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

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

Eastern Rockcastle Water Association
(Name of Utility)

P.O. Box 540
(Business Mailing Address - Number and Street, or P.O. Box)

Mt. Vernon, KY 40456
(Business Mailing Address - City, State, and Zip)

606-453-0019
(Telephone Number)

RECEIVED

NOV 3 2014

PUBLIC SERVICE
COMMISSION

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:

Rebecca Hacker
(Name)

P.O. Box 540
(Address - Number and Street or P.O. Box)

Mt. Vernon, KY 40456
(Address - City, State, Zip)

606-453-0019
(Telephone Number)

erwa@windstream.net
(Email Address)

(For each statement below, the Applicant should check either "YES", "NO", or "NOT APPLICABLE" (N/A))

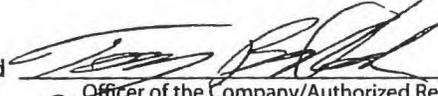
- | | YES | NO | N/A |
|--|-------------------------------------|-------------------------------------|--------------------------|
| 1. a. In its immediate past calendar year of operation, Applicant had \$5,000,000 or less in gross annual revenue. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 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"/> | <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"/> | <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"/> | <input type="checkbox"/> |
| 3. Applicant's records are kept separate from other commonly-owned enterprises. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

- | | YES | NO | N/A |
|---|-------------------------------------|-------------------------------------|-------------------------------------|
| 4. a. Applicant is a corporation that is organized under the laws of the state of _____, is authorized to operate in, and is in good standing in the state of Kentucky. | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b. Applicant is a limited liability company that is organized under the laws of the state of _____, is authorized to operate in, and is in good standing in the state of Kentucky. | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| c. Applicant is a limited partnership that is organized under the laws of the state of _____, is authorized to operate in, and is in good standing in the state of Kentucky. | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| d. Applicant is a sole proprietorship or partnership. | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| e. Applicant is a water district organized pursuant to KRS Chapter 74. | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| f. Applicant is a water association organized pursuant to KRS Chapter 273. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input 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"/> | <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"/> | <input 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 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 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"/> | <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"/> | <input type="checkbox"/> |

- | | YES | NO | N/A |
|--|-------------------------------------|-------------------------------------|--------------------------|
| 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"/> | <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>2013</u> . | <input checked="" type="checkbox"/> | <input 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 type="checkbox"/> | <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>83414.00</u> and total revenues from service rates of \$ <u>362,152.00</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"/> | <input type="checkbox"/> |
| 12. As of the date of the filing of this application , Applicant had <u>1012</u> customers. | <input checked="" type="checkbox"/> | <input 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"/> | <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"/> | <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"/> | <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"/> | <input type="checkbox"/> |
| c. Applicant has attached an amortization schedule for each outstanding evidence of indebtedness. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

- | | YES | NO | N/A |
|---|-------------------------------------|-------------------------------------|-------------------------------------|
| 16. a. Applicant is not required to file state and federal tax returns. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b. Applicant is required to file state and federal tax returns. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input 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 type="checkbox"/> | <input checked="" type="checkbox"/> |
| 17. Approximately <u>0.4</u> (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 checked="" type="checkbox"/> | <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, 54(h) requires complete such form. | <input checked="" type="checkbox"/> | <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 
 Officer of the Company/Authorized Representative
 Title President
 Date 10/27/14

COMMONWEALTH OF KENTUCKY

COUNTY OF BOCKCASTLE

Before me appeared Tony R. Bullock, 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.

Patricia A. Bullock
 Notary Public
 My commission expires: Nov. 22 / 2015

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
- N/A "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.)
- N/A State Tax Return
- Federal Tax Return
- Statement of Disclosure of Related Party Transactions - ARF Form 3

EASTERN ROCKCASTLE WATER ASSOCIATION

P.O. Box 540

Mt. Vernon, KY 40456

Phone: 606-453-0019

Fax: 606-453-0020

October 31, 2014

Jeff Derouen
Executive Director
KY Public Service Commission
PO Box 615
Frankfort, KY 40602

RE: Formal Application to revise certain nonrecurring charge

Dear Mr. Derouen,

This is an application to increase rates. The Association has published the enclosed public notice of the requested rate revision in the local newspaper and will publish this notice for a total of three consecutive weeks. We will follow up with an affidavit from the newspaper verifying that the notice was published for three consecutive weeks.

A copy of this application and related filings has been sent to the Office of the Attorney General.

Sincerely,



Tony Bullock
Board President

EASTERN ROCKCASTLE WATER ASSOCIATION

P.O. Box 540

Mt. Vernon, KY 40456

Phone: 606-453-0019

Fax: 606-453-0020

October 31, 2014

Office of the Attorney General
Consumer Protection Division
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601

RE: Formal Application to revise certain nonrecurring charge

To Whom It May Concern:

Eastern Rockcastle Water Association has submitted a formal application with the Kentucky Public Service Commission to increase rates. Enclosed you will find a copy of the application and related filings.

If you have any questions, please do not hesitate contacting me at 606-453-0019.

Sincerely,



Tony Bullock
Board President

**LEGAL NOTICE REGARDING THE
EASTERN ROCKCASTLE WATER ASSOCIATION**

Notice is hereby given that Eastern Rockcastle Water Association will increase its rates for services rendered on and after January 1, 2015. An application has been filed with the Kentucky Public Service Commission to increase rates as follows:

<u>MONTHLY WATER RATES</u>	<u>Existing Rates</u>	<u>Proposed Rates</u>
<u>¾-Inch Meter</u>		
First 2,000 Gallons	\$23.82 Minimum Bill	\$31.33 Minimum Bill
Over 2,000 Gallons	9.71 per 1,000 Gallons	11.91 per 1,000 Gallons
<u>1-Inch Meter</u>		
First 5,000 Gallons	\$52.95 Minimum Bill	\$67.06 Minimum Bill
Over 5,000 Gallons	9.71 per 1,000 Gallons	11.91 per 1,000 Gallons
<u>2-Inch Meter</u>		
First 15,000 Gallons	\$150.05 Minimum Bill	\$186.16 Minimum Bill
Over 15,000 Gallons	9.71 per 1,000 Gallons	11.91 per 1,000 Gallons

The rates contained in this notice are the rates proposed by the Eastern Rockcastle Water Association. However, the Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates in this notice.

Any corporation, association, body politic, or person may, by motion within thirty (30) days after publication of this fee change, request leave to intervene; and the motion shall be submitted to the Public Service Commission, 211 Sower Boulevard, Post Office Box 615, Frankfort, KY 40602, and shall set forth the grounds for the request including the status and interest of the party.

Intervenors may obtain copies of the application and related filings by contacting the Water Association office located at 9246 Main St, Livingston, Kentucky 40445.

This notice is published pursuant to 807 KAR 5:011-Tariffs.

EASTERN ROCKCASTLE WATER ASSOCIATION
s/ Tony Bullock, President

EASTERN ROCKCASTLE WATER ASSOCIATION

COST OF SERVICE STUDY

SEPTEMBER 2014

PREPARED BY:

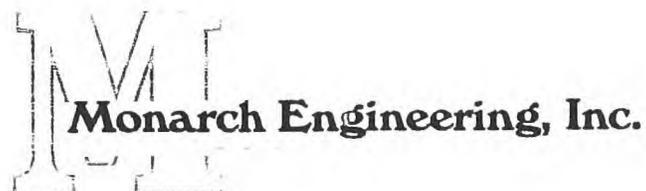


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“CONTINUED”

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SUPPLEMENTAL INFORMATION

APPENDIX 2 PROJECTED CASH FLOW ANALYSIS

COST OF SERVICE STUDY

EASTERN ROCKCASTLE WATER ASSOCIATION

SEPTEMBER 2014

The purpose of this study is to determine the cost of operating and maintaining the water system for the Eastern Rockcastle Water Association and to determine the appropriate share of that cost as applied to the Association's customers. The data used in this study was based on the Association's fiscal year of January 2013 through December 2013, referred to herein as the "test year", and it was supplied by the Association either directly or from the audit performed by Ross & Company, PLLC, Certified Public Accountants.

The study is broken into four sections, Section 1 evaluates the volumes of water purchased and sold throughout the water system, Section 2 is based on revenue generated by the sale of water, Section 3 outlines the costs to operate the system, and Section 4 identifies the portion of the costs that should be shared by the customers.

Table 1-1 consists of information about the water that is purchased by the Association from its wholesale suppliers on a monthly basis. Over the test year period the average daily amount of water purchased from the City of Mt. Vernon was 27,932 gallons, the average daily amount of water purchased from the Jackson County Water Association was 47,658 gallons, and the average daily amount of water purchased from the City of Livingston was 9,748 gallons.

SECTION 1

Table 1-2 is a summary of the five master meter readings that measure the volume of water purchased from City of Mt. Vernon, Jackson County Water Association, and City of Livingston. Those meters are identified as Meter 1 – City of Mt. Vernon (Sand Springs Road), Meter 2 – City of Mt. Vernon (Big Cave Road), Meter 3 – Jackson County Water Association, Meter 4 – City of Livingston (Sand Hill Road), and Meter 5 – City of Livingston (Red Hill Road). The data was based on the meter readings that were taken for the billing cycle. The average purchase of wholesale water by the Association was measured to be 85,337 gallons per day.

TABLE 1-1
TOTAL WATER PURCHASED
EASTERN ROCKCASTLE WATER ASSOCIATION
JANUARY 2013 THROUGH DECEMBER 2013

TABLE IN GALLONS

<i>Month</i>	<i>Water Purchased Mt. Vernon</i>	<i>Water Purchased Jackson Co. Water</i>	<i>Water Purchased Livingston</i>	<i>Total per Month Purchased</i>
January 2013	753,000	1,111,300	148,504	2,012,804
February	841,000	1,382,700	189,114	2,412,814
March	768,000	1,397,500	295,583	2,461,083
April	800,000	1,401,600	327,097	2,528,697
May	1,012,000	1,590,800	250,989	2,853,789
June	795,000	1,426,800	290,592	2,512,392
July	709,000	1,383,600	302,845	2,395,445
August	884,000	1,403,700	287,658	2,575,358
September	839,000	1,476,300	379,294	2,694,594
October	733,900	1,670,800	317,787	2,722,487
November	818,800	1,732,600	504,505	3,055,905
December	1,241,300	1,417,500	263,938	2,922,738
TOTAL	10,195,000	17,395,200	3,557,906	31,148,106
PER DAY AVERAGE	27,932	47,658	9,748	85,337

TABLE 1-2
WHOLESALE PURCHASED WATER
EASTERN ROCKCASTLE WATER ASSOCIATION
JANUARY 2013 THROUGH DECEMBER 2013

BASED ON END OF THE BILLING CYCLE METER READINGS
 TABLE IN GALLONS

<i>Month</i>	<i>Meter 1</i>	<i>Meter 2</i>	<i>Meter 3</i>	<i>Meter 4</i>	<i>Meter 5</i>	<i>Total</i>	<i>AVG/Day</i>
January 2013	420,000	333,000	1,111,300	96,400	52,104	2,012,804	64,929
February	508,000	333,000	1,382,700	117,100	72,014	2,412,814	86,172
March	470,000	298,000	1,397,500	139,300	156,283	2,461,083	79,390
April	493,000	307,000	1,401,600	157,500	169,597	2,528,697	84,290
May	775,000	237,000	1,590,800	102,800	148,189	2,853,789	92,058
June	535,000	260,000	1,426,800	145,400	145,192	2,512,392	83,746
July	483,000	226,000	1,383,600	177,500	125,345	2,395,445	77,272
August	585,000	299,000	1,403,700	153,258	134,400	2,575,358	83,076
September	617,500	221,500	1,476,300	171,400	207,894	2,694,594	89,820
October	450,400	283,500	1,670,800	132,400	185,387	2,722,487	87,822
November	577,000	241,800	1,732,600	229,600	274,905	3,055,905	101,864
December	878,900	362,400	1,417,500	99,800	164,138	2,922,738	94,282
TOTAL	6,792,800	3,402,200	17,395,200	1,722,458	1,835,448	31,148,106	85,337

- Meter 1 City of Mt. Vernon - Sands Springs Road
- Meter 2 City of Mt. Vernon - Big Cave Road
- Meter 3 Jackson County Water Association
- Meter 4 City of Livingston - Sand Hill Road
- Meter 5 City of Livingston - Red Hill Road

Table 1-3 outlines the volume sold within the Association's distribution system. The amount of water sold to the customers of the Association's water system was determined based on actual sales to each user as per the monthly billing system information. From that data, the amount of water that is lost or considered unaccounted for can be determined by comparing the difference between the amount available versus the amount sold. Over the test period the amount available for sale within the Association's distribution system was 85,337 gallons per day and the amount sold was 58,275 gallons per day resulting in the amount of 27,062 gallons per day that was unaccounted for. This amounts to a percentage of water loss within the Association's system of 32 percent which is considered high. The industry recognized for unaccounted water or water loss limit is 15 percent.

TABLE 1-3
ERWA WATER USE
EASTERN ROCKCASTLE WATER ASSOCIATION
JANUARY 2013 THROUGH DECEMBER 2013

BASED ON END OF THE BILLING CYCLE METER READINGS
TABLE IN GALLONS

<i>Month</i>	<i>Water Available for ERWA Cust.</i>	<i>Water Sold to ERWA Cust.</i>	<i>Water Lost in ERWA System</i>	<i>% of Water Loss in Tville</i>
January 2013	2,012,804	1,851,800	161,004	8%
February	2,412,814	1,773,400	639,414	27%
March	2,461,083	1,421,600	1,039,483	42%
April	2,528,697	1,984,400	544,297	22%
May	2,853,789	1,509,900	1,343,889	47%
June	2,512,392	2,015,300	497,092	20%
July	2,395,445	2,055,600	339,845	14%
August	2,575,358	1,802,100	773,258	30%
September	2,694,594	1,783,400	911,194	34%
October	2,722,487	1,623,300	1,099,187	40%
November	3,055,905	1,590,700	1,465,205	48%
December	2,922,738	1,858,900	1,063,838	36%
TOTAL	31,148,106	21,270,400	9,877,706	
PER DAY AVERAGE	85,337	58,275	27,062	32%

In order to determine the allocation of the average water use by the Association a comparison of water sales was evaluated and shown in Table 1-4. Referencing the data shown in the previous Tables, based on the amount of water that was delivered to the distribution system, the Association used 68.3 percent of the water purchased from wholesalers and the unaccounted for water loss was the remaining 31.7 percent. In order to account for the allowable 15 percent water loss that increased the Association's dependence on the water purchased from wholesalers to 85 percent.

TABLE 1-4
 ALLOCATION OF AVERAGE WATER USE
 EASTERN ROCKCASTLE WATER ASSOCIATION
 JANUARY 2013 THROUGH DECEMBER 2013

<i>Usage Type</i>	<i>FY 2013 Data</i>		
	<i>Volume Gallons</i>	<i>Usage by Percentage</i>	<i>Sales by Percentage</i>
ERWA Water Sales	21,270,400	68.3%	100.0%
Unaccounted for Water	9,877,706	31.7%	
TOTAL	31,148,106	100.0%	100.0%

<i>Usage Type</i>	<i>Modified to Include 15% Water Loss</i>		
	<i>Volume Gallons</i>	<i>Usage by Percentage</i>	<i>Sales by Percentage</i>
ERWA Water Sales	26,475,890	85.0%	100.0%
Unaccounted for Water	4,672,216	15.0%	
TOTAL	31,148,106	100.0%	100.0%

SECTION 2

This section summarizes the revenue generated by the sale of water to the Association's customers. Table 2-1, 2-2, and 2-3 outlines the summary of monthly water usage by the Association's customers. The data was based on information supplied by the Association. Consumption of Association's users during the test period resulted in an annual revenue of \$278,738.

TABLE 2-1
EASTERN ROCKCASTLE WATER ASSOCIATION
ANALYSIS OF MONTHLY WATER USAGE AND INCOME
JANUARY 2013 THROUGH DECEMBER 2013
5/8" X 3/4" METER USERS

EXISTING RATE STRUCTURE				
FIRST	2,000	Gallons	\$23.82	(MINIMUM BILL)
OVER	2,000	Gallons	9.71	Per 1,000 Gallons

ANALYSIS OF MONTHLY WATER USAGE AND INCOME							
Monthly Water Usage			Units	Average Usage	Number of Users	Total Usage	Projected Income
0	to	2,000	Gallons	1,000	268	268,000	\$6,383.76
2,000	to	3,000	Gallons	2,500	166	415,000	4,760.05
3,000	to	4,000	Gallons	3,500	68	238,000	2,610.18
4,000	to	5,000	Gallons	4,500	40	180,000	1,923.80
5,000	to	6,000	Gallons	5,500	21	115,500	1,213.91
6,000	to	7,000	Gallons	6,500	14	91,000	945.21
7,000	to	8,000	Gallons	7,500	10	75,000	772.25
8,000	to	9,000	Gallons	8,500	8	68,000	695.48
9,000	to	10,000	Gallons	9,500	5	47,500	483.23
10,000	to	11,000	Gallons	10,500	3	31,500	319.07
11,000	to	12,000	Gallons	11,500	2	23,000	232.13
12,000	to	13,000	Gallons	12,500	1	12,500	125.78
13,000	to	14,000	Gallons	13,500	1	13,500	135.49
14,000	to	15,000	Gallons	14,500	1	14,500	145.20
15,000	to	20,000	Gallons	17,500	1	17,500	174.33
20,000	to	25,000	Gallons	22,500	1	22,500	222.88
25,000	to	30,000	Gallons	27,500	1	27,500	271.43
30,000	to	35,000	Gallons	32,500	1	32,500	319.98
35,000	to	40,000	Gallons	37,500	0	0	0.00
40,000	to	45,000	Gallons	42,500	0	0	0.00
45,000	to	50,000	Gallons	47,500	0	0	0.00
50,000	to	75,000	Gallons	62,500	0	0	0.00
75,000	to	100,000	Gallons	87,500	0	0	0.00
100,000	to	200,000	Gallons	150,000	0	0	0.00
Monthly Totals					612	1,693,000	\$21,734.11
Annual Totals						20,316,000	\$260,809.32
Monthly Avg/ Customer						2,766	\$31.26

**TABLE 2-2
EASTERN ROCKCASTLE WATER ASSOCIATION
ANALYSIS OF MONTHLY WATER USAGE AND INCOME
JANUARY 2013 THROUGH DECEMBER 2013
1-INCH METER USERS**

EXISTING RATE STRUCTURE				
FIRST	5,000	Gallons	\$52.95	Minimum Payment
OVER	5,000	Gallons	9.71	Per 1000 Gallons

ANALYSIS OF MONTHLY WATER USAGE AND INCOME							
Monthly Water Usage			Units	Average Usage	Number of Users	Total Usage	Projected Income
0	to	2,000	Gallons	1,000	0	0	\$0.00
2,000	to	3,000	Gallons	2,500	0	0	0.00
3,000	to	4,000	Gallons	3,500	0	0	0.00
4,000	to	5,000	Gallons	4,500	0	0	0.00
5,000	to	6,000	Gallons	5,500	0	0	0.00
6,000	to	7,000	Gallons	6,500	0	0	0.00
7,000	to	8,000	Gallons	7,500	0	0	0.00
8,000	to	9,000	Gallons	8,500	0	0	0.00
9,000	to	10,000	Gallons	9,500	0	0	0.00
10,000	to	11,000	Gallons	10,500	0	0	0.00
11,000	to	12,000	Gallons	11,500	0	0	0.00
12,000	to	13,000	Gallons	12,500	0	0	0.00
13,000	to	14,000	Gallons	13,500	0	0	0.00
14,000	to	15,000	Gallons	14,500	0	0	0.00
15,000	to	20,000	Gallons	17,500	0	0	0.00
20,000	to	25,000	Gallons	22,500	0	0	0.00
25,000	to	30,000	Gallons	27,500	0	0	0.00
30,000	to	35,000	Gallons	32,500	0	0	0.00
35,000	to	40,000	Gallons	37,500	0	0	0.00
40,000	to	45,000	Gallons	42,500	0	0	0.00
45,000	to	50,000	Gallons	47,500	0	0	0.00
50,000	to	75,000	Gallons	62,500	0	0	0.00
75,000	to	100,000	Gallons	87,500	0	0	0.00
100,000	to	200,000	Gallons	150,000	0	0	0.00
Monthly Totals					0	0	\$0.00
Annual Totals						0	\$0.00
Monthly Avg/Customer						0	\$0.00

**TABLE 2-3
EASTERN ROCKCASTLE WATER ASSOCIATION
ANALYSIS OF MONTHLY WATER USAGE AND INCOME
JANUARY 2013 THROUGH DECEMBER 2013
2-INCH METER USERS**

EXISTING RATE STRUCTURE				
FIRST	15,000	Gallons	\$150.05	Minimum Payment
OVER	15,000	Gallons	9.71	Per 1000 Gallons

ANALYSIS OF MONTHLY WATER USAGE AND INCOME							
Monthly Water Usage			Units	Average Usage	Number of Users	Total Usage	Projected Income
0	to	2,000	Gallons	1,000		0	\$0.00
2,000	to	3,000	Gallons	2,500	0	0	0.00
3,000	to	4,000	Gallons	3,500	0	0	0.00
4,000	to	5,000	Gallons	4,500	0	0	0.00
5,000	to	6,000	Gallons	5,500	0	0	0.00
6,000	to	7,000	Gallons	6,500	0	0	0.00
7,000	to	8,000	Gallons	7,500	0	0	0.00
8,000	to	9,000	Gallons	8,500	0	0	0.00
9,000	to	10,000	Gallons	9,500	0	0	0.00
10,000	to	11,000	Gallons	10,500	0	0	0.00
11,000	to	12,000	Gallons	11,500	0	0	0.00
12,000	to	13,000	Gallons	12,500	0	0	0.00
13,000	to	14,000	Gallons	13,500	0	0	0.00
14,000	to	15,000	Gallons	14,500	0	0	0.00
15,000	to	20,000	Gallons	17,500	0	0	0.00
20,000	to	25,000	Gallons	22,500	0	0	0.00
25,000	to	30,000	Gallons	27,500	0	0	0.00
30,000	to	35,000	Gallons	32,500	0	0	0.00
35,000	to	40,000	Gallons	37,500	0	0	0.00
40,000	to	45,000	Gallons	42,500	0	0	0.00
45,000	to	50,000	Gallons	47,500	0	0	0.00
50,000	to	75,000	Gallons	62,500	0	0	0.00
75,000	to	100,000	Gallons	87,500	0	0	0.00
100,000	to	200,000	Gallons	150,000	1	150,000	1,460.90
Monthly Totals					1	150,000	\$1,460.90
Annual Totals						1,800,000	\$17,530.80
Monthly Avg/Customer						150,000	\$1,460.90

SECTION 3

This section consists of information pertaining to the operation and maintenance costs of operating the Association's water system. Table 3-1 was taken from the recently completed audit of the Association's fiscal year and it consists of the schedule of operating costs. Those costs were categorized in four subjects. Those categories were: 1) Transmission and Distribution, \$242,047; 2) Water Technical Services, \$95,313; 3) Customer Accounts, \$ 22,762; and 4) Administration & General, \$32,067. The total accumulated to be \$392,189. Table 3-2 summarizes the costs for each category in a simplified form.

To determine the total cost of the operation of the Association's water system, long term debts that the Association has must be considered. The Association has three outstanding revenue bonds that applies to the water system and those bonds were issued in 1994 and two in 1999 as a Water Revenue Bonds to the U.S. Department of Agriculture in the amounts of \$254,600, \$500,000, and 204,000, respectively. The 1994 bond matures each July 14 and bears an interest rate of 4.5% with \$184,142.16 outstanding as of December 2013; the 1999 (1) bond matures each February 11 and bears an interest rate of 4.5% with \$409,140.87 outstanding as of December 2013; the 1999 (2) bond matures each February 11 and bears an interest rate of 4.5% with \$166,944.44 outstanding as of December 2013. Final maturity for the 1994 bond is in 2034 and for the 1999 bonds is 2039. Table 3-3 through Table 3-5 consists of an amortization schedule of the bond and Table 3-6 shows the debt service expense by service class. The amount of \$14,112 was derived from the 1994 bond principal and interest payment for year 2013. The amount of \$27,708 was derived from the 1999 (1) bond principal and interest payment for year 2013. The amount of \$11,304 was derived from the 1999 (2) bond principal and interest payment for year 2013. Total amount of bond principal and interest payment for the year of 2013 was \$53,124.

TABLE 3-1

SCHEDULE OF OPERATING EXPENSES BY PSC CATEGORIES
EASTERN ROCKCASTLE WATER ASSOCIATION
JANUARY 2013 THROUGH DECEMBER 2013

2013 FISCAL YEAR AUDIT

<i>Operating Expenses</i>	<i>Transmission & Distribution</i>	<i>Water Technical Services</i>	<i>Customer Accounts</i>	<i>Admin & General</i>	<i>Total</i>
Salaries & Wages	\$18,146	\$18,145	\$14,581	\$10,136	\$61,008
Utilities & Telephone	2,512	0	3,768	3,768	10,048
Postage & Office Supplies	0	1,045	1,168	1,045	3,258
Repairs & Maintenance	6,035	6,035	0	6,035	18,105
Materials & Supplies	58,405	58,404	0	0	116,809
Insurance	2,491	0	1,536	4,161	8,188
Payroll Taxes	5,850	5,850	1,709	1,504	14,913
Janitorial Services	0	0	0	500	500
Computer Services	0	0	0	500	500
Depreciation	87,651	0	0	0	87,651
Gas & Oil	6,034	0	0	0	6,034
Chemicals	0	0	0	0	0
Training & Travel	12,049	0	0	0	12,049
Uniforms	0	0	0	0	0
Advertising	0	0	0	0	0
Lab Fees	2,916	0	0	0	2,916
Legal & Accounting	0	0	0	0	0
Contract Labor	6,682	2,916	0	1,500	11,098
Retirement	33,276	2,918	0	2,918	39,112
Subscriptions & Dues	0	0	0	0	0
Other	0	0	0	0	0
Total Operating Expenses	\$242,047	\$95,313	\$22,762	\$32,067	\$392,189

TABLE 3-2
 OPERATION & MAINTENANCE EXPENSES
 EASTERN ROCKCASTLE WATER ASSOCIATION
 JANUARY 2013 THROUGH DECEMBER 2013

<i>Expense Item</i>	<i>Amount</i>
Transmission & Distribution	\$242,047
Water Technical Services	\$95,313
Customer Accounts	\$22,762
Water Administrative & General	\$32,067
<i>SubTotal of Operations & Maintenance</i>	<i>\$392,189</i>
<i>Minus Depreciation</i>	<i>(87,651)</i>
<i>Total of Operations & Maintenance</i>	<i>\$304,538</i>

Table 3-7 is a simplified summary of the utility expenses as shown in Tables 3-2 and 3-6. The total of all water system expenses for the test year was \$357,662.

Table 3-8 and 3-9 outlines the total revenue requirements for the Association. Each of the four expense items as shown in table 3-6 along with the requirements for the debt service are shown in the first column.

TABLE 3-4
USDA BOND SCHEDULE
 1999 WATER REVENUE BOND

Interest Factor	0.0554017	Principal	\$500,000
Annual Payment	\$27,701	Term	40
		Interest Rate	4.50%

YEAR	PMT. NO	TOTAL	INTEREST	PRINCIPAL	BALANCE
2000	1	\$22,500	\$22,500	\$0	\$500,000
2001	2	22,500	22,500	0	500,000
2002	3	27,700	22,500	5,200	494,800
2003	4	27,666	22,266	5,400	489,400
2004	5	27,723	22,023	5,700	483,700
2005	6	27,667	21,767	5,900	477,800
2006	7	27,701	21,501	6,200	471,600
2007	8	27,702	21,222	6,480	465,120
2008	9	27,700	20,930	6,770	458,350
2009	10	27,701	20,626	7,075	451,275
2010	11	27,707	20,307	7,400	443,875
2011	12	27,700	19,974	7,726	436,149
2012	13	27,702	19,627	8,075	428,074
2013	14	27,708	18,633	9,075	418,999
2014	15	27,705	18,855	8,850	410,149
2015	16	27,707	18,457	9,250	400,899
2016	17	27,700	18,040	9,660	391,239
2017	18	27,701	17,606	10,095	381,144
2018	19	27,701	17,151	10,550	370,594
2019	20	27,707	16,677	11,030	359,564
2020	21	27,700	16,180	11,520	348,044
2021	22	27,702	15,662	12,040	336,004
2022	23	27,700	15,120	12,580	323,424
2023	24	27,704	14,554	13,150	310,274
2024	25	27,702	13,962	13,740	296,534
2025	26	27,704	13,344	14,360	282,174
2026	27	27,703	12,698	15,005	267,169
2027	28	27,703	12,023	15,680	251,489
2028	29	27,707	11,317	16,390	235,099
2029	30	27,709	10,579	17,130	217,969
2030	31	27,700	9,809	17,891	200,078
2031	32	27,702	9,004	18,698	181,380
2032	33	27,702	8,162	19,540	161,840
2033	34	27,703	7,283	20,420	141,420
2034	35	27,704	6,364	21,340	120,080
2035	36	27,704	5,404	22,300	97,780
2036	37	27,700	4,400	23,300	74,480
2037	38	27,702	3,352	24,350	50,130
2038	39	27,701	2,256	25,445	24,685
2039	40	25,796	1,111	24,685	0

TABLE 3-5
USDA BOND SCHEDULE
 1999 WATER REVENUE BOND

Interest - Month	0.055402	Principal	\$204,000
		Term	40
Annual Payment	\$11,302	Interest Rate	4.50%

YEAR	PMT. NO	TOTAL	INTEREST	PRINCIPAL	BALANCE
2000	1	\$9,180	\$9,180	\$0	\$204,000
2001	2	9,180	9,180	0	204,000
2002	3	11,380	9,180	2,200	201,800
2003	4	11,381	9,081	2,300	199,500
2004	5	11,378	8,978	2,400	197,100
2005	6	11,370	8,870	2,500	194,600
2006	7	11,357	8,757	2,600	192,000
2007	8	11,340	8,640	2,700	189,300
2008	9	11,319	8,519	2,800	186,500
2009	10	11,393	8,393	3,000	183,500
2010	11	11,358	8,258	3,100	180,400
2011	12	11,318	8,118	3,200	177,200
2012	13	11,374	7,974	3,400	173,800
2013	14	11,304	7,603	3,701	170,099
2014	15	11,355	7,654	3,701	166,398
2015	16	11,288	7,488	3,800	162,598
2016	17	11,317	7,317	4,000	158,598
2017	18	11,337	7,137	4,200	154,398
2018	19	11,298	6,948	4,350	150,048
2019	20	11,252	6,752	4,500	145,548
2020	21	11,250	6,550	4,700	140,848
2021	22	11,238	6,338	4,900	135,948
2022	23	11,318	6,118	5,200	130,748
2023	24	11,284	5,884	5,400	125,348
2024	25	11,241	5,641	5,600	119,748
2025	26	11,289	5,389	5,900	113,848
2026	27	11,223	5,123	6,100	107,748
2027	28	11,249	4,849	6,400	101,348
2028	29	11,261	4,561	6,700	94,648
2029	30	11,209	4,259	6,950	87,698
2030	31	11,196	3,946	7,250	80,448
2031	32	11,220	3,620	7,600	72,848
2032	33	11,178	3,278	7,900	64,948
2033	34	11,123	2,923	8,200	56,748
2034	35	11,154	2,554	8,600	48,148
2035	36	11,167	2,167	9,000	39,148
2036	37	11,162	1,762	9,400	29,748
2037	38	11,139	1,339	9,800	19,948
2038	39	11,098	898	10,200	9,748
2039	40	10,187	439	9,748	0

TABLE 3-6
 DEBT SERVICE EXPENSES
 BY SERVICE CLASS
 EASTERN ROCKCASTLE WATER ASSOCIATION
 JANUARY 2013 THROUGH DECEMBER 2013

<i>Expense Item</i>	<i>Amount</i>
Transmission & Distribution	\$53,124
Water Technical Services	\$0
Customer Accounts	\$0
Water Administrative & General	\$0
<i>Total Debt Service</i>	<i>\$53,124</i>

TABLE 3-7
 SUMMARY OF UTILITY EXPENSES
 EASTERN ROCKCASTLE WATER ASSOCIATION
 JANUARY 2013 THROUGH DECEMBER 2013

<i>Expense Item</i>	<i>Amount</i>
Operations & Maintenance	\$304,538
Debt Service	53,124
<i>Total of All Utility Expenses</i>	<i>\$357,662</i>

TABLE 3-8
TOTAL REVENUE REQUIREMENTS
EASTERN ROCKCASTLE WATER ASSOCIATION
JANUARY 2013 THROUGH DECEMBER 2013

<i>Component</i>	<i>Total</i>
Operations & Maintenance	
Transmission & Distribution	\$242,047
Water Technical Services	\$95,313
Customer Accounts	\$22,762
Water Administrative & General	\$32,067
O & M Subtotal	\$392,189
Depreciation	(87,651)
Depreciation	(\$87,651)
Debt Service	\$53,124
Debt Service	\$53,124
Total Cost of Service - Revenue Required	\$357,662

TABLE 3-9
REVENUE REQUIREMENTS
EASTERN ROCKCASTLE WATER ASSOCIATION
JANUARY 2013 THROUGH DECEMBER 2013

<i>Component</i>	<i>Total</i>
Test Year Revenue Requirements	\$357,662
Fiscal Year 2013 Water Sales Revenue	\$278,738
Fiscal Year 2013 Water Surplus / (Deficit)	(\$78,924)

SECTION 4

The results of this study indicates that water system rates charged by the Eastern Rockcastle Water Association to its customers are insufficient to meet operating expenses. In order for the Association to continue its operation they will have to either reduce operating costs, which is unlikely based on current trends with the economy and expected increases in components of the operating costs, or increase rates to its users.

Based on the information contained herein, the proportionate amount of the required increase in revenue is shown in Table 4-1. Table 4-1 summarizes the Association's system by comparing the amount of additional annual revenue required, \$78,930, converting that amount to a monthly value of \$6,578, and passing that amount onto its 613 customers which results in a shared rate increase of \$10.73 per customer per month. This is a simple method to evaluate the impact upon the Association's customers and is not intended to be a recommendation.

This final finding is just one method of determining how to assess the adjustment of rates in order to generate sufficient revenue to operate the Association's water system. The final decision on how to generate the needed additional revenue should be evaluated in the form of multiple options.

In addition to the intent of this study, one additional item should be addressed, that being the excessive water loss that is experienced within the Association's water system. By taking a non sophisticated approach to quickly determine the impact of the volume of unaccounted water results in this finding. According to the audit, the cost to operate the transmission and distribution system was \$242,047. The amount of water distributed from the purchase of wholesale water was 31,148,106 gallons. Comparing this component results in an operation cost to be \$7.77 per one thousand gallons. The amount of water that is lost within the Association's distribution system in excess of the allowable 15 percent was 5,205,490 gallons for the test year. Comparing this volume to the cost to operate the distribution system results in an additional operating cost of \$40,000 plus. This resultant is not intended to be technically accurate and would not be on a linear scale by comparing the impacts of subsequent reductions in the water loss. Rather it is an approximation that results in a finding that can be construed as having a large impact on the amount of revenue that the water system requires in order to operate.

TABLE 4-1
PROJECTED RATE INCREASE REQUIRED
EASTERN ROCKCASTLE WATER ASSOCIATION
BASED ON FISCAL YEAR
JANUARY 2013 THROUGH DECEMBER 2013

<i>Average Number of Customers Per Month</i>	613
<i>Additional Annual Revenue Required</i>	\$78,930
<i>Additional Monthly Revenue Required</i>	\$6,578
<i>Average Rate Increase per Customer</i>	\$10.73

APPENDIX 1

EASTERN ROCKCASTLE WATER ASSOCIATION
REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
DECEMBER 31, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Eastern Rockcastle Water Association
Livingston, KY

Report on the Financial Statement

We have audited the accompanying financial statements of Eastern Rockcastle Water Association, Inc. (a Kentucky nonprofit organization), which comprise the statements of financial position as of December 31, 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

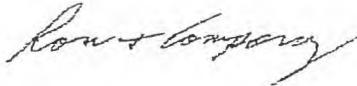
Independent Auditors Report
Eastern Rockcastle Water Association, Inc.
For the Year Ended December 31, 2013

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Eastern Rockcastle Water Association, Inc. as of December 31, 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2014, on our consideration of the Eastern Rockcastle Water Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* considering Eastern Rockcastle Water Association's internal control over financial reporting and compliance.



Louisville, Kentucky
May 30, 2014

EASTERN ROCKCASTLE WATER ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2013

ASSETS

CURRENT ASSETS	
Cash and Cash Equivalents	\$ 128,537
Account Receivable, net	24,827
TOTAL CURRENT ASSETS	153,364
PROPERTY, PLANT & EQUIPMENT	
Land	5,450
Utility Plan	3,512,167
Less: Accumulated Depreciation	(1,125,373)
TOTAL PROPERTY, PLANT & EQUIPMENT	2,392,244
TOTAL ASSETS	\$ 2,545,608

LIABILITIES AND FUND BALANCE

CURRENT LIABILITIES	
Accounts Payable	\$ 12,195
Payroll Taxes Payable	2,377
Customer Deposits	14,263
Current Note Payable	19,309
TOTAL CURRENT LIABILITIES	48,144
LONG TERM LIABILITIES	
Note Payable	740,918
TOTAL LIABILITIES	789,062
NET ASSETS	
Donated Capital	2,493,697
Unrestricted	(737,151)
TOTAL NET ASSETS	1,756,546
TOTAL LIABILITIES AND NET ASSETS	\$ 2,545,608

The accompanying notes are an integral part of the financial statement.

EASTERN ROCKCASTLE WATER ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
For the year ended December 31, 2013

SUPPORT AND REVENUE	
Water Revenue	\$ 278,738
Taxes Collected	14,692
Fees Collected	8,029
Other Income	2,185
Interest Income	1,031
	304,675
TOTAL REVENUES	\$ 304,675
 EXPENDITURES	
Personnel	74,952
Contracted Services	6,803
Material & Supplies	105,161
Other Operating Expenses	44,605
Administration	73,017
Depreciation	87,651
	392,189
TOTAL EXPENDITURES	392,189
 EXCESS (DEFICIENCY) OF REVENUES OVER	
DISBURSEMENTS BEFORE OTHER	
ADJUSTMENTS TO CASH (USES)	(87,514)
Gain on Sale of Assets	2,000
CHANGES IN NET ASSETS	(85,514)
NET ASSETS AT THE BEGINNING OF THE PERIOD	(651,637)
NET ASSETS AT THE END OF THE PERIOD	\$ (737,151)

The accompanying notes are an integral part of the financial statement.

EASTERN ROCKCASTLE WATER ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
December 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Excess (Deficit) Expenditures over Revenues	\$ (85,514)
Adjustments to Reconcile Net Income to Net Cash Provided by by Operating Activities	
Depreciation	87,651
(Increase) Decrease in Accounts Receivable	19,604
Increase (Decrease) in Accounts Payable	4,024
Increase (Decrease) in Accrued Payroll Taxes	(518)
Increase (Decrease) in Accrued Payroll Taxes	<u>708</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 25,955
 CASH FLOWS FROM INVESTING ACTIVITIES	
Cash payments for the purchase of property	(17,065)
 CASH FLOWS FROM FINANCING ACTIVITIES	
Cash provided (used) from financing activities	<u>(17,011)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 (8,121)
 CASH AND CASH EQUIVALENTS, Beginning of the Year	 <u>136,658</u>
 CASH AND CASH EQUIVALENTS, End of the Year	 <u><u>\$ 128,537</u></u>

The accompanying notes are an integral part of the financial statement.

EASTERN ROCKCASTLE WATER ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE A – NATURE OF THE ORGANIZATION

The Eastern Rockcastle Water Association, Inc. (The Association) was incorporated as a nonprofit on March 30, 1990 in the State of Kentucky. It was formed to provide water and related services to customers in Rockcastle and Jackson County.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Association have been prepared in accordance with generally accepted accounting principles, which involve the application of the accrual basis of accounting and accordingly all revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Capital Assets

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year was \$87,651. The Association's capitalization threshold is \$200.

Major renewals and betterments are charged to the property accounts while maintenance and repairs, which do not improve or extend the lives of the respective assets, are expensed as incurred. When properties are retired or otherwise disposed of, the costs are removed from the assets account and a gain or loss is recorded.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable represent water charges due at year-end and are considered fully collectible by the Association with an allowance for doubtful amounts taken into consideration. The doubtful amounts are based on collection experience and will be charged to operations when that determination is made. If amounts previously written off are collected, they will be credited to income when received. The allowance for doubtful accounts for the year ended December 31, 2013 was \$28,704.

EASTERN ROCKCASTLE WATER ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2013
CONTINUED

NOTE B –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

NOTE C – CASH DEPOSITS

At December 31, 2013, the carrying amount of the Association's cash accounts was \$128,537 and the bank balance was \$128,709. Of the bank balance, the entire amount was covered by FDIC insurance.

Cash balances on hand as of December 31, 2013 consisted of the following:

Reserve	\$ 11,817
Payroll	1,710
Certificate of Deposit	106,194
Operation & Maintenance	697
General Fund	7,865
Petty Cash	254
Total:	<u>\$ 128,537</u>

Interest Rate Risk: Is the risk that changes in interest rates will adversely affect the fair value of an investment. The Association does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Management believes the Association is not exposed to significant interest rate risk on investments.

Credit Risk: Is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Association does not have a policy regarding the types of authorized investments that would ensure preservation of assets. Certificates of deposits and money market accounts are permitted. Management believes the Association is not exposed to a significant credit risk.

Custodial Credit Risk: Is the risk that, in the event of bank failure, the Association's deposits may not be returned. The Association maintains its deposits with a financial institution insured by Federal Deposit Insurance Corporations (FDIC). As of December 31, 2013, the Association's deposits were fully covered by FDIC Insurance.

Concentration of Credit Risk: Is the risk of loss attributed to the magnitude of investment in a single issuer. Management does not believe the Association is exposed to a significant concentration of credit risk.

EASTERN ROCKCASTLE WATER ASSOCIATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended December 31, 2013
 CONTINUED

NOTE D – FAIR VALUE OF FINANCIAL INSTRUMENTS

The Association has a number of financial instruments, none of which are held for trading purpose. Management estimates that the fair value of all financial instruments at December 31, 2013 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts had been determined by management using available market information and appropriate valuation methodologies.

NOTE E – COMMITMENTS

The association has entered into an agreement with the City of Livingston, Kentucky to lease an area within Livingston City Hall. The fee of \$200 per month goes towards utilities. Future minimum expense is \$2,400 per year.

NOTE F – RISK MANAGEMENT

The Association is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The Associations is covered by commercial general liability insurance against these risks and all other risks of loss, including workers' compensation and employee health and accident insurance.

NOTE G – SUMMARY OF CHANGES IN CAPITAL ASSETS

Assets	Restated Balance 12/31/12	Additions	Deletions	Ending Balance 12/31/13
Land	\$ 5,450	\$ -	\$ -	\$ 5,450
Utility Plant & Equipment	3,482,968	30,699	(1,500)	3,512,167
Construction in Progress	13,634	-	(13,634)	-
Total	3,502,052	30,699	(15,134)	3,517,617
Accumulated Depreciation	(1,039,222)	(87,651)	1,500	(1,125,373)
Total Capital Assets - Net	\$ 2,462,830	\$ (56,952)	\$ (13,634)	\$ 2,392,244

NOTE H – LONG-TERM DEBT

The Association issues revenue bonds to provide for the acquisition and construction of major capital facilities. The original amount of the revenue bonds issued in prior years for the items listed below was \$958,600. During the year, there were no new bond issues. Revenue bonds retired during the year totaled \$17,011.

Revenue bonds are pledge by revenues and by the full faith and credit of the government. The bond covenants include the maintenance of sinking fund to set aside resources for the payment of future debt service obligations. Interest is calculated on a daily basis; therefore principal amounts may vary from month to month.

EASTERN ROCKCASTLE WATER ASSOCIATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended December 31, 2013
 CONTINUED

NOTE H – LONG-TERM DEBT (CONTINUED)

Annual debt service requirements to maturity for Revenue bonds are estimated as follows.

Year Ending December 31,	Business - Type Activities		
	Principal	Interest	Total
2014	\$ 19,309	\$ 33,815	\$ 53,124
2015	20,196	32,928	53,124
2016	21,124	32,000	53,124
2017	22,094	31,030	53,124
2018	23,109	30,015	53,124
Thereafter	654,395	306,572	960,967
Total	<u>\$ 760,227</u>	<u>\$ 466,360</u>	<u>\$ 1,226,588</u>

The following is a summary of debt transactions for the Association for the year ended December 31, 2013.

	Balance 12/31/12	Additions	Deletions	Balance 12/31/13
Revenue Bonds	<u>\$ 777,238</u>	<u>\$ -</u>	<u>\$ 17,011</u>	<u>\$ 760,227</u>

NOTE I – INCOME TAXES

For income tax purposes, the Association was formed as a non-profit organization in the state of Kentucky. The Association has claimed tax exemption as described in Section 501(c)(4)..

ROSS & COMPANY, PLLC
Certified Public Accountants
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To the Board of Directors
Eastern Rockcastle Water Association, Inc.
Livingston, KY

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees of Eastern Rockcastle Water Association

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Eastern Rockcastle Water Association (a Kentucky nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 30, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Eastern Rockcastle Water Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Eastern Rockcastle Water Association's internal control. Accordingly, we do not express an opinion on the effectiveness of Eastern Rockcastle Water Association's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses, 2013-02.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies, 2013-01.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

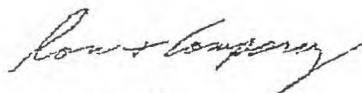
As part of obtaining reasonable assurance about whether Eastern Rockcastle Water Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Eastern Rockcastle Water Association's Response to Findings

Eastern Rockcastle Water Association's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Eastern Rockcastle Water Association's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Louisville, KY
May 30, 2014

ROSS & COMPANY, PLLC
Certified Public Accountants
800 Envoy Circle
Louisville, KY 40299-1837
Telephone (502) 499-9088
Facsimile (502) 499-9132

To the Board of Directors
Eastern Rockcastle Water Association, Inc.
Livingston, KY

RECOMMENDATIONS AND COMMENTS TO MANAGEMENT

In planning and performing our audit, we considered Eastern Rockcastle Water Association (ERWA), internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the ERWA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the ERWA's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be a significant deficiency.

Current Year Findings –

2013-01: Lack of Segregation of Duties

The Eastern Rockcastle Water Association should maintain adequate segregation of duties to ensure functions are separated and not controlled by one individual. The clerk opens mail, prepares checks, makes out the deposit tickets, and completes the bank reconciliations. There are not any documented review processes or compensating controls that exist over these areas. Lack of segregation of duties increases the Association's risk of misappropriation of assets, errors, inaccurate financial reporting and potential fraud risks. We recommend the Association separate these functions to achieve an appropriate level of segregation of duties or implement the following compensating controls over these areas.

SUGGESTIONS:

- Board member (Treasurer) open mail and mark invoices "ok to pay".
- Signature lines should be cut out of all voided checks.
- Board Treasurer should received copy of bank statements and reconciliation to review.
- Someone other than the clerk should deliver deposit to the bank.

Association's Response: I see no reason why most of these suggestions should not be implemented. The only problem I foresee is this availability of a board member to open mail because a board member is not available on a daily basis. The invoice are approved for payment when the checks are signed on a weekly basis.

EASTERN ROCKCASTLE WATER ASSOCIATION, INC.
RECOMMENDATIONS AND COMMENTS TO MANAGEMENT
For the Year Ended December 31, 2013
CONTINUED

2013-02: Capital Assets

The Eastern Rockcastle Water Association should maintain adequate capital asset records. All additions and deletions should be noted to insure proper recording on the Balance Sheet. We recommend an inventory of all property and equipment be recorded at year end at the minimum.

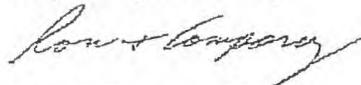
Association's Response: I am in agreement with this suggestion. My only issue with this is correctly identifying capital assets and determining the value of such assets.

We have already discussed many of these conditions and suggestions with various Association personnel, and we will be pleased to discuss these conditions in further detail, to perform any additional study of these matters, or to assist you in implementing the recommendations at your convenience.

If any action occurs after this exit conference date, which affects the significant or material findings, it is the responsibility of management to provide that information to the auditors.

We sincerely appreciate the courtesy extended to our audit staff. Of course, should you have any questions or concerns regarding your audit, please feel free to contact us.

Respectfully Submitted,



Ross & Company, PLLC
May 30, 2014

APPENDIX 2

EASTERN ROCKCASTLE WATER ASSOCIATION

PROJECTED CASH FLOW ANALYSIS

EASTERN ROCKCASTLE WATER ASSOCIATION
PROJECT CASH FLOW

	2009		**2010		**2011		**2012		2013		2014		*2015		2016
WATER SALES	\$260,886	1.5%	\$264,799	1.5%	\$268,771	1.5%	\$272,803	2.1%	\$278,738	1.0%	\$281,525	21.3%	\$357,668	1.0%	\$361,245
MISCELLANEOUS	\$13,940		\$14,000		\$21,853		\$22,654		\$22,721		\$23,000		\$23,000		\$23,000
TOTAL OPERATING REVENUES	\$274,826		\$278,799		\$290,624		\$295,457		\$301,459		\$304,525		\$380,668		\$384,245
TOTAL OPERATING EXPENSES	\$244,747	5%	\$256,984	5%	\$269,834	5%	\$283,325	7%	\$304,538	3%	\$313,700	3%	\$323,100	3%	\$332,793
OPERATING INCOME	\$30,079		\$21,815		\$20,790		\$12,132		(\$3,079)		(\$9,175)		\$57,568		\$51,452
INTEREST INCOME	\$4,631		\$3,898		\$1,958		\$927		\$1,031		\$1,000		\$1,000		\$1,000
OTHER INCOME	\$7,612		\$4,376		\$5,236		\$1,130		\$2,185		\$2,200		\$2,200		\$2,200
TOTAL AVAILABLE FOR DEBT PAYMENT	\$42,322		\$30,089		\$27,984		\$14,189		\$137		(\$6,975)		\$60,768		\$53,652
PRINCIPLE PAYMENT	\$15,046		\$15,723		\$16,430		\$17,710		\$18,462		\$19,309		\$20,196		\$21,124
INTEREST PAYMENT	\$38,078		\$37,401		\$36,694		\$35,954		\$34,662		\$33,815		\$32,928		\$32,000
CASH FLOW	(\$10,802)		(\$23,035)		(\$25,140)		(\$39,475)		(\$52,987)		(\$60,099)		\$7,644		\$528

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.)

Eastern Rockcastle Water Association is requesting a rate increase because our last increase, that was not a pass through, was in 2004. The increased cost of operating and the lack of increased revenue have put a strain on the association. The age of the water system is also a factor in the decision to request a rate increase. Over the past two years, the water system has incurred several costly repairs due to mechanical failures of pumps required to provide water to higher elevations and pressure reducing valves to lower pressure to customers in lower elevations.

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

MONTHLY WATER RATES

Existing Rates

Proposed Rates

3/4-Inch Meter

First 2,000 Gallons

\$23.82 Minimum Bill

\$31.33 Minimum Bill

Over 2,000 Gallons

9.71 per 1,000 Gallons

11.91 per 1,000 Gallons

1-Inch Meter

First 5,000 Gallons

\$52.95 Minimum Bill

\$67.06 Minimum Bill

Over 5,000 Gallons

9.71 per 1,000 Gallons

11.91 per 1,000 Gallons

2-Inch Meter

First 15,000 Gallons

\$150.05 Minimum Bill

\$186.16 Minimum Bill

Over 15,000 Gallons

9.71 per 1,000 Gallons

11.91 per 1,000 Gallons

Leak Adjustment Rate

Customers average monthly bill plus

\$3.25 per 1,000 Gallons

REVENUE REQUIREMENT CALCULATION - DEBT COVERAGE METHOD

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

Pro forma Operating Expenses	304,538
Plus: Average Annual Debt Principal and Interest Payments*	53,124
Debt Coverage Requirement**	5,520
Total Revenue Requirement	<u>363,182</u>
Less: Other Operating Revenue	0
Non-operating Revenue	0
Interest Income	1030
Revenue Required from Rates	<u>362,152</u>
Less: Revenue from Sales at Present Rates	<u>278,738</u>
Required Revenue Increase	<u><u>83,414</u></u>

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

30%

* 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.

Revenue from Present Rates
Test Period from 01-01-13 to 12-31-13

USAGE TABLE

Usage by Rate Increment

Class: Residential

	Bills	Gallons	First 2000	Over 2000	Total
First 2000 Minimum Bill	3270	2752700	2752700		2752700
Over 2000	3977	18299500	7954000	10345500	18299500
Total	7247	21052200	10706700	10345500	21052200

REVENUE TABLE

Revenue by Rate Increment

First 2000 Minimum	7247	10706700	23.82 minimum Bill	172623.54
Over 2000		10345500	9.71 per 1000	100454.81
Totals	7247	21052200		273078.35

Revenue from Proposed Rates
Test Period from 01-01-13 to 12-31-13

Class: Residential

USAGE TABLE

Usage by Rate Increment

	Bills	Gallons	First 2000	Over 2000	Total
First 2000 Minimum Bill	3270	2752700	2752700		2752700
Over 2000	3977	18299500	7954000	10345500	18299500
Total	7247	21052200	10706700	10345500	21052200

REVENUE TABLE

Revenue by Rate Increment

First 2000 Minimum	7247	10706700	31.33 minimum Bill	227048.51
Over 2000		10345500	11.91 per 1000	123214.91
Totals	7247	21052200		350263.42

Revenue from **Present Rates**
 Test Period from 01-01-13 to 12-31-13

USAGE TABLE

Usage by Rate Increment

Class: 2 inch meter

	Bills	Gallons	First 15000	Over 15000	Total
First 15000 Minimum Bill	6	0	0		0
Over 15000	0	0	0		0
Total	6	0	0	0	0

REVENUE TABLE

Revenue by Rate Increment

	Bill	Gallons	Rates	Revenue
First 15000 Minimum	6	0	150.05 minimum Bill	900.30
Over 2000	0	0	9.71 per 1000	0
Totals	6	0		900.30

Revenue from **Proposed Rates**
 Test Period from 01-01-13 to 12-31-13

USAGE TABLE

Usage by Rate Increment

Class: 2 inch meter

	Bills	Gallons	First 15000	Over 15000	Total
First 15000 Minimum Bill	6	0	0		0
Over 15000	0	0	0	0	0
Total	6	0	0	0	0

REVENUE TABLE

Revenue by Rate Increment

	Bill	Gallons	Rates	Revenue
First 15000 Minimum	6	0	186.16 minimum bill	1116.96
Over 15000		0	11.91 per 1000	0
Totals	6	0		1116.96

Depreciation and Amortization Report

Tax Year 2013
 ▶ Keep for your records

EASTERN ROCKCASTLE WATER ASSOCIATION
 Sch C - WATER

Asset Description	*Code	Date In Service	Cost (Net of Land)	Land	Bus Use %	Section 179	Special Depreciation Allowance	Depreciable Basis	Life	Method/Convention	Prior Depreciation	Current Depreciation
DEPRECIATION												
EQUIPMENT		07/01/13	2,000		100.00			2,000	7.0	200DB/HY		286
2013 NEW SERVICES		07/01/13	7,000		100.00			7,000	15.0	SL/HY		233
SUBTOTAL CURRENT YEAR			9,000	0		0	0	9,000			0	519
WATER LINES & METERS		07/01/95	312,584		100.00			312,584	50.0	SL/NA	109,396	6,252
'96 ADDITIONS		07/01/96	51,184		100.00			51,184	50.0	SL/NA	16,896	1,024
'97 ADDITIONS		11/24/97	12,387		100.00			12,387	50.0	SL/NA	3,741	248
TANK SITES		07/01/98	0	1,900	100.00						0	
99 LINE EXTENSION		07/01/99	1,820,542		100.00			1,820,542	50.0	ALT/HY	491,548	36,411
99 NEW SERVICES		10/15/99	1,174		100.00			1,174	15.0	150DB/HY	1,070	69
2000 LINE EXTENSION		07/01/00	553,577		100.00			553,577	39.0	SL/MM	176,834	14,194
NEW SERVICES		07/01/00	6,653		100.00			6,653	39.0	SL/MM	2,128	170
COMPUTER, PROGRAM AND ETC		07/05/00	9,265		100.00			9,265	10.0	SL/HY	9,265	0
CHEVROLET TRUCK		07/18/00	16,495		100.00			16,495	10.0	SL/HY	16,495	0
PUMP		07/01/01	1,498		100.00			1,498	7.0	200DB/HY	1,498	0
NEW LINES & SERVICES		07/01/01	7,500		100.00			7,500	25.0	SL/HY	3,450	300
02 NEW SERVICES		07/01/02	15,918		100.00			15,918	25.0	SL/HY	6,688	637
'03 NEW SERVICES		07/01/03	15,378		100.00			15,378	25.0	SL/HY	5,843	615
'04 ADDITIONS		07/01/04	56,211		100.00			56,211	25.0	SL/HY	19,111	2,248
05 WATER IMPROVEMENTS		07/01/05	410,857		100.00			410,857	25.0	SL/HY	123,255	16,434
BLACKTOPPING DRIVE		07/01/05	3,875		100.00			3,875	15.0	150DB/HY	2,159	229
TRUCK		12/15/05	20,367		100.00			20,367	7.0	200DB/HY	20,367	0
LEAK & WATER LINE DETECTOR		06/27/06	3,674		100.00			3,674	7.0	200DB/HY	3,510	164
HWY 1152 LINE RELOCATION		11/06/07	37,580		100.00			37,580	25.0	SL/MQ	7,703	1,503
TANK SITES		09/30/08	0	3,550	100.00							
09 LINE EXTENSION		03/15/09	113,575		100.00			113,575	25.0	SL/HY	15,901	4,543
WATER TREATMENT		07/01/09	1,498		100.00			1,498	7.0	200DB/HY	1,030	134
EQUIPMENT		07/01/09	836		100.00			836	7.0	200DB/HY	575	75
2011 SERVICES		07/01/11	6,204		100.00			6,204	15.0	SL/HY	621	414
NEW SERVICES - 2012		07/01/12	4,136		100.00			4,136	15.0	SL/HY	138	276
SUBTOTAL PRIOR YEAR			3,482,968	5,450		0	0	3,482,968			1,039,222	85,940
TOTALS			3,491,968	5,450		0	0	3,491,968			1,039,222	86,459

* Code: S = Sold, A = Auto, L = Listed, H = Home Office

UNITED STATES DEPARTMENT OF AGRICULTURE
 RURAL DEVELOPMENT
 ANNUAL STATEMENT OF LOAN ACCOUNT

SAVE THIS INFORMATION
 FOR INCOME TAX PURPOSES

DESCRIPTION	ADVANCES	INTEREST	PRINCIPAL	TOTAL	T	INTEREST RATE	EFFECTIVE DATE
BEGIN LOAN BALNCE		631.16	170,645.40	171,276.56			010113
PAYMENT		652.20	289.80	942.00	R	04.5000	010113
PAYMENT		651.09	290.91	942.00	R	04.5000	020113
PAYMENT		587.07	354.93	942.00	R	04.5000	030113
PAYMENT		648.62	293.38	942.00	R	04.5000	040113
PAYMENT		626.61	315.39	942.00	R	04.5000	050113
PAYMENT		646.29	295.71	942.00	R	04.5000	060113
PAYMENT		624.35	317.65	942.00	R	04.5000	070113
PAYMENT		643.95	298.05	942.00	R	04.5000	080113
PAYMENT		642.80	299.20	942.00	R	04.5000	090113
PAYMENT		620.86	321.04	942.00	R	04.5000	100113
PAYMENT		640.45	301.55	942.00	R	04.5000	110113
PAYMENT		618.65	323.35	942.00	R	04.5000	120113
TOTAL LOAN PMTS		7,603.04	3,700.96	11,304.00			
TOTAL PAID ON ALL LOANS THIS YEAR		34,661.95	18,462.05	53,124.00			

LOAN ACTIVITY	0.00	7,603.04	3,700.96	11,304.00
LOAN BALANCE	UNPD INTEREST	617.47 **	UNPD PRIN	166,944.44 **
NXT AMT DUE	11,304.00	DATE DUE	021114	
PAYMENT STATUS	ON SCHEDULE			
TAXES PAID				
ALL LOAN ACTIVITY	0.00	34,661.95	18,462.05	53,124.00
BORR BAL	UNPD INTEREST	2,811.80	UNPD PRIN	760,227.47

RECIPIENT'S/LENDER'S name, street address, city or town, province or state, country, ZIP or foreign postal code, and telephone number
 USDA RURAL DEVELOPMENT
 PHONE#(314)457-4310
 4300 GOODFELLOW BLVD FC-351
 ST. LOUIS, MO 63120-1703

CAUTION: The amount shown may not be fully deductible by you. Limits based on the loan amount and the cost and value of the secured property may apply. Also, you may only deduct interest to the extent it was incurred by you, actually paid by you, and not reimbursed by another person.

OMB NO. 1545-0901
2013
 Form 1098

CORRECTED (if checked)
Mortgage Interest Statement

RECIPIENT'S federal identification no. [REDACTED]	PAYER'S social security number *****2692	1 Mortgage interest received from payor(s)/borrower(s) \$ 0.00	COPY B FOR PAYER/BORROWER The information in boxes 1, 2, 3, and 4 is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if the IRS determines that an underpayment of tax results because you overstated a deduction for this mortgage interest or for these points or because you did not report this refund of interest on your return.
PAYER'S/BORROWER'S name, street address, city or town, province or state, country, and ZIP or foreign postal code		2 Points paid on purchase of principal residence \$	
EASTERN ROCKCASTLE WATER ASSOCIATION P O BOX 540 MT VERNON, KY 40456		3 Refund of overpaid interest \$	
Account number (see instructions) [REDACTED]		4 Mortgage insurance premiums \$	
		5 IRS FORM 1098 DOES NOT APPLY TO YOUR LOAN TYPE. PLEASE SEE IRS INSTRUCTIONS.	

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT
ANNUAL STATEMENT OF LOAN ACCOUNT

SAVE THIS INFORMATION
FOR INCOME TAX PURPOSES

DESCRIPTION	ADVANCES	INTEREST	PRINCIPAL	TOTAL	T	INTEREST RATE	EFFECTIVE DATE
CASE NUMBER	FINAL YEAR OF LOAN 2039						
FUND CODE 91	LOAN NUMBER 03	DATE OF LOAN 02/11/99	INTEREST RATE 04.5000	AMOUNT OF LOAN 500,000.00			
BEGIN LOAN BALNCE		1,546.82	418,215.55	419,762.37			010113
PAYMENT		1,598.38	710.62	2,309.00	R	04.5000	010113
PAYMENT		1,595.67	713.33	2,309.00	R	04.5000	020113
PAYMENT		1,438.79	870.21	2,309.00	R	04.5000	030113
PAYMENT		1,589.62	719.38	2,309.00	R	04.5000	040113
PAYMENT		1,535.68	773.32	2,309.00	R	04.5000	050113
PAYMENT		1,583.91	725.09	2,309.00	R	04.5000	060113
PAYMENT		1,530.14	778.86	2,309.00	R	04.5000	070113
PAYMENT		1,578.16	730.84	2,309.00	R	04.5000	080113
PAYMENT		1,575.37	733.63	2,309.00	R	04.5000	090113
PAYMENT		1,521.84	787.16	2,309.00	R	04.5000	100113
PAYMENT		1,569.56	739.44	2,309.00	R	04.5000	110113
PAYMENT		1,516.20	792.80	2,309.00	R	04.5000	120113
TOTAL LOAN PMTS		18,633.32	9,074.68	27,708.00			

LOAN ACTIVITY	0.00	18,633.32	9,074.68	27,708.00
LOAN BALANCE	UNPD INTEREST	1,513.26 **	UNPD PRIN	409,140.87 **
NXT AMT DUE	27,705.00	DATE DUE	021114	
PAYMENT STATUS	ON SCHEDULE			
TAXES PAID				

***These unpaid balances may not reflect the total amount due to the Agency at payoff.

RECIPIENT'S/LENDER'S name, street address, city or town, province or state, country, ZIP or foreign postal code, and telephone number USDA RURAL DEVELOPMENT PHONE#(314)457-4310 4300 GOODFELLOW BLVD FC-351 ST. LOUIS, MO 63120-1703	CAUTION: The amount shown may not be fully deductible by you. Funds based on the loan amount and the cost and value of the secured property may apply. Also, you may only deduct interest to the extent it was incurred by you, actually paid by you, and not reimbursed by another person.	ORR HD.1545-0901 2013 Form 1098	<input type="checkbox"/> CORRECTED (if checked) Mortgage Interest Statement
RECIPIENT'S federal identification no. PAYER'S social security number *****2692	1 Mortgage interest received from payer(s)/borrower(s) \$ 0.00	COPY B FOR PAYER/BORROWER The information in boxes 1, 2, 3, and 4 is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if the IRS determines that an underpayment of tax results because you overstated a deduction for this mortgage interest or for these points or because you did not report this refund of interest on your return.	
PAYER'S/BORROWER'S name, street address, city or town, province or state, country, and ZIP or foreign postal code EASTERN ROCKCASTLE WATER ASSOCIATION P O BOX 540 MT VERNON, KY 40456	2 Points paid on purchase of principal residence \$ 3 Refund of overpaid interest \$ 4 Mortgage insurance premiums \$		
Account number (see instructions)	5 IRS FORM 1098 DOES NOT APPLY TO YOUR LOAN TYPE. PLEASE SEE IRS INSTRUCTIONS.		

UNITED STATES DEPARTMENT OF AGRICULTURE
 RURAL DEVELOPMENT
 ANNUAL STATEMENT OF LOAN ACCOUNT

SAVE THIS INFORMATION
 FOR INCOME TAX PURPOSES

CASE NUMBER [REDACTED] FINAL YEAR OF LOAN 2034
 FUND CODE 94 LOAN NUMBER 01 DATE OF LOAN 07/14/94 INTEREST RATE 04.5000 AMOUNT OF LOAN 254,600.00

DESCRIPTION	ADVANCES	INTEREST	PRINCIPAL	TOTAL	T	INTEREST RATE	EFFECTIVE DATE
BEGIN LOAN BALNCE		702.11	189,828.57	190,530.68			010113
PAYMENT		725.51	450.49	1,176.00	R	04.5000	010113
PAYMENT		723.79	452.21	1,176.00	R	04.5000	020113
PAYMENT		652.18	523.82	1,176.00	R	04.5000	030113
PAYMENT		720.05	455.95	1,176.00	R	04.5000	040113
PAYMENT		695.15	480.85	1,176.00	R	04.5000	050113
PAYMENT		716.48	459.52	1,176.00	R	04.5000	060113
PAYMENT		691.66	484.34	1,176.00	R	04.5000	070113
PAYMENT		712.87	463.13	1,176.00	R	04.5000	080113
PAYMENT		711.10	464.90	1,176.00	R	04.5000	090113
PAYMENT		686.44	489.56	1,176.00	R	04.5000	100113
PAYMENT		707.46	468.54	1,176.00	R	04.5000	110113
PAYMENT		682.90	493.10	1,176.00	R	04.5000	120113
TOTAL LOAN PMTS		8,425.59	5,686.41	14,112.00			

LOAN ACTIVITY 0.00 8,425.59 5,686.41 14,112.00
 LOAN BALANCE UNPD INTEREST 681.07 ** UNPD PRIN 184,142.16 **
 NXT AMT DUE 14,108.00 DATE DUE 071414
 PAYMENT STATUS ON SCHEDULE
 TAXES PAID

**These unpaid balances may not reflect the total amount due to the Agency at payoff.

RECIPIENT'S/LENDER'S name, street address, city or town, province or state, country, ZIP or foreign postal code, and telephone number
 USDA RURAL DEVELOPMENT
 PHONE#(314)457-4310
 4300 GOODFELLOW BLVD FC-351
 ST. LOUIS, MO 63120-1703

CAUTION: The amount shown may not be fully deductible by you. Limits based on the loan amount and the cost and value of the secured property may apply. Also, you may only deduct interest to the extent it was incurred by you, actually paid by you, and not reimbursed by another person.

OMB NO. 1545-0001

2013

Form 1098

CORRECTED (if checked)

Mortgage Interest Statement

RECIPIENT'S federal identification no. [REDACTED] PAYER'S social security number *****2692

1 Mortgage interest received from payer(s)/borrower(s) \$ 0.00

PAYER'S/BORROWER'S name, street address, city or town, province or state, country, and ZIP or foreign postal code

EASTERN ROCKCASTLE WATER ASSOCIATION
 P O BOX 540
 MT VERNON, KY 40456

2 Points paid on purchase of principal residence \$

3 Refund of overpaid interest \$

4 Mortgage insurance premiums \$

5 IRS FORM 1098 DOES NOT APPLY TO YOUR LOAN TYPE. PLEASE SEE IRS INSTRUCTIONS.

COPY B FOR PAYER/BORROWER

The information in boxes 1, 2, 3, and 4 is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if the IRS determines that an underpayment of tax results because you overstated a deduction for this mortgage interest or for these points or because you did not report this refund of interest on your return.

USDA BOND SCHEDULE

1999 WATER REVENUE BOND

Interest - Month	0.055402	Principal	\$204,000
		Term	40
Annual Payment	\$11,302	Interest Rate	4.50%

YEAR	PMT. NO	TOTAL	INTEREST	PRINCIPAL	BALANCE
2000	1	\$9,180	\$9,180	\$0	\$204,000
2001	2	9,180	9,180	0	204,000
2002	3	11,380	9,180	2,200	201,800
2003	4	11,381	9,081	2,300	199,500
2004	5	11,378	8,978	2,400	197,100
2005	6	11,370	8,870	2,500	194,600
2006	7	11,357	8,757	2,600	192,000
2007	8	11,340	8,640	2,700	189,300
2008	9	11,319	8,519	2,800	186,500
2009	10	11,393	8,393	3,000	183,500
2010	11	11,358	8,258	3,100	180,400
2011	12	11,318	8,118	3,200	177,200
2012	13	11,374	7,974	3,400	173,800
2013	14	11,304	7,603	3,701	170,099
2014	15	11,355	7,654	3,701	166,398
2015	16	11,288	7,488	3,800	162,598
2016	17	11,317	7,317	4,000	158,598
2017	18	11,337	7,137	4,200	154,398
2018	19	11,298	6,948	4,350	150,048
2019	20	11,252	6,752	4,500	145,548
2020	21	11,250	6,550	4,700	140,848
2021	22	11,238	6,338	4,900	135,948
2022	23	11,318	6,118	5,200	130,748
2023	24	11,284	5,884	5,400	125,348
2024	25	11,241	5,641	5,600	119,748
2025	26	11,289	5,389	5,900	113,848
2026	27	11,223	5,123	6,100	107,748
2027	28	11,249	4,849	6,400	101,348
2028	29	11,261	4,561	6,700	94,648
2029	30	11,209	4,259	6,950	87,698
2030	31	11,196	3,946	7,250	80,448
2031	32	11,220	3,620	7,600	72,848
2032	33	11,178	3,278	7,900	64,948
2033	34	11,123	2,923	8,200	56,748
2034	35	11,154	2,554	8,600	48,148
2035	36	11,167	2,167	9,000	39,148
2036	37	11,162	1,762	9,400	29,748
2037	38	11,139	1,339	9,800	19,948
2038	39	11,098	898	10,200	9,748
2039	40	10,187	439	9,748	0

TABLE 3-4
USDA BOND SCHEDULE
 1999 WATER REVENUE BOND

Interest Factor	0.0554017	Principal	\$500,000
		Term	40
Annual Payment	\$27,701	Interest Rate	4.50%

YEAR	PMT. NO.	TOTAL	INTEREST	PRINCIPAL	BALANCE
2000	1	\$22,500	\$22,500	\$0	\$500,000
2001	2	22,500	22,500	0	500,000
2002	3	27,700	22,500	5,200	494,800
2003	4	27,666	22,266	5,400	489,400
2004	5	27,723	22,023	5,700	483,700
2005	6	27,667	21,767	5,900	477,800
2006	7	27,701	21,501	6,200	471,600
2007	8	27,702	21,222	6,480	465,120
2008	9	27,700	20,930	6,770	458,350
2009	10	27,701	20,626	7,075	451,275
2010	11	27,707	20,307	7,400	443,875
2011	12	27,700	19,974	7,726	436,149
2012	13	27,702	19,627	8,075	428,074
2013	14	27,708	18,633	9,075	418,999
2014	15	27,705	18,855	8,850	410,149
2015	16	27,707	18,457	9,250	400,899
2016	17	27,700	18,040	9,660	391,239
2017	18	27,701	17,606	10,095	381,144
2018	19	27,701	17,151	10,550	370,594
2019	20	27,707	16,677	11,030	359,564
2020	21	27,700	16,180	11,520	348,044
2021	22	27,702	15,662	12,040	336,004
2022	23	27,700	15,120	12,580	323,424
2023	24	27,704	14,554	13,150	310,274
2024	25	27,702	13,962	13,740	296,534
2025	26	27,704	13,344	14,360	282,174
2026	27	27,703	12,698	15,005	267,169
2027	28	27,703	12,023	15,680	251,489
2028	29	27,707	11,317	16,390	235,099
2029	30	27,709	10,579	17,130	217,969
2030	31	27,700	9,809	17,891	200,078
2031	32	27,702	9,004	18,698	181,380
2032	33	27,702	8,162	19,540	161,840
2033	34	27,703	7,283	20,420	141,420
2034	35	27,704	6,364	21,340	120,080
2035	36	27,704	5,404	22,300	97,780
2036	37	27,700	4,400	23,300	74,480
2037	38	27,702	3,352	24,350	50,130
2038	39	27,701	2,256	25,445	24,685
2039	40	25,796	1,111	24,685	0

TABLE 3-3
USDA BOND SCHEDULE
 1994 WATER REVENUE BOND

Interest Factor	0.0554017	Principal	\$254,600
		Term	40
Annual Payment	\$14,105	Interest Rate	4.50%

YEAR	PMT. NO	TOTAL	INTEREST	PRINCIPAL	BALANCE
1995	1	\$11,457	\$11,457	\$0	\$254,600
1996	2	11,457	11,457	0	254,600
1997	3	14,157	11,457	2,700	251,900
1998	4	14,136	11,336	2,800	249,100
1999	5	14,110	11,210	2,900	246,200
2000	6	14,079	11,079	3,000	243,200
2001	7	14,144	10,944	3,200	240,000
2002	8	14,100	10,800	3,300	236,700
2003	9	14,152	10,652	3,500	233,200
2004	10	14,094	10,494	3,600	229,600
2005	11	14,132	10,332	3,800	225,800
2006	12	14,161	10,161	4,000	221,800
2007	13	14,081	9,981	4,100	217,700
2008	14	14,097	9,797	4,300	213,400
2009	15	14,103	9,603	4,500	208,900
2010	16	14,101	9,401	4,700	204,200
2011	17	14,089	9,189	4,900	199,300
2012	18	14,169	8,969	5,200	194,100
2013	19	14,112	8,426	5,686	188,414
2014	20	14,179	8,479	5,700	182,714
2015	21	14,122	8,222	5,900	176,814
2016	22	14,057	7,957	6,100	170,714
2017	23	14,082	7,682	6,400	164,314
2018	24	14,094	7,394	6,700	157,614
2019	25	14,093	7,093	7,000	150,614
2020	26	14,078	6,778	7,300	143,314
2021	27	14,049	6,449	7,600	135,714
2022	28	14,107	6,107	8,000	127,714
2023	29	14,047	5,747	8,300	119,414
2024	30	14,074	5,374	8,700	110,714
2025	31	14,082	4,982	9,100	101,614
2026	32	14,073	4,573	9,500	92,114
2027	33	14,045	4,145	9,900	82,214
2028	34	14,100	3,700	10,400	71,814
2029	35	14,132	3,232	10,900	60,914
2030	36	14,041	2,741	11,300	49,614
2031	37	14,133	2,233	11,900	37,714
2032	38	14,097	1,697	12,400	25,314
2033	39	14,039	1,139	12,900	12,414
2034	40	12,973	559	12,414	0

Return of Organization Exempt From Income Tax

OMB No 1545-0047

2013

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

- Do not enter Social Security numbers on this form as it may be made public.
- Information about Form 990 and its instructions is at www.irs.gov/form990.

Department of the Treasury
Internal Revenue Service

A For the 2013 calendar year, or tax year beginning on _____, ending _____

B Check if applicable:
 Address change
 Name change
 Initial return
 Terminated
 Amended return
 Application pending

C Name of organization: **EASTERN ROCKCASTLE WATER ASSOCIATION, INC**
 Doing Business As _____
 Number and street (or P.O. box if mail is not delivered to street address) / Room/suite:
PO BOX 540
 City or town / State / ZIP code:
MOUNT VERNON / KY / 40456
 Foreign country name / Foreign province/state/county / Foreign postal code: _____

D Employer identification number: _____

E Telephone number: _____

F Name and address of principal officer:
TONY BULLOCK 416 BULLOCK RD, MOUNT VERNON, KY 40456

G Gross receipts \$: **281,112**

H(a) Is this a group return for subordinates? Yes No
H(b) Are all subordinates included? Yes No
 If "No," attach a list. (see instructions)

H(c) Group exemption number: _____

I Tax-exempt status: 501(c)(3) 501(c) (4) (insert no.) 4947(a)(1) or 527

J Website: **N/A**

K Form of organization: Corporation Trust Association Other

L Year of formation: **1990** **M** State of legal domicile: **KY**

Part I Summary		Prior Year	Current Year
Activities & Governance	1 Briefly describe the organization's mission or most significant activities: PROVIDING WATER SERVICE TO RURAL CUSTOMERS IN ROCKCASTLE AND JACKSON COUNTIES IN KENTUCKY.		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	5
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	5
	5 Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5	2
	6 Total number of volunteers (estimate if necessary)	6	
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
7b Net unrelated business taxable income from Form 990-T, line 34	7b	0	
Revenue	8 Contributions and grants (Part VIII, line 1h)	0	0
	9 Program service revenue (Part VIII, line 2g)	251,989	281,112
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	0	0
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	0	0
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	251,989	281,112
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	0	77,798
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25)	0	0
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	0	292,218
	18 Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	0	370,016
19 Revenue less expenses. Subtract line 18 from line 12	251,989	-88,904	
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	Beginning of Current Year 2,641,736	End of Year 2,548,188
	21 Total liabilities (Part X, line 26)	821,702	817,058
	22 Net assets or fund balances. Subtract line 21 from line 20	1,820,034	1,731,130

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature of officer: _____ Date: _____

Type or print name and title: _____

Paid Preparer Use Only

Print/Type preparer's name: **JOSEPH B CLONTZ CPA** Preparer's Signature: _____ Date: **6/6/2014** Check if self-employed PTIN: _____

Firm's name: **JOSEPH B CLONTZ CPA PSC** Firm's EIN: _____

Firm's address: **75 MAIN STREET, MOUNT VERNON, KY 40456** Phone no.: **(606) 256-3623**

May the IRS discuss this return with the preparer shown above? (see instructions) Yes No

Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III

X

1 Briefly describe the organization's mission: PROVIDING WATER SERVICE TO 604 CUSTOMERS IN RURAL ROCKCASTLE AND JACKSON COUNTIES IN KENTUCKY.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? If "Yes," describe these new services on Schedule O. Yes No X

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? If "Yes," describe these changes on Schedule O. Yes No X

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ 359,227 including grants of \$) (Revenue \$) PROVIDED WATER SERVICE TO 604 CUSTOMERS IN RURAL ROCKCASTLE AND JACKSON COUNTIES IN KENTUCKY

4b (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4c (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4d Other program services. (Describe in Schedule O.) (Expenses \$ 0 including grants of \$ 0) (Revenue \$ 0)

4e Total program service expenses 359,227

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A		X
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?		X
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I		X
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II		
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III		X
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I		X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III		X
9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV		X
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V		X
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI	X	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII		X
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII		X
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX		X
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X	X	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X		X
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII		X
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional		X
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E		X
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV		X
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? If "Yes," complete Schedule F, Parts II and IV		X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? If "Yes," complete Schedule F, Parts III and IV		X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)		X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II		X
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III		X
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H		X
If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?		

Part IV Checklist of Required Schedules (continued)

		Yes	No
21	Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II		X
22	Did the organization report more than \$5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III		X
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J		X
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a		X
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		X
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		X
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		X
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I		X
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I		X
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? If so, complete Schedule L, Part II		X
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? If "Yes," complete Schedule L, Part III		X
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		X
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		X
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV		X
29	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M		X
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M		X
31	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I		X
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II		X
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I		X
34	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1		X
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?		X
b	If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2		
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2		X
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI		X
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	X	

Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V

Table with 14 main rows (1a-14a) and sub-rows (b, c, etc.). Columns include question text, sub-row labels (1a, 1b, etc.), and Yes/No checkboxes. Some cells contain 'X' or numerical values like '2'.



Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions. Check if Schedule O contains a response or note to any line in this Part VI.

Section A. Governing Body and Management

Table with 5 columns: Question, 1a, 1b, Yes, No. Rows include questions about voting members, family relationships, management delegation, significant changes, asset diversion, members, governance decisions, meeting documentation, and unreachable officers.

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

Table with 5 columns: Question, Yes, No. Rows include questions about local chapters, conflict of interest policy, whistleblower policy, document retention, compensation review, joint ventures, and public access to documents.

Section C. Disclosure

Table with 5 columns: Question, Yes, No. Rows include questions about public access to Forms 990, website availability, and physical address of records custodian.

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response or note to any line in this Part VII

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's current officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's current key employees, if any. See instructions for definition of "key employee."
- List the organization's five current highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's former officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's former directors or trustees that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) KAREN KING BOARD MEMBER	1.00 0.00	X					250			
(2) RUSSELL BARRON BOARD MEMBER	1.00 0.00	X					250			
(3) TONY BULLOCK PRESIDENT	1.00 0.00			X			250			
(4) TIM WILLIS VICE - PRESIDENT	1.00 0.00			X			250			
(5) CAROLYN HINTON SEC/TREAS	1.00 0.00			X			250			
(6) REBECCA HACKER OFFICE MGR	40.00 0.00				X	X	21,874			
(7)										
(8)										
(9)										
(10)										
(11)										
(12)										
(13)										
(14)										
(15)										
(16)										
(17)										
(18)										
(19)										
(20)										

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(15)										
(16)										
(17)										
(18)										
(19)										
(20)										
(21)										
(22)										
(23)										
(24)										
(25)										
1b Sub-total							23,124	0	0	
c Total from continuation sheets to Part VII, Section A							0	0	0	
d Total (add lines 1b and 1c)							23,124	0	0	

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **0**

	Yes	No
3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual	3	X
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual	4	X
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person	5	X

Section B. Independent Contractors

Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
		0
		0
		0
		0
		0

Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization **0**

Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII.

			(A) Total revenue	(B) Related or exempl function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514	
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns	1a 0				
	b	Membership dues	1b 0				
	c	Fundraising events	1c 0				
	d	Related organizations	1d 0				
	e	Government grants (contributions)	1e 0				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f 0				
	g	Noncash contributions included in lines 1a-1f: \$	0				
	h	Total. Add lines 1a-1f	0				
Program Service Revenue	Business Code						
	2a	WATER REVENUE	221000 281,112	281,112			
	b	. . . . .	0			
	c	. . . . .	0			
	d	. . . . .	0			
	e	. . . . .	0			
	f	All other program service revenue	0				
g	Total. Add lines 2a-2f	281,112					
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)	0				
	4	Income from investment of tax-exempt bond proceeds	0				
	5	Royalties	0				
	6a	Gross rents	(i) Real				
			(ii) Personal				
	b	Less: rental expenses	0				
	c	Rental income or (loss)	0				
	d	Net rental income or (loss)	0				
	7a	Gross amount from sales of assets other than inventory	(i) Securities	0			
			(ii) Other	0			
				0			
				0			
b	Less: cost or other basis and sales expenses	0					
c	Gain or (loss)	0					
d	Net gain or (loss)	0					
8a	Gross income from fundraising events (not including \$ 0 of contributions reported on line 1c). See Part IV, line 18	a	0				
		b	Less: direct expenses	0			
		c	Net income or (loss) from fundraising events	0			
9a	Gross income from gaming activities. See Part IV, line 19	a	0				
		b	Less: direct expenses	0			
		c	Net income or (loss) from gaming activities	0			
10a	Gross sales of inventory, less returns and allowances	a	0				
		b	Less: cost of goods sold	0			
		c	Net income or (loss) from sales of inventory	0			
Miscellaneous Revenue		Business Code					
11a	. . . . .		0			
b	. . . . .		0			
c	. . . . .		0			
d	All other revenue		0				
e	Total. Add lines 11a-11d		0				
12	Total revenue. See instructions		281,112	281,112	0	0	

Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21	0			
2	Grants and other assistance to individuals in the United States. See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	61,009	58,164	2,845	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	0			
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	0			
9	Other employee benefits	11,571	11,571		
10	Payroll taxes	5,218	5,218		
11	Fees for services (non-employees):				
a	Management	0			
b	Legal	0			
c	Accounting	950		950	
d	Lobbying	0			
e	Professional fundraising services. See Part IV, line 17	0			
f	Investment management fees	0			
g	Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.)	1,500	1,500		
12	Advertising and promotion	0			
13	Office expenses	11,146	7,468	3,678	
14	Information technology	0			
15	Royalties	0			
16	Occupancy	10,049	6,733	3,316	
17	Travel	12,049	12,049		
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	0			
20	Interest	34,652	34,652		
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	86,459	86,459	0	0
23	Insurance	8,232	8,232		
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a	MATERIALS AND SUPPLIES	11,648	11,648		
b	PURCHASED WATER	95,135	95,135		
c	WATER TESTING	2,916	2,916		
d	OTHER EXPENSES	16,471	16,471		
e	All other expenses	0			
25	Total functional expenses. Add lines 1 through 24e.	370,016	359,227	10,789	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-721).				

Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X.

		(A) Beginning of year		(B) End of year		
Assets	1	Cash—non-interest-bearing	4,001	1	10,526	
	2	Savings and temporary cash investments	132,673	2	118,011	
	3	Pledges and grants receivable, net	0	3	0	
	4	Accounts receivable, net	7,784	4	8,126	
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5		
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L		6		
	7	Notes and loans receivable, net	0	7	0	
	8	Inventories for sale or use		8	3,728	
	9	Prepaid expenses and deferred charges	3,676	9	2,790	
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a	3,533,923		
	b	Less: accumulated depreciation	10b	1,128,916	10c	2,405,007
	11	Investments—publicly traded securities	0	11	0	
	12	Investments—other securities. See Part IV, line 11	0	12	0	
	13	Investments—program-related. See Part IV, line 11	0	13	0	
	14	Intangible assets	0	14	0	
	15	Other assets. See Part IV, line 11	0	15	0	
16	Total assets. Add lines 1 through 15 (must equal line 34)	2,641,736	16	2,548,188		
Liabilities	17	Accounts payable and accrued expenses	8,053	17	12,195	
	18	Grants payable		18		
	19	Deferred revenue		19		
	20	Tax-exempt bond liabilities		20		
	21	Escrow or custodial account liability. Complete Part IV of Schedule D		21		
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22		
	23	Secured mortgages and notes payable to unrelated third parties	778,690	23	760,228	
	24	Unsecured notes and loans payable to unrelated third parties	0	24	0	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	34,959	25	44,635	
	26	Total liabilities. Add lines 17 through 25	821,702	26	817,058	
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		27		
	28	Temporarily restricted net assets		28		
	29	Permanently restricted net assets		29		
	Organizations that do not follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds		30		
	31	Paid-in or capital surplus, or land, building, or equipment fund	2,643,450	31	2,643,450	
	32	Retained earnings, endowment, accumulated income, or other funds	-823,416	32	-912,320	
33	Total net assets or fund balances	1,820,034	33	1,731,130		
34	Total liabilities and net assets/fund balances	2,641,736	34	2,548,188		

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	281,112
2	Total expenses (must equal Part IX, column (A), line 25)	2	370,016
3	Revenue less expenses. Subtract line 2 from line 1	3	-88,904
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	1,820,034
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	1,731,130

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII

	Yes	No
1 Accounting method used to prepare the Form 990: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: <input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	2a	
b Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	2b	X
c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	2c	X
3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a	X
b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits.	3b	

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.
▶ Attach to Form 990.

Department of the Treasury
Internal Revenue Service

Information at www.irs.gov/form990 and its instructions is at www.irs.gov/form990.

Name of the organization

Employer identification number

EASTERN ROCKCASTLE WATER ASSOCIATION, LLC

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.

Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?		<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?		<input type="checkbox"/> Yes <input type="checkbox"/> No

Part II Conservation Easements.

Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply):	
<input type="checkbox"/> Preservation of land for public use (e.g., recreation or education)	<input type="checkbox"/> Preservation of an historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of a certified historic structure
<input type="checkbox"/> Preservation of open space	
2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.	
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d
3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶	
4 Number of states where property subject to conservation easement is located ▶	
5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?	<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶	
7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$	
8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(v)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.	

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.	
b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:	
(i) Revenues included in Form 990, Part VIII, line 1	▶ \$
(ii) Assets included in Form 990, Part X	▶ \$
2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:	
a Revenues included in Form 990, Part VIII, line 1	▶ \$
b Assets included in Form 990, Part X	▶ \$

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

- 3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):
- a Public exhibition
 - b Scholarly research
 - c Preservation for future generations
 - d Loan or exchange programs
 - e Other _____
- 4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.
- 5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? Yes No

Part IV Escrow and Custodial Arrangements.

Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

- 1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? Yes No
- b If "Yes," explain the arrangement in Part XIII and complete the following table:
- | | Amount |
|---------------------------------|--------|
| c Beginning balance | 1c |
| d Additions during the year | 1d |
| e Distributions during the year | 1e |
| f Ending balance | 1f |
- 2a Did the organization include an amount on Form 990, Part X, line 21? Yes No
- b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII.

Part V Endowment Funds.

Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	0	0	0	0	0

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

- a Board designated or quasi-endowment %
- b Permanent endowment %
- c Temporarily restricted endowment %

The percentages in lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

	Yes	No
(i) unrelated organizations	3a(i)	
(ii) related organizations	3a(ii)	
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b	

4 Describe in Part XIII the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment.

Complete if the organization answered "Yes" to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land	0	0	0	0
b Buildings	0	0	0	0
c Leasehold improvements	0	0	0	0
d Equipment	0	3,533,923	1,128,916	2,405,007
e Other	0	0	0	0
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				2,405,007

Part VII Investments—Other Securities.

Complete if the organization answered "Yes" to Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives	0	
(2) Closely-held equity interests	0	
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 12.)		0

Part VIII Investments—Program Related.

Complete if the organization answered "Yes" to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 13.)		0

Part IX Other Assets.

Complete if the organization answered "Yes" to Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.)	

Part X Other Liabilities.

Complete if the organization answered "Yes" to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	0
(2) OTHER	44,635
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.)	

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII.

Part XIII

Supplemental Information (continued)

Area with horizontal dashed lines for supplemental information.

SCHEDULE J
(Form 990)

Compensation information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 23.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

2013

Department of the Treasury
Internal Revenue Service

▶ Information about Schedule J (Form 990) and its instructions is at www.irs.gov/form990.

Name of the organization

Employer identification number

EASTERN ROCKCASTLE WATER ASSOCIATION, INC

Part I Questions Regarding Compensation

1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

- | | |
|--|--|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) |

b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain.

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked in line 1a?

3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.

- | | |
|--|--|
| <input type="checkbox"/> Compensation committee | <input type="checkbox"/> Written employment contract |
| <input type="checkbox"/> Independent compensation consultant | <input type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input type="checkbox"/> Approval by the board or compensation committee |

4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:

- a** Receive a severance payment or change-of-control payment? **4a** X
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan? **4b** X
- c** Participate in, or receive payment from, an equity-based compensation arrangement? **4c** X

Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5-9.

5 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

- a** The organization? **5a** X
- b** Any related organization? **5b** X

If "Yes" to line 5a or 5b, describe in Part III.

6 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:

- a** The organization? **6a** X
- b** Any related organization? **6b** X

If "Yes" to line 6a or 6b, describe in Part III.

7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III.

8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III.

9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
1a		
1b		
2	X	
3		
4a		X
4b		X
4c		X
5a		X
5b		X
6a		X
6b		X
7		X
8		X
9		

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional spaces needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1	(i)							
	(ii)							
2	(i)							
	(ii)							
3	(i)							
	(ii)							
4	(i)							
	(ii)							
5	(i)							
	(ii)							
6	(i)							
	(ii)							
7	(i)							
	(ii)							
8	(i)							
	(ii)							
9	(i)							
	(ii)							
10	(i)							
	(ii)							
11	(i)							
	(ii)							
12	(i)							
	(ii)							
13	(i)							
	(ii)							
14	(i)							
	(ii)							
15	(i)							
	(ii)							
16	(i)							
	(ii)							

Part III Supplemental Information

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

Area with horizontal dashed lines for supplemental information.

SCHEDULE O
(Form 990 or 990-EZ)

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

Department of the Treasury
Internal Revenue Service

Name of the organization

EASTERN ROCKCASTLE WATER ASSOCIATION, INC

Employer identification number

Form 990, Part III, Section 1, Line 1: WATER PROVIDER FROM RURAL CUSTOMERS

Name of the organization

Employer identification number

EASTERN ROCKCASTLE WATER ASSOCIATION, INC

[REDACTED]

Area with horizontal dashed lines for supplemental information.

DATE _____
TIME _____ 10:05 AM
AMOUNT \$18.00

NO. 16-192
OPEN REQUEST

WRENN CHILDER
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
TSB

ARTICLES OF INCORPORATION

OF

ROCKCASTLE WATER ASSOCIATION, INC.

The undersigned hereby forms a corporation under the laws of the Commonwealth of Kentucky, and under the following Articles of Incorporation.

ARTICLE I.

Eastern

The name of this corporation shall be Rockcastle Water Association, Inc.

ARTICLE II.

The purpose of this corporation shall be to establish, operate and maintain a water distribution system and to do all things necessary and incidental thereto.

ARTICLE III.

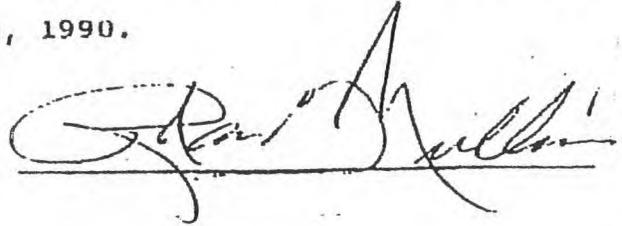
The corporation's initial registered office shall be the Courthouse, Main Street, Mt. Vernon, Kentucky 40456 and the name of its initial registered agent at that is Carl R. Clontz.

ARTICLE IV.

The mailing address of the corporation's principal office is Route 1, Box 230, Mt. Vernon, Kentucky 40456.

P.O. Box 540

IN WITNESS WHEREOF, I have hereunto subscribed my name, this 29th day of March, 1990.

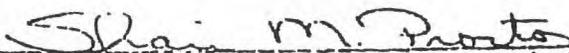


STATE OF KENTUCKY

COUNTY OF ROCKCASTLE

Personally appeared before me, a Notary Public in and for the aforesaid County and State, Roland Mullins, who signed and acknowledged the foregoing Articles of Incorporation to be his own free act and deed.

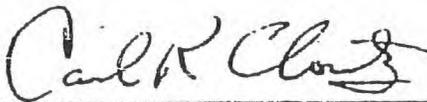
Witness my hand and seal of office, this the 29th day of March, 1990.



Notary Public, State of Ky. at Large
My commission expires 12-5-90

This instrument prepared by:

CLONTZ & COX
Attorneys at Law
P. O. Box 1350
Mt. Vernon, Kentucky 40456





ROCKCASTLE WATER ASSOCIATION
P.O. Box 540
Mt. Vernon, Ky. 40436
(606) 256-5480

0271023.09

John Y. Brown III
Secretary of State
Received and Filed

02/19/2003 11:56 AM

Fee Receipt: \$8.00

Chance
NAOA

Articles of Amendment
Of
Rockcastle Water Association, Inc.

The above corporation existing pursuant to the Kentucky Corporation Laws, desiring to give notice to corporate action effectuating amendment of certain provisions of its Article of Incorporation, sets forth the following amendments:

The name of the corporation is Rockcastle Water Association, Inc.

The exact text of Article 1 of the Articles of Incorporation is amended to read as follows:
Eastern Rockcastle Water Association, Inc.

The amendment was adopted on February 14, 2003, with the Board of Directors casting A vote of unanimous.

Dell F. Ponder

Dell F. Ponder
President

Rockcastle Water Association

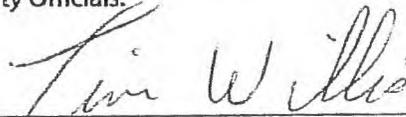
**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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 Eastern Rockcastle Water Association ("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."

Tim Willis
(Print Name)


(Signed)

Vice-President
(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 Rockcastle

Jim Willes
Donna Clayton
(Name)

Subscribed and sworn to before me by

this 1st day of Oct, 2014.

Donna Clayton
NOTARY PUBLIC
State-at-Large

members of the Utility's board of commissioners or board of directors, or person with a 10 percent or greater ownership interest in the Utility, 4) a 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."

Carolyn Hinton

 (Print Name)

Carolyn Hinton

 (Signed)

Secretary

 (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 Randolph

Subscribed and sworn to before me by Carolyn Hinton
(Name)

this 9th day of October 2014

W. H. B. B. B.
NOTARY PUBLIC
State-at-Large

My Comm. expires May 3 2016

**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 Eastern Rockcastle Water Association (Utility) and all other 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."

Tony Bullock
(Print Name)


(Signed)

President
(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 Madison

Subscribed and sworn to before me by Shirley D. H. [Signature]
(Name)

this 17 day of October 2014

[Signature]
NOTARY PUBLIC
State-at-Large

STATE OF

... 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 members² 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."

Russell Barron

 (Print Name)

Russell Barron

 (Signed)

Treasurer

 (Position/Office)

² "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.

NOTARY PUBLIC (NOVEMBER 2015)

COMMONWEALTH OF KENTUCKY

COUNTY OF Fayette

Subscribed and sworn to before me by Sharon A. Wilson _____
(Name)

this 1st day of June 2014

Sharon A. Wilson
NOTARY PUBLIC
State-at-Large

COMMONWEALTH OF KENTUCKY

COUNTY OF Jefferson

Subscribed and sworn to before me by Kevin A. Kelly _____
(Name)

this 17th day of June, 2020

Timothy J. Heston
NOTARY PUBLIC
State-at-Large