That on the date of execution of this Certificate we were, and now are, the duly appointed, qualified, and acting officials indicated in this Certificate, and that we were and now are duly authorized to execute the same.

5. That said Series 1987 Bond ranks on a parity with the outstanding \$166,000 of Garrison-Quincy-Ky-0-Heights Water District Waterworks System Revenue Bonds, dated February 8, 1966 (the "Series 1966 Bonds"), and the Series 1966 Bonds and the Series 1987 Bonds represent the only issues of bonds (the "Outstanding Bonds") or obligations of said District outstanding which by their terms are in any manner secured by or payable from the revenues of the District's waterworks system (the "System") as of the date hereof.

6. That no controversy or litigation is pending, prayed, or threatened involving the creation, organization, existence, or boundaries of said District, or the title of any of its officers to their respective positions, or the validity of the Series 1987 Bond, or the power and authority of the District (1) to construct extensions, additions, and improvements to its existing System, (2) to own and operate the System, including said extensions, additions, and improvements, as a revenue-producing undertaking, and (3) to provide and apply adequate revenues from the System for the full and prompt payment of the principal of and interest on the aforesaid Outstanding Bonds, on a parity, and for the cost of operation and maintenance of the System, and that none of the proceedings or authority for the issuance of said Series 1987 Bonds has been repealed, revoked, rescinded, modified, changed, or altered in any manner.

IN TESTIMONY WHEREOF, we have hereunto affixed our respective official signatures and the Seal of said District, this February 23, 1988.

GARRISON-QUINCY-KY-O-HEIGHTS WATER  
DISTRICT

By Ray Hensley  
Chairman

By Jasper D. Bowden Jr.  
Secretary

(Seal of District)