

Morgan County Water District
1009 Hwy 172
West Liberty, Ky. 41472
606-743-1204 (Office) 606-743-9585 (Fax)

Roy Collett, Chairman
Holly Litteral, Secretary/Treasurer
Steve Keeton
William Holbrook
Donnie Gunnell

April 20, 2016

RECEIVED

APR 21 2016

PUBLIC SERVICE
COMMISSION

Mr. Jeff Derouen
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

RE: Morgan County Water District
Case No. 2016-0068

Dear Mr. Derouen:

Enclosed are the items required to address the deficiencies cited in the February 23, 2016 letter from Linda Faulkner. The following items are attached:

1. Copies of outstanding debt
2. Copies of amortization schedules
3. Depreciation schedule
4. Revised ARF Form 1 - Attachment BA-DB
5. Revised Revenue Requirement Calculation

Please contact me if you need any additional information. My electronic mail address is morgancounty@gmail.com.

Sincerely,



Kyle Risner, Manager
Morgan County Water District

KR:mab

Enclosures

Bond has consented to the issuance of \$ 300,000 of bonds
 The holder of this Bond has consented to the issuance of \$ 75,000 of bonds
 ranking on a parity as to security and source of payment with
 UNITED STATES OF AMERICA
 COMMONWEALTH OF KENTUCKY
 COUNTY OF MORGAN

91-01

REGISTERED



**MORGAN COUNTY WATER DISTRICT
 WATER REVENUE BOND
 SERIES A OF 1993**

REGISTERED



KNOW ALL MEN BY THESE PRESENTS:
 That the Morgan County Water District, acting by and through its governing body (the "Issuer"), for value received, hereby promises to pay to the Registered Owner hereof, as hereinafter provided, solely from the special fund hereinafter identified, the sum of Three Hundred Thousand Dollars (\$300,000) on the first day of January, in years and installments as follows:

Year	Principal	Year	Principal	Year	Principal
1998	\$ 3,000	2009	\$ 5,000	2022	\$10,000
1997	3,000	2010	6,000	2023	11,000
1996	3,000	2011	6,000	2024	11,000
1995	3,000	2012	6,000	2025	12,000
2000	4,000	2013	7,000	2026	11,000
2001	4,000	2014	7,000	2027	12,000
2002	4,000	2015	7,000	2028	13,000
2003	4,000	2016	8,000	2029	13,000
2004	4,000	2017	8,000	2030	14,000
2005	4,000	2018	8,000	2031	15,000
2006	5,000	2019	9,000	2032	15,000
2007	5,000	2020	9,000	2033	16,000
2008	5,000	2021	10,000		

without deduction for exchange or collection charges, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of debts due the United States of America; and in like manner, solely from said special fund, to pay interest on the balance of said principal sum from time to time remaining unpaid, in like coin or currency, at the rate of four and one-half per cent (4 1/2%) per annum, annually on the first day of January in each year hereafter until said sum is paid, except as the provisions hereinafter set forth with respect to prepayment may be and become applicable hereto, both principal and interest being payable, without deduction for exchange or collection charges, in lawful money of the United States of America, to the Registered Owner, at the address shown on the registration books of the Issuer.

This Bond is one of a duly authorized issue of bonds in the total principal amount of Three Hundred Thousand Dollars (\$300,000) issued by the Issuer pursuant to a duly adopted Ordinance for the purpose of financing the costs, not otherwise provided for, of the construction of extensions, improvements and additions to the Water Distribution System of the Issuer (the "System"). This Bond is issued under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including specifically, Sections 74.370 through 86.350 through 86.350 of said Statutes.

This Bond does not constitute an indebtedness of the Issuer, the meaning of which is determined by the provisions of the Kentucky Revised Statutes, but is payable both principal and interest solely and only out of the revenues derived from the operation of the System of said Issuer, a sufficient portion of which revenues, to pay the principal and interest on all of said Bonds, as and when same become due and payable, shall be set aside and deposited in the "Morgan County Water District Water Bond and Interest Sinking Fund of 1993." In accordance with the provisions of Section 98.400 of the Kentucky Revised Statutes, in addition to the pledge of the income and revenues of the System securing said Bonds, the Issuer hereby acknowledges the existence of a statutory mortgage lien upon the System in favor of the Registered Owner hereof. The Issuer, acting by and through its governing body, covenants that it will fix and revise the rates and charges for the services and

facilities of said System and collect and account for the income and revenues therefrom to pay promptly the principal of and interest on this Bond and the issue of which it is one as the same become due and to pay when due all costs and expenses incident to the operation and maintenance of said System.

This Bond shall be registered as to principal and interest in the name of the Registered Owner hereof, after which it shall be transferable only upon presentation to the Secretary of the Issuer or the Bond Registrar, with a written transfer duly acknowledged by the Registered Owner or his duly authorized attorney, which transfer shall be noted upon this Bond and upon the books of the Issuer kept for that purpose.

As provided in the Bond Ordinance this Bond is exchangeable at the expense of the Registered Owner hereof at any time, upon ninety (90) days' written notice, at the request of such Registered Owner and upon surrender of this Bond to the Issuer at the office of the Secretary to the Issuer, for other Fully Registered Bonds in the denominations in multiples of \$1,000 selected by the Registered Owner as long as the selected denomination(s) are consistent with the maturities hereof, in an aggregate principal amount equal to and maturing in conformity with the unpaid principal amount of this Bond.

The Issuer, at its option, shall have the right to prepay, on any interest payment date on and after January 1, 1995, in the reverse chronological order of the installments due on this Bond, the entire principal amount of this Bond then remaining unpaid, or such lesser portion thereof, in multiples of One Thousand Dollars (\$1,000) as the Issuer may determine, at a price in an amount equivalent to the principal amount to be prepaid plus accrued interest to the date of prepayment, without any prepayment penalty. Notice of such redemption shall be given by regular United States mail to the Registered Owner of this Bond or his assignee, at least thirty (30) days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the Registered Owner of this Bond.

Notwithstanding the foregoing provisions as to prepayment, this Bond may be paid as to principal without premium on any interest payment date from Bond proceeds remaining unused at the time of completion of the Construction Project. Notice of such prepayment shall be given as set forth in the preceding paragraph hereof.

Notwithstanding the foregoing provisions as to prepayment, in the event the United States Department of Agriculture, Farmers Home Administration or any other Federal agency or agency of the United States Government shall have the right to make prepayments of principal on any interest payment date without premium and without the exchange of this Bond.

Upon default in the payment of any principal or interest payment on this Bond (or on any other Bond of the issue of which it forms a part) or upon the failure of the Issuer to comply with any of the provisions of this Bond or with the provisions of the Bond Ordinance, the Registered Owner may, at his option, exercise the rights and remedies provided by law of said Bond Ordinance.

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

IN WITNESS WHEREOF, Morgan County Water District, in the County of Morgan, the Commonwealth of Kentucky, by its governing body, has caused this Bond to be executed by its Chairman, its corporate seal to be hereunto affixed, and attested by its Secretary, on the date of this Bond, which is July 14, 1994.

The holder of this Bond has consented to the issuance of \$332,000 of bonds ranking on a parity as to security and source of payment with this bond.

The holder of this Bond has consented to the issuance of \$600,000 of bonds ranking on a parity as to security and source of payment with this bond.

MORGAN COUNTY WATER DISTRICT

By: *James A Finch*
 Chairman

Attest: *Dwight Cole*
 Secretary

LAW OFFICES
HENRY M. REED III
 2218 FRANKFORT AVENUE
 LOUISVILLE, KENTUCKY 40206-2408

(502) 899-3880
 FAX (502) 899-3882

FINAL APPROVING LEGAL OPINION OF BOND COUNSEL

In re: \$300,000 Morgan County (Kentucky) Water District Water Revenue Bonds, Series A of 1993
 \$ 17,000 Morgan County (Kentucky) Water District Water Revenue Bonds, Series B of 1993

I have examined the proceedings taken by the Board of Commissioners of Morgan County Water District of Morgan County, Kentucky, ("Issuer") in connection with the issuance by said Issuer of two series of Water Revenue Bonds, Series A and B of 1993, in the aggregate principal amount of \$317,000 ("Bonds"), for the purpose of financing the costs, not otherwise provided, of constructing improvements to the water distribution system of said Issuer ("System"). Said Bonds have been issued in accordance with the provisions of a Loan Resolution between the Issuer and the United States Department of Agriculture, Farmers Home Administration ("FmHA") in accordance with a certain "Letter of Conditions" dated June 17, 1991, as amended November 9, 1993, from said FmHA to said Issuer.

Said Bonds have been issued in the form of two single, fully registered Bonds in the denominations of \$300,000 and \$17,000, respectively, with installments of principal maturing on January 1 in varying amounts in each of the years 1996 through 2033, both years inclusive, and which bear interest on unpaid installments of principal at the rate of four and one half percent (4½%) per annum, payable annually on January 1 each year.

Said Bonds are authorized in accordance with the provisions of a Bond Ordinance passed and adopted by the governing body of the Issuer, which Bond Ordinance provides that installments of principal on said Bonds are subject to prepayment, in whole or in part, on any interest payment date on or after January 1, 1995, upon the payment of the principal amount to be prepaid, plus accrued interest to the redemption date, but without premium.

It is my opinion that said Bonds constitute valid and legally binding obligations of the nature and security indicated in the Bond Ordinance authorizing same and will comply fully with the requirements of the above-mentioned Loan Resolution and Letter of Conditions. I am of the opinion that all steps deemed by me to be necessary or desirable will have been taken as of the date said Bonds are delivered in due time, proper form and by the appropriate parties and that by reason thereof, said Bonds constitute the valid, legal and enforceable obligations of the Issuer, in accordance with the terms thereof and that said Bonds are payable from and secured by a pledge of the first gross income and revenues to be derived from the operation of said System. In addition, said Bonds are secured by a statutory mortgage lien upon the System in accordance with the provisions of Section 96.400 of the Kentucky Revised Statutes. Said Bonds have been authorized in accordance with the provisions of Sections 74.370 and 96.530 through 96.510 of the Kentucky Revised Statutes.

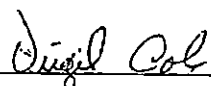
Based upon existing statutes, regulations and official rulings as construed and applied as of the date this Opinion is rendered, it is my further opinion that the receipt of interest on said Bonds is excludable from the gross income of the recipients thereof for present Commonwealth of Kentucky and Federal income tax purposes and that said Bonds are exempt from present ad valorem taxation by the Commonwealth and all of its political subdivisions; provided, however, the Registered Owners are advised as follows: (i) in the computation of the corporate minimum tax, earnings and profits may include otherwise tax-exempt interest on the Bonds; (ii) property and casualty insurance companies may be denied certain loss reserve deductions to the extent of otherwise tax-exempt interest on the Bonds; (iii) individuals must include interest income on the Bonds in the calculation of "modified adjusted gross income" in the determination of whether and to what extent Social Security benefits are subject to Federal income taxation; and (iv) financial institutions may treat the Bonds as a "qualified tax-exempt obligations" under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

HENRY M. REED III

PROVISION FOR REGISTRATION

This Bond is registered as hereinafter set out, and this Bond may hereafter be transferred only upon written transfer acknowledged by the Registered Owner or his attorney, such transfer to be made and endorsed hereon as indicated.

(FORM OF REGISTRATION)

Date of Registration	In Whose Name Registered	Signature of the Secretary of District
NOVEMBER 15, 1994	UNITED STATES OF DEPARTMENT OF AGRICULTURE, FARMERS HOME ADMINISTRATION 771 Corporate Plaza Lexington, Kentucky 40504	

holder of this Bond has consented to the issuance of \$600,000 of bonds ranking on a parity as to security and source of payment with this bond.

The holder of this Bond has consented to the issuance of \$75,000 of bonds ranking on a parity as to security and source of payment with this bond.

91-04

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
COUNTY OF MORGAN

The holder of this Bond has consented to the issuance of \$375,000 of bonds ranking on a parity as to security and source of payment with this bond.

MORGAN COUNTY WATER DISTRICT WATER REVENUE BOND SERIES OF 1995

The holder of this Bond has consented to the issuance of \$300,000 of bonds ranking on a parity as to security and source of payment with this bond.

KNOW ALL MEN BY THESE PRESENTS: That the Morgan County Water District, acting by and through its governing body (the "Issuer"), for value received, has caused to be executed and delivered by its duly authorized officers and agents, the following Three Hundred Seventy-Five Thousand Dollars (\$375,000) on the first day of January, in years and treatments as follows:

Year	Principal	Year	Principal	Year	Principal
1998	\$4,000	2011	\$7,900	2024	\$12,000
1999	4,000	2012	7,900	2025	13,000
2000	4,200	2013	7,500	2026	13,500
2001	4,300	2014	8,000	2027	14,000
2002	4,500	2015	8,200	2028	14,500
2003	5,000	2016	9,000	2029	15,500
2004	5,000	2017	9,000	2030	16,000
2005	5,500	2018	9,500	2031	16,500
2006	5,500	2019	10,000	2032	17,500
2007	6,000	2020	10,000	2033	18,000
2008	6,000	2021	11,300	2034	19,000
2009	6,500	2022	11,000	2035	19,000
2010	6,500	2023	12,000		

without deduction for exchange or collection charges, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of debts due the United States of America; and in like manner, solely from said special fund, to pay interest on the balance of said principal sum from time to time remaining unpaid, in the coin or currency, at the rate of four and one-half per cent (4 1/2%) per annum, annually on the first day of January in each year hereafter until said sum is paid, except as the provisions hereinafter set forth with respect to prepayment may be and become applicable hereto, both principal and interest being payable, without deduction for exchange or collection charges, in lawful money of the United States of America to the Registered Owner at the address shown on the registration books of the Issuer:

This Bond is one of a duly authorized issue of bonds in the total principal amount of Three Hundred Seventy-Five Thousand Dollars (\$375,000) issued by the Issuer pursuant to a duly adopted Ordinance for the purpose of financing the costs (and otherwise provided, of the construction of extensions, improvements and appurtenances to the "Construction Project" as the water distribution system of the Issuer (the "System"). This Bond is issued under and in compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including specifically, Sections 74.370 and 96.350 through 96.510 of said Statutes.

This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions, but is payable both principal and interest solely and only out of the revenues derived from the operation of the System of said Issuer, a sufficient portion of which revenues, to pay the principal of and interest on all of said Bonds, as and when same become due and payable, shall be set aside and deposited in the "Morgan County Water District Water Bond and Interest Sinking Fund of 1993." In accordance with the provisions of Section 96.400 of the Kentucky Revised Statutes, in addition to the pledge of the income and revenues of the System securing said Bonds, the Issuer hereby acknowledges the existence of a statutory mortgage lien upon the System in favor of the Registered Owner hereof. The Issuer, acting by and through its governing body, covenants that it will fix and revise the rates and charges for the services and

include in said System and collect and account for the income and revenues thereon to pay promptly the principal of and interest on this Bond and the issue of which it is one as the same become due and to pay when due all costs and expenses incident to the operation and maintenance of said System. By virtue of a waiver and consent of the Registered Owner, this Bond ranks on the basis of parity as to security and source of payment with the Issuer's outstanding Water Revenue Bonds, Series A and B of 1993.

This Bond shall be registered as to principal and interest in the name of the Registered Owner hereof, after which it shall be transferable only upon presentation to the Secretary of the Issuer as the Bond Registrar, with a written transfer duly acknowledged by the Registered Owner or his duly authorized attorney, which transfer shall be noted upon this Bond and upon the books of the Issuer kept for that purpose.

As provided in the Bond Ordinance this Bond is exchangeable at the expense of the Registered Owner hereof at any time, upon ninety (90) days' written notice, at the request of such Registered Owner and upon surrender of this Bond to the Issuer at the office of the Secretary to the Issuer, for other Fully Registered Bonds in the denominations in multiples of \$500 selected by the Registered Owner as long as the selected denomination(s) are consistent with the maturities hereof, in an aggregate principal amount equal to and maturing in conformity with the unpaid principal amount of this Bond.

The Issuer, at its option, shall have the right to prepay, on any interest payment date on and after January 1, 1996, in the inverse chronological order of the installments due on the Bond, the entire principal amount of this Bond then remaining unpaid, or such lesser portion thereof, in multiples of Five Hundred Dollars (\$500) as the Issuer may determine, at a price in an amount equivalent to the principal amount to be prepaid plus accrued interest to the date of prepayment, without any prepayment penalty. Notice of such redemption shall be given by regular United States mail to the Registered Owner of this Bond or his assignee, at least thirty (30) days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the Registered Owner of this Bond.

Notwithstanding the foregoing provisions as to prepayment, this Bond may be paid as to principal without premium on any interest payment date from Bond proceeds remaining unused at the time of completion of the Construction Project. Notice of such prepayment shall be given as set forth in the preceding paragraph hereof.

Notwithstanding the foregoing provisions as to prepayment, in the event the United States of America, acting through the U.S. Department of Agriculture Rural Economic and Community Development, or the Registered Owner of this Bond, the Issuer shall have the right to make prepayments of principal on any interest payment date without premium and without the exchange of this Bond.

Upon default in the payment of any principal or interest payment of this Bond (or on any other Bond of the issue of which it forms a part) or upon failure to comply with any provisions of this Bond or with the provisions of the Bond Ordinance, the Registered Owner may, at his option, institute legal proceedings and remedies provided by law of the said Bond Ordinance.

This Bond is exempt from taxation in the Commonwealth of Kentucky. It is hereby certified, recited and declared that all legal conditions and prerequisites required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law and that the face amount of this Bond does not exceed any limit prescribed by the Constitution or Statutes of the Commonwealth of Kentucky.

IN WITNESS WHEREOF, Morgan County Water District, in the County of Morgan, the Commonwealth of Kentucky, by its governing body, has caused this Bond to be executed by its Chairman, its corporate seal to be hereunto affixed, and attested by its Secretary, on the date of this Bond, which is September 7, 1995.

MORGAN COUNTY WATER DISTRICT

By: *James H. Fizek*
Chairman

Attest: *Joseph C. Cal*
Secretary

LAW OFFICES
HENRY M. REED III
2218 FRANKFORT AVENUE
LOUISVILLE, KENTUCKY 40206-2408

(502) 899-3880
FAX (502) 899-3882

FINAL APPROVING LEGAL OPINION OF BOND COUNSEL

In re: \$375,000 Morgan County (Kentucky) Water District Water Revenue Bonds, Series of 1995

I have examined the proceedings taken by the Board of Commissioners of Morgan County Water District of Morgan County, Kentucky, ("Issuer") in connection with the issuance by said Issuer of an Issue of Water Revenue Bonds, Series of 1995, in the aggregate principal amount of \$375,000 ("Bond"), for the purpose of financing the costs, not otherwise provided, of constructing improvements to the water distribution system of said Issuer ("System"). Said Bond has been issued in accordance with the provisions of a Loan Resolution between the Issuer and the United States of America, acting through the U.S. Department of Agriculture, Rural Economic and Community Development ("RECD"), in accordance with a certain "Letter of Conditions" dated July 7, 1993, as amended by Letter of April 12, 1995 from said RECD to said Issuer.

Said Bond has been issued in the form of a single, fully registered Bond in the denomination of \$375,000 with installments of principal maturing on January 1 in varying amounts in each of the years 1998 through 2035, both years inclusive, and bears interest on unpaid installments of principal at the rate of four and one half percent (4 1/2%) per annum, payable annually on January 1 each year.

Said Bond has been authorized in accordance with the provisions of a Bond Ordinance passed and adopted by the governing body of the Issuer, which Bond Ordinance provides that installments of principal on said Bond is subject to prepayment, in whole or in part, on any interest payment date on or after January 1, 1996, upon the payment of the principal amount to be prepaid, plus accrued interest to the redemption date, but without premium.

It is my opinion that said Bond constitutes a valid and legally binding obligation of the nature and security indicated in the Bond Ordinance authorizing same and will comply fully with the requirements of the above-mentioned Loan Resolution and Letter of Conditions. I am of the opinion that all steps deemed by me to be necessary or desirable have been taken as of the date said Bond is delivered in due time, proper form and by the appropriate parties and that by reason thereof, said Bond constitutes the valid, legal and enforceable obligation of the Issuer, in accordance with the terms thereof and that said Bond is payable from and secured by a pledge of the first gross income and revenues to be derived from the operation of said System and ranks on the basis of parity as to security and source of payment with the Issuer's outstanding Water Revenue Bonds, Series A and Series B of 1993 by virtue of the waiver and consent of RECD as the Registered Owner of said Series 1993 Bonds. In addition, said Bond is secured by a statutory mortgage lien upon the System in accordance with the provisions of Section 96.400 of the Kentucky Revised Statutes. Said Bond is authorized in accordance with the provisions of Sections 74.370 and 96.350 through 96.510 of the Kentucky Revised Statutes.

Based upon existing statutes, regulations and official rulings as construed and applied as of the date this Opinion is rendered, it is my further opinion that the receipt of interest on said Bond is excludable from the gross income of the recipient thereof for present Commonwealth of Kentucky and Federal income tax purposes and that said Bond is exempt from present ad valorem taxation by the Commonwealth and all of its political subdivisions; provided, however, the Registered Owner is advised as follows: (i) in the computation of corporate minimum tax, earnings and profits may include otherwise tax-exempt interest on the Bond; (ii) property and casualty insurance companies may be denied certain loss reserve deductions to the extent of otherwise tax-exempt interest on the Bond; (iii) individuals must include interest income on the Bond in the calculation of "modified adjusted gross income" in the determination of whether and to what extent Social Security benefits are subject to Federal income taxation; and (iv) financial institutions may treat the Bond as a "qualified tax-exempt obligation" under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

HENRY M. REED III

PROVISION FOR REGISTRATION

This Bond is registered as hereinafter set out, and this Bond may thereafter be transferred only upon written transfer acknowledged by the Registered Owner or his attorney, such transfer to be made and endorsed hereon as indicated.

(FORM OF REGISTRATION)

Date of Registration	In Whose Name Registered	Signature of the Secretary of District
September 7, 1995	United States of America, acting through the U.S. Department of Agriculture, Rural Economic and Community Development 771 Corporate Plaza Lexington, Kentucky 40504	<i>David C. Col</i>

Ranking on a parity as to security and source of payment with this bond

The holder of this Bond has consented to the issuance of \$ 300,000 of bonds ranking on a parity as to security and source of payment with this bond. The holder of this Bond has consented to the issuance of \$ 75,000 of bonds ranking on a parity as to security and source of payment with this bond.

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
COUNTY OF MORGAN

REGISTERED



MORGAN COUNTY WATER DISTRICT WATER REVENUE BOND SERIES B OF 1993

REGISTERED



KNOW ALL MEN BY THESE PRESENTS:

That the Morgan County Water District, acting by and through its governing body (the "Issuer"), for value received, hereby promises to pay to the Registered Owner hereof, as hereinafter provided, solely from the special fund hereinafter identified, the sum of Seventeen Thousand Dollars (\$17,000) on the first day of January, in years and installments as follows:

Year	Principal	Year	Principal	Year	Principal
1996	\$160	2009	\$300	2022	\$560
1997	160	2010	310	2023	590
1998	180	2011	330	2024	620
1999	180	2012	340	2025	650
2000	190	2013	350	2026	680
2001	200	2014	360	2027	720
2002	210	2015	400	2028	750
2003	220	2016	420	2029	790
2004	230	2017	440	2030	830
2005	250	2018	460	2031	870
2006	250	2019	480	2032	910
2007	270	2020	510	2033	990
2008	280	2021	530		

without deduction for exchange or collection charges, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of debts due the United States of America; and in like manner, solely from said special fund, to pay interest on the balance of said principal sum from time to time remaining unpaid, in the coin or currency, at the rate of four and one-half percent (4 1/2%) per annum, annually on the first day of January in each year hereafter until said sum is paid, except as the provisions hereinafter set forth with respect to prepayment may be and become applicable hereto, both principal and interest being payable, without deduction for exchange or collection charges, in lawful money of the United States of America, to the Registered Owner at the address shown on the registration books of the Issuer.

This Bond is one of two duly authorized series of bonds in the total principal amount of Three Hundred Seventy Thousand Dollars (\$370,000) issued by the Issuer pursuant to a duly adopted Ordinance for the purpose of financing the costs of the project provided, of the construction of extensions, improvements and additions to the "Construction Project" for the water distribution system of the Issuer (the "System"). This Bond is issued under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky (including specifically Sections 74.370 and 96.350 through 96.510 of said Statutes).

This Bond does not constitute an indebtedness of the Issuer, with the opening of any constitutional or statutory prohibition, but is payable both principal and interest solely and only out of the revenues derived from the operation of the System of said Issuer, a sufficient portion of which revenues, to pay the principal of and interest on all of said Bonds, as and when same become due and payable, shall be set aside and deposited in the Morgan County Water District Water Revenue Bond and Interest Sinking Fund of 1993. In accordance with the provisions of Section 96.400 of the Kentucky Revised Statutes, in addition to the pledge of the income and revenues of the System securing said Bonds, the Issuer hereby acknowledges the existence of a statutory mortgage lien upon the System in favor of the Registered Owner hereof. The Issuer, acting by and through its governing body, covenants that it will fix and revise the rates and charges for the services and

facilities of said System and collect and account for the income and revenues therefrom to pay promptly the principal of and interest on this Bond and the issue of which it is one as the same become due and to pay when due all costs and expenses incident to the operation and maintenance of said System.

This Bond shall be registered as to principal and interest in the name of the Registered Owner hereof, after which it shall be transferable only upon presentation to the Secretary of the Issuer as the Bond Registrar, with a written transfer duly acknowledged by the Registered Owner or his duly authorized attorney, which transfer shall be noted upon this Bond and upon the books of the Issuer kept for that purpose.

As provided in the Bond Ordinance this Bond is exchangeable at the expense of the Registered Owner hereof at any time, upon ninety (90) days' written notice, at the request of such Registered Owner and upon surrender of this Bond to the Issuer at the office of the Secretary to the Issuer, for other duly Registered Bonds in the denominations in multiples of \$10 selected by the Registered Owner as long as the selected denomination(s) are consistent with the maturities hereof, in an aggregate principal amount equal to and maturing in conformity with the unpaid principal amount of this Bond.

The Issuer, at its option, shall have the right to prepay, on any interest payment date on and after January 1, 1995, in the inverse chronological order of the installments due on this Bond, the entire principal amount of this Bond then remaining unpaid, or such lesser portion thereof, in multiples of Ten Dollars (\$10) as the Issuer may determine, at a price in an amount equivalent to the principal amount to be prepaid plus accrued interest to the date of prepayment, without any prepayment penalty. Notice of such redemption shall be given by regular United States mail to the Registered Owner of this Bond or his assignee, at least thirty (30) days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the Registered Owner of this Bond.

Notwithstanding the foregoing provisions as to prepayment, this Bond may be paid as to principal without premium on any interest payment date from Bond proceeds remaining unexpended at the time of completion of the Construction Project. Notice of such prepayment shall be given as set forth in the preceding paragraph hereof.

Notwithstanding the foregoing provisions as to prepayment, in the event the United States Department of Agriculture, Farmers Home Administration is the Registered Owner of this Bond, the Issuer shall have the right to make prepayments of principal on any interest payment date without premium and without the exchange of this Bond.

Upon payment in the payment of any principal or interest payment on this Bond (on any other Bond of the issue of which it forms a part) or upon failure by the Issuer to comply with any other provisions of this Bond, with the provisions of the Bond Ordinance, the Registered Owner hereby, at the option of the Issuer, irrevocably assigns all rights and remedies provided by law or by said Bond Ordinance.

This Bond is exempt transaction in the Commonwealth of Kentucky.

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

IN WITNESS WHEREOF, Morgan County Water District, in the County of Morgan, the Commonwealth of Kentucky, by its governing body, has caused this Bond to be executed by its Chairman, its corporate seal to be hereunto affixed, and attested by its Secretary, on the date of this Bond, which is November 15, 1994.

MORGAN COUNTY WATER DISTRICT

By: *James A Ferch*
Chairman

Attest: *Digil Col*
Secretary

The holder of this Bond has consented to the issuance of \$332,000 of bonds ranking on a parity as to security and source of payment with this bond.

The holder of this Bond has consented to the issuance of \$1,446,000 of bonds ranking on a parity as to security and source of payment with this bond.

LAW OFFICES
HENRY M. REED III
 2218 FRANKFORT AVENUE
 LOUISVILLE, KENTUCKY 40206-2408

(502) 899-3880
 FAX (502) 899-3882

FINAL APPROVING LEGAL OPINION OF BOND COUNSEL

In re: \$300,000 Morgan County (Kentucky) Water District Water Revenue Bonds, Series A of 1993
 \$ 17,000 Morgan County (Kentucky) Water District Water Revenue Bonds, Series B of 1993

I have examined the proceedings taken by the Board of Commissioners of Morgan County Water District of Morgan County, Kentucky, ("Issuer") in connection with the issuance by said Issuer of two series of Water Revenue Bonds, Series A and B of 1993, in the aggregate principal amount of \$317,000 ("Bonds"), for the purpose of financing the costs, not otherwise provided, of constructing improvements to the water distribution system of said Issuer ("System"). Said Bonds have been issued in accordance with the provisions of a Loan Resolution between the Issuer and the United States Department of Agriculture, Farmers Home Administration ("FmHA") in accordance with a certain "Letter of Conditions" dated June 17, 1991, as amended November 9, 1993, from said FmHA to said Issuer.

Said Bonds have been issued in the form of two single, fully registered Bonds in the denominations of \$300,000 and \$17,000, respectively, with installments of principal maturing on January 1 in varying amounts in each of the years 1996 through 2033, both years inclusive, and which bear interest on unpaid installments of principal at the rate of four and one half percent (4½%) per annum, payable annually on January 1 each year.

Said Bonds are authorized in accordance with the provisions of a Bond Ordinance passed and adopted by the governing body of the Issuer, which Bond Ordinance provides that installments of principal on said Bonds are subject to prepayment, in whole or in part, on any interest payment date on or after January 1, 1995, upon the payment of the principal amount to be prepaid, plus accrued interest to the redemption date, but without premium.

It is my opinion that said Bonds constitutes valid and legally binding obligations of the nature and security indicated in the Bond Ordinance authorizing same and will comply fully with the requirements of the above-mentioned Loan Resolution and Letter of Conditions. I am of the opinion that all steps deemed by me to be necessary or desirable will have been taken as of the date said Bonds are delivered in due time, proper form and by the appropriate parties and that by reason thereof, said Bonds constitute the valid, legal and enforceable obligations of the Issuer, in accordance with the terms thereof and that said Bonds are payable from and secured by a pledge of the first gross income and revenues to be derived from the operation of said System. In addition, said Bonds are secured by a statutory mortgage lien upon the System in accordance with the provisions of Section 96.400 of the Kentucky Revised Statutes. Said Bonds have been authorized in accordance with the provisions of Sections 74.370 and 96.350 through 96.510 of the Kentucky Revised Statutes.

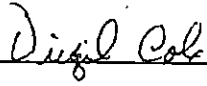
Based upon existing statutes, regulations and official rulings as construed and applied as of the date this Opinion is rendered, it is my further opinion that the receipt of interest on said Bonds is excludable from the gross income of the recipients thereof for present Commonwealth of Kentucky and Federal income tax purposes and that said Bonds are exempt from present ad valorem taxation by the Commonwealth and all of its political subdivisions; provided, however, the Registered Owners are advised as follows: (i) in the computation of the corporate minimum tax, earnings and profits may include otherwise tax-exempt interest on the Bonds; (ii) property and casualty insurance companies may be denied certain loss reserve deductions to the extent of otherwise tax-exempt interest on the Bonds; (iii) individuals must include interest income on the Bonds in the calculation of "modified adjusted gross income" in the determination of whether and to what extent Social Security benefits are subject to Federal income taxation; and (iv) financial institutions may treat the Bonds as a "qualified tax-exempt obligations" under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

HENRY M. REED III

PROVISION FOR REGISTRATION

This Bond is registered as hereinafter set out, and this Bond may thereafter be transferred only upon written transfer acknowledged by the Registered Owner or his attorney, such transfer to be made and endorsed hereon as indicated.

(FORM OF REGISTRATION)

Date of Registration	In Whose Name Registered	Signature of the Secretary of District
NOVEMBER 15, 1994	UNITED STATES OF DEPARTMENT OF AGRICULTURE, FARMERS HOME ADMINISTRATION 771 Corporate Plaza Lexington, Kentucky 40504	

The holder of this Bond has consented to the issuance of \$ 332,000 of bonds ranking on a parity as to security and source of payment with this bond.

91-09

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY

The holder of this Bond has consented to the issuance of \$ 300,000 of bonds ranking on a parity as to security and source of payment with this bond.

REGISTERED

MORGAN COUNTY WATER DISTRICT

REGISTERED

WATERWORKS REVENUE BOND, SERIES 1999

INTEREST RATE: 4.50%



The holder of this Bond has consented to the issuance of \$ 75,000 of bonds ranking on a parity as to security and source of payment with this bond.

The holder of this Bond has consented to the issuance of \$ 300,000 of bonds ranking on a parity as to security and source of payment with this bond.

KNOW ALL MEN BY THESE PRESENTS. That the Morgan County Water District (the "District"), acting by and through its Board of Commissioners (the "Commission"), a public body corporate in Morgan County, Kentucky, for value received, hereby promises to pay to UNITED STATES OF AMERICA, acting by and through the U.S. DEPARTMENT OF AGRICULTURE, 771 Corporate Drive, Suite 200, Lexington, Kentucky 40503-5477, the registered owner hereof, or to registered assigns, solely from the fund hereinafter identified, the sum of

SEVENTY-FIVE THOUSAND DOLLARS (\$75,000)

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

Payment Due January 1,	Principal Payment	Payment Due January 1,	Principal Payment	Payment Due January 1,	Principal Payment
2002	\$ 800	2015	\$1,400	2028	\$2,400
2003	800	2016	1,400	2029	2,600
2004	900	2017	1,500	2030	2,700
2005	900	2018	1,500	2031	2,800
2006	900	2019	1,600	2032	2,900
2007	1,000	2020	1,600	2033	3,100
2008	1,000	2021	1,800	2034	3,200
2009	1,100	2022	1,500	2035	3,300
2010	1,100	2023	2,000	2036	3,500
2011	1,200	2024	2,000	2037	3,500
2012	1,200	2025	2,200	2038	3,500
2013	1,300	2026	2,200	2039	3,500
2014	1,300	2027	1,400		

REGISTERED

collection charges, in lawful money of the United States of America, at the address of the registered owner shown on the registration book of the District.

This Bond is issued by the District under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Chapters 58 and 74 of the Kentucky Revised Statutes (collectively the "Act"), and pursuant to a duly adopted Bond Resolution of the District authorizing same (the "Current Bond Resolution"), to which Current Bond Resolution reference is hereby made for a description of the nature and extent of the security thereby created, the rights and limitations of rights of the registered owner of this Bond, and the rights, obligations and duties of the District, for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the existing waterworks system of the District (said existing waterworks system, together with said extensions, additions and improvements, being hereinafter referred to as the "System").

IT IS HEREBY CERTIFIED, RECITED AND DECLARED THAT ALL ACTS, CONDITIONS AND THINGS REQUIRED TO EXIST, HAPPEN AND BE PERFORMED IN CONNECTION WITH THE ISSUANCE OF THIS BOND, DO EXIST, HAVE HAPPENED AND HAVE BEEN PERFORMED IN THE MANNER AND FORM AND MANNER AS REQUIRED BY LAW, AND THAT THE FACE AMOUNT OF THIS BOND, TOGETHER WITH ALL OTHER OBLIGATIONS OF THE DISTRICT, DOES NOT EXCEED ANY LIMIT PRESCRIBED BY THE CONSTITUTION OR STATUTES OF THE COMMONWEALTH OF KENTUCKY.

IN WITNESS WHEREOF said Morgan County Water District, by its Board of Commissioners, has caused this Bond to be executed by its Chairman, its corporate seal to be hereunto affixed, and attested by its Secretary, on the date of this Bond, which is May 11, 1999.

MORGAN COUNTY WATER DISTRICT
Morgan County, Kentucky

Attest:

Jack Cline
Secretary

By:

Earl Reed
Chairman

The holder of this Bond has consented to the issuance of \$ 1,000,000 of bonds

This Bond is issued on a parity as to security and source of payment with the outstanding Morgan County Water District Water Revenue Bonds, Series A of 1993 and Series B of 1993, dated November 15, 1994 (the "Bonds of 1993"), authorized by a Resolution adopted by the Commission of the District (the "1993 Bond Resolution"); and the outstanding Morgan County Water District Water Revenue Bonds, Series 1995, dated September 7, 1995 (the "Bonds of 1995"), authorized by a Resolution adopted by the Commission of the District on April 27, 1995 (the "1995 Bond Resolution") [hereinafter the Bonds of 1993 and the Bonds of 1995 shall be collectively referred to as the "Prior Bonds," and the 1993 Bond Resolution and the 1995 Bond Resolution shall be collectively referred to as the "Prior Bond Resolutions"]. Accordingly, this Bond, together with any bonds ranking on a parity herewith, is payable from and secured by a pledge of the gross revenues to be derived from the operation of the System, on a parity with the Prior Bonds.

This Bond has been issued in full compliance with the Current Bond Resolution and the Prior Bond Resolutions; and this Bond, and any bonds ranking on a parity therewith that may be issued and outstanding under the conditions and restrictions of the Current Bond Resolution and the Prior Bond Resolutions, are and will continue to be payable from revenues which shall be set aside in a fund for that purpose and identified as the "Morgan County Water District Water Revenue Bond and Interest Redemption Fund of 1993," created in the Prior Bond Resolutions.

This Bond does not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations and is payable solely out of the revenues of the System. As provided in the Current Bond Resolution, the District covenants that so long as any of the Prior Bonds and/or this Bond, are outstanding, the System will be continuously owned and operated by the District as a revenue producing public undertaking within the meaning of the aforesaid Act for the security and source of payment of the Prior Bonds and of this Bond, and that the District will fix, and if necessary adjust, from time to time, such rates for the services and facilities of the System and will collect and account for the revenues therefrom sufficient to pay promptly the principal of and interest on the Prior Bonds, this Bond and all other bonds ranking on a parity there-

with as may be outstanding from time to time, to pay the cost of operation and maintenance of the System and to provide for the depreciation thereof.

The District has reserved the right to issue additional bonds ranking on a parity as to security and source of payment with this Bond in order to complete the Project, and to finance future extensions, additions and improvements to the System, provided the necessary requirements of the Current Bond Resolution have been complied with by the District.

This Bond shall be registered as to principal and interest in the name of the owner hereof, after which it shall be transferable only upon presentation to the Secretary of the District as the Bond Registrar, with a written transfer duly acknowledged by the registered owner or his duly authorized attorney, which transfer shall be noted upon this Bond and upon the book of the District kept for that purpose.

The District, at its option, shall have the right to prepay, on any interest payment date on and after January 1, 2009, in inverse chronological order of the installments due on this Bond, the entire principal amount of this Bond then remaining unpaid, or such lesser portion thereof, in a multiple of One Hundred Dollars (\$100), as the District may determine, at a price in an amount equivalent to the principal amount to be prepaid plus accrued interest to the date of prepayment, without any prepayment premium. Notice of such prepayment shall be given by registered mail to the registered owner of this Bond or his assignee, at least thirty (30) days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the registered owner of this Bond.

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

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

LEGAL OPINION

Rubin & Hays ATTORNEYS AT LAW

First Trust Centre, 200 South Fifth Street, Louisville, Kentucky 40202
Telephone (502) 569-7525 Telefax (502) 569-7555

May 11, 1999

Re: Morgan County Water District Waterworks Revenue Bonds, Series 1999, in the amount of \$75,000

We have acted as Bond Counsel in connection with the issuance by the Morgan County Water District (the "District") of \$75,000 of its Morgan County Water District Waterworks Revenue Bonds, Series 1999 (the "Current Bonds"), dated as of the date of this Legal Opinion, bearing interest at the interest rate specified in the Current Bonds, payable semiannually on January 1 and July 1 of each year, with principal amounts falling due on January 1 in each of the respective years, 2002 through 2009, inclusive.

Said Current Bonds are issued pursuant to Chapters 58 and 74 of the Kentucky Revised Statutes and a Bond Resolution (the "Current Bond Resolution") duly adopted by the Commission of the District for the purpose of financing the cost of extensions, additions and improvements to the existing waterworks system (the "System") of the District.

We have examined the transcript of proceedings of the District in connection with the issuance of the Current Bonds and the executed single, fully registered bond, number R-1, representing the total authorized principal amount of said Current Bonds, as issued and delivered, and an executed counterpart of the Current Bond Resolution.

Based on such examination, we are of the opinion that the Current Bonds are valid and legally binding and enforceable upon the District according to the import thereof and rank on a parity as to security and source of payment with the outstanding Morgan County Water District Water Revenue Bonds, Series A of 1993 and Series B of 1993, dated November 15, 1994 (the "Series 1993 Bonds"), authorized by a Resolution adopted by the District (the "1993 Bond Resolution"); and the outstanding Morgan County Water District Water Revenue Bonds, Series 1995, dated September 7, 1995 (the "Series 1995 Bonds"), authorized by a Resolution adopted by the District on April 27, 1995 (the "1995 Bond Resolution") [hereinafter the Series 1993 Bonds and the Series 1995 Bonds shall be collectively referred to as the "Prior Bonds," and the 1993 Bond Resolution and the 1995 Bond Resolution shall be collectively referred to as the "Prior Bond Resolutions"]; and that the Current Bonds and the Prior Bonds are secured by and are payable from a pledge of a fixed portion of the gross revenues of the System, and that a sufficient portion of said gross revenues has been ordered by the Commission to be set aside at least semiannually and pledged to the payment of the interest on and principal of the Prior Bonds and the Current Bonds as the same become due. We express no opinion concerning the sufficiency of such revenues for that purpose.

The District has reserved the right to issue additional bonds ranking on a parity as to security and source of payment with the Prior Bonds and the Current Bonds, if necessary in order to complete the aforesaid extensions, additions and improvements to the System. The District has also reserved the right to issue additional parity bonds to finance future extensions, additions and/or improvements to the System, provided the necessary showings as to the earnings coverage required by the Prior Bond Resolution and Current Bond Resolutions are in existence and properly certified.

Based on current ratings and official interpretations, and assuming that the District complies with certain covenants contained in the Current Bond Resolution made with respect to compliance with the provisions of the Internal Revenue Code of 1986 (the "Code"), including a covenant to comply with any and all requirements as to related land reports with reference thereto) to the United States of America as to certain investment in the Current Bonds is excludable from gross income for federal income tax purposes; (2) the Current Bonds have been validly designated as "qualified tax-exempt obligations" by the District pursuant to the provisions of Section 265(b)(3) of the Code; (3) the Current Bonds are an issue of "state or local bonds" which are not "private activity bonds" within the meaning of Section 103 of the Code; (4) interest on the Current Bonds is not included as an item of tax preference in calculating the alternative minimum tax for individuals; (5) interest on the Current Bonds may be taken into account in the computation of certain taxes that may be imposed with respect to corporations, including, without limitation, the branch profits tax on foreign corporations, the effect on certain Subchapter S Corporations with excess passive income, and other tax consequences to certain insurance companies; (6) interest on the Current Bonds will be included in adjusted current earnings when calculating the alternative minimum taxable income of corporations; (7) an individual who owns any of the Current Bonds may be required to include in gross income a portion of his or her social security or railroad retirement payments; (8) any taxpayer (individual or corporation) owning the Current Bonds may have collateral tax consequences if they are not to have incurred or have continued to incur indebtedness to purchase or carry tax-exempt obligations; (9) interest on the Current Bonds is exempt from Kentucky income taxes; and (10) the principal of the Current Bonds is exempt from ad valorem taxation by the Commonwealth of Kentucky and all of its political subdivisions.

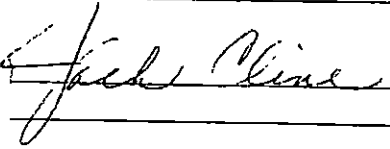
No opinion is expressed regarding other federal income tax consequences caused by the receipt of interest on the Current Bonds.

It is to be understood that the rights of the holders of the Current Bonds and the enforceability of the Current Bonds and the Current Bond Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter adopted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

It is provided in the Consolidated Farm and Rural Development Act that if the Current Bonds are sold out of the Agricultural Credit Insurance Fund or out of the Rural Development Insurance Fund as an insured loan, the interest thereon paid to an insured owner shall be included in the taxable income of such owner.

PROVISION FOR REGISTRATION

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

Date of Registration	Name of Registered Owner	Signature of Bond Registrar
May 11, 1999	UNITED STATES OF AMERICA, acting by and through the U.S. DEPARTMENT OF AGRICULTURE 771 Corporate Drive, Suite 200 Lexington, Kentucky 40503-5477	

ASSIGNMENT

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

The holder of this Bond has consented to the issuance of \$600,000 of bonds ranking on a parity as to security and source of payment with this bond

The holder of this Bond has consented to the issuance of \$1,000,000 of bonds ranking on a parity as to security and source of payment with this bond

91

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
COUNTY OF MORGAN

REGISTERED

MORGAN COUNTY WATER DISTRICT

REGISTERED



WATERWORKS REVENUE BOND, SERIES 2001

Interest Rate: 3.25%



The holder of this Bond has consented to the issuance of \$300,000 of bonds ranking on a parity as to security and source of payment with this Bond

KNOW ALL MEN BY THESE PRESENTS: That the Morgan County Water District (the "District"), acting by and through its Board of Commissioners (the "Commission"), a public body corporate in Morgan County, Kentucky, for value received, hereby promises to pay to UNITED STATES OF AMERICA, acting by and through the U.S. DEPARTMENT OF AGRICULTURE, 771 Corporate Drive, Suite 200, Lexington, Kentucky 40503-5477, the Registered Owner hereof, or to its registered assigns, solely from the fund hereinafter identified, the sum of

THREE HUNDRED THIRTY-TWO THOUSAND DOLLARS (\$332,000)

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

Payment Due January 1.	Principal Payment	Payment Due January 1.	Principal Payment	Payment Due January 1.	Principal Payment
2003	\$4,500	2016	\$ 7,000	2029	\$10,500
2004	4,500	2017	7,000	2030	11,000
2005	5,000	2018	7,500	2031	11,000
2006	5,000	2019	7,500	2032	11,500
2007	5,000	2020	8,000	2033	12,000
2008	5,500	2021	8,000	2034	12,000
2009	5,500	2022	8,500	2035	13,000
2010	5,500	2023	8,500	2036	13,000
2011	6,000	2024	9,000	2037	13,500
2012	6,000	2025	9,000	2038	14,000
2013	6,500	2026	9,500	2039	14,500
2014	6,500	2027	10,000	2040	14,500
2015	6,500	2028	10,000		

and interest being payable, without deduction for exchange or collection charges, in lawful money of the United States of America, at the address of the Registered Owner shown on the registration book of the District.

This Bond is issued by the District under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Chapters 58 and 74 of the Kentucky Revised Statutes (collectively the "Act"), and pursuant to a duly adopted Bond Resolution of the District authorizing same (the "Current Bond Resolution"), to which Current Bond Resolution reference is hereby made for a description of the nature and extent of the security thereby created, the rights and limitations of rights of the Registered Owner of this Bond, and the rights, obligations and duties of the District, for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the existing waterworks system of the District (said existing waterworks system, together with said extensions, additions and improvements, being hereinafter referred to as the "System").

[FURTHER PROVISIONS OF THIS BOND ARE SET FORTH ON THE REVERSE HEREOF]

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

IN WITNESS WHEREOF said Morgan County Water District, by its Board of Commissioners, has caused this Bond to be executed by its Chairman, its corporate seal to be hereunto affixed, and attested by its Secretary, on the date of this Bond, which is **March 9, 2001.**

and in like manner, solely from said fund, to pay interest on the balance of said principal sum from time to time remaining unpaid, at the Interest Rate specified above, semiannually on the first days of January and July in each year, beginning with the first January or July after the date of this Bond, until said sum is paid, except as the provisions hereinafter set forth with respect to prepayment may be and become applicable hereto, both principal

MORGAN COUNTY WATER DISTRICT
Morgan County, Kentucky

Attest: Jack Clines
Secretary

By: Earl Reed
Chairman



County Water District Waterworks Revenue Bonds, Series 1999, dated May 10, 1999 (the "Bonds of 1999"), authorized by a Resolution adopted by the Commission of the District on May 6, 1999 (the "1999 Bond Resolution") (hereinafter the Bonds of 1993, the Bonds of 1995 and the Bonds of 1999 shall be collectively referred to as the "Prior Bonds," and the 1993 Bond Resolution, the 1995 Bond Resolution and the 1999 Bond Resolution shall be collectively referred to as the "Prior Bond Resolution"). Accordingly, this Bond and the Prior Bonds, together with any bonds ranking on a parity herewith, are payable from and secured by a pledge of the gross revenues to be derived from the operation of the System.

This Bond has been issued in full compliance with the Current Bond Resolution and the Prior Bond Resolution, and this Bond, and any bonds ranking on a parity therewith that may be issued and outstanding under the conditions and restrictions of the Current Bond Resolution and the Prior Bond Resolution, are and will continue to be payable from revenues which shall be set aside in a fund for that purpose and identified as the "Morgan County Water District Water Revenue Bond and Interest Redemption Fund of 1993," created in the Prior Bond Resolution.

This Bond does not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations and is payable solely out of the revenues of the System. As provided in the Current Bond Resolution, the District covenants that so long as any of the Prior Bonds and/or this Bond are outstanding, the System will be continuously owned and operated by the District as a revenue producing public undertaking within the meaning of the aforesaid Act for the security and source of payment of the Prior Bonds and of this Bond, and that the District will fix, and if necessary adjust, from time to time, such rates for the services and facilities of the System and will collect and account for

requirements of the Current Bond Resolution have been complied with by the District.

This Bond shall be registered as to principal and interest in the name of the owner hereof, after which it shall be transferable only upon presentation to the Secretary of the District as the Bond Registrar, with a written transfer duly acknowledged by the Registered Owner or its duly authorized attorney, which transfer shall be noted upon this Bond and upon the registration book of the District kept for that purpose.

The District, at its option, shall have the right to prepay, on any interest payment date on and after January 1, 2010, in inverse chronological order of the installments due on this Bond, the entire principal amount of this Bond then remaining unpaid, or such lesser portion thereof, in a multiple of One Hundred Dollars (\$100), as the District may determine, at a price in an amount equivalent to the principal amount to be prepaid plus accrued interest to the date of prepayment, without any prepayment premium. Notice of such prepayment shall be given by registered mail to the Registered Owner of this Bond or its assignee, at least thirty (30) days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the Registered Owner of this Bond.

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

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

LEGAL OPINION

Rubin & Hays ATTORNEYS AT LAW
 Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202
 Telephone: (502) 569-7525 Telex: (502) 569-7555

March 9, 2001

Re: Morgan County Water District Waterworks Revenue Bonds, Series 2001, in the amount of Three Hundred Thirty-Two Thousand Dollars (\$332,000)

We have acted as Bond Counsel in connection with the issuance by the Morgan County Water District of Morgan County, Kentucky (the "District") of \$332,000 of its Morgan County Water District Waterworks Revenue Bonds, Series 2001 (the "Current Bonds"), dated as of the date of this Legal Opinion, bearing interest at the interest rate specified in the Current Bonds, payable semiannually on January 1 and July 1 of each year, with principal amounts falling due on January 1 in each of the respective years, 2003 through 2040 inclusive.

Said Current Bonds are issued pursuant to Chapters 59 and 74 of the Kentucky Revised Statutes and a Bond Resolution (the "Current Bond Resolution") duly adopted by the Commission of the District for the purpose of financing the cost of extensions, additions and improvements to the existing waterworks system (the "System") of the District.

We have examined the transcript of proceedings of the District in connection with the issuance of the Current Bonds and the executed single, fully registered Bond, numbered R-1, representing the total authorized principal amount of said Current Bonds, as issued and delivered, and an executed counterpart of the Current Bond Resolution.

Based on such examination, we are of the opinion that the Current Bonds are valid and legally binding and enforceable upon the District according to the import thereof and rank on a parity as to security and source of payment with its outstanding (i) Morgan County Water District Water Revenue Bonds, Series A of 1993 and Series B of 1993, dated November 15, 1994 (the "Series 1993 Bonds"), authorized by a Resolution adopted by the District (the "1993 Bond Resolution"); (ii) Morgan County Water District Water Revenue Bonds, Series 1995, dated September 7, 1995 (the "Series 1995 Bonds"), authorized by a Resolution adopted by the District on April 27, 1995 (the "1995 Bond Resolution"); and (iii) Morgan County Water District Waterworks Revenue Bonds, Series 1999, dated May 10, 1999 (the "Series 1999 Bonds"), authorized by a Resolution adopted by the District on May 6, 1999 (the "1999 Bond Resolution") (hereinafter the Series 1993 Bonds, the Series 1995 Bonds and the Series 1999 Bonds shall be collectively referred to as the "Prior Bonds," and the 1993 Bond Resolution, the 1995 Bond Resolution and the 1999 Bond Resolution shall be collectively referred to as the "Prior Bond Resolution"), and that the Current Bonds and the Prior Bonds are secured by and are payable from a pledge of a fixed portion of the gross revenues of the System, and that a sufficient portion of said gross revenues has been ordered by the Commission to be set aside at least semiannually and

pledged to the payment of the interest on and principal of the Prior Bonds and the Current Bonds as the same become due. We express no opinion concerning the sufficiency of such revenues for that purpose.

The District has reserved the right to issue additional bonds ranking on a parity as to security and source of payment with the Prior Bonds and the Current Bonds, if necessary in order to complete the aforesaid extensions, additions and improvements to the System. The District has also reserved the right to issue additional parity bonds to finance future extensions, additions and/or improvements to the System, provided the necessary showings as to the earnings coverage required by the Prior Bond Resolution and Current Bond Resolution are in existence and properly certified.

Based on current rulings and official interpretations, and assuming that the District complies with certain covenants contained in the Current Bond Resolution made with respect to compliance with the provisions of the Internal Revenue Code of 1980 (the "Code"), including a covenant to comply with any and all requirements as to rebate (and respects with relation thereto) to the United States of America as to certain investment earnings on the proceeds of the Current Bonds, we are of the opinion that: (1) interest on the Current Bonds is excludable from gross income for federal income tax purposes; (2) the Current Bonds have been validly designated as "qualified tax-exempt obligations" by the District pursuant to the provisions of Section 265(b)(3) of the Code; (3) the Current Bonds are an issue of "state or local bonds" which are not "private activity bonds" within the meaning of Section 103 of the Code; (4) interest on the Current Bonds is not included as an item of tax preference in calculating the alternative minimum tax for individuals; (5) interest on the Current Bonds may be taken into account in the computation of certain taxes that may be imposed with respect to corporations, including, without limitation, the branch profits tax on foreign corporations, the effect on certain Subchapter S Corporations with excess passive income, and other tax consequences to certain insurance companies; (6) interest on the Current Bonds will be included in adjusted current earnings when calculating the alternative minimum taxable income of corporations; (7) an individual who owns any of the Current Bonds may be required to include in gross income a portion of his or her social security or railroad retirement payments; (8) any taxpayer (individual or corporation) owning the Current Bonds may have collateral tax consequences if they are deemed to have incurred or have continued to incur indebtedness to purchase or carry tax-exempt obligations; (9) interest on the Current Bonds is exempt from Kentucky income taxes; and (10) the principal of the Current Bonds is exempt from ad valorem taxation by the Commonwealth of Kentucky and all of its political subdivisions.

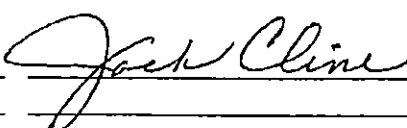
No opinion is expressed regarding other federal income tax consequences caused by the receipt of interest on the Current Bonds.

It is to be understood that the rights of the holders of the Current Bonds and the enforceability of the Current Bonds and the Current Bond Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter adopted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

As provided in the Consolidated Farm and Rural Development Act that if the Current Bonds are sold out of the Agricultural Credit Insurance Fund or out of the Rural Development Insurance Fund as an insured loan, the interest thereon paid to an insured owner shall be included in the taxable income of such owner.

PROVISION FOR REGISTRATION

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

Date of Registration	Name of Registered Owner	Signature of Bond Registrar
March 9, 2001	UNITED STATES OF AMERICA, acting by and through the U.S. DEPARTMENT OF AGRICULTURE 771 Corporate Drive, Suite 200 Lexington, Kentucky 40503-5477	

ASSIGNMENT

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

By: _____

This Bond has consented to the issuance of \$600,000 of bonds
 and source of payment with this bond

The holder of this Bond has consented to the issuance of \$1,000,000 of bonds
 ranking on a parity as to security and source of payment with this bond.

91-14

UNITED STATES OF AMERICA
 COMMONWEALTH OF KENTUCKY
 COUNTY OF MORGAN

REGISTERED

**MORGAN COUNTY WATER DISTRICT
 WATERWORKS REVENUE BOND, SERIES 2002**

REGISTERED



Interest Rate: 4.50%



KNOW ALL PERSONS BY THESE PRESENTS: That the Morgan County Water District (the "District"), acting by and through its Board of Commissioners (the "Commission"), a public body corporate in Morgan County, Kentucky, for value received, hereby promises to pay to the UNITED STATES OF AMERICA, acting by and through the U.S. DEPARTMENT OF AGRICULTURE, 771 Corporate Drive, Suite 200, Lexington, Kentucky 40503-5477, the Registered Owner hereof, or to its registered assigns, solely from the fund hereinafter identified, the sum of

THREE HUNDRED THOUSAND DOLLARS (\$300,000)

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

Payment Due January 1,	Principal Payment	Payment Due January 1,	Principal Payment	Payment Due January 1,	Principal Payment
2005	\$3,100	2018	\$5,500	2031	\$ 9,800
2006	3,300	2019	5,800	2032	10,200
2007	3,400	2020	6,000	2033	10,700
2008	3,600	2021	6,300	2034	11,200
2009	3,700	2022	6,500	2035	11,700
2010	3,900	2023	6,900	2036	12,200
2011	4,100	2024	7,200	2037	12,800
2012	4,200	2025	7,500	2038	13,300
2013	4,500	2026	7,900	2039	14,000
2014	4,600	2027	8,200	2040	14,500
2015	4,900	2028	8,600	2041	15,000
2016	5,000	2029	9,000	2042	15,500
2017	5,300	2030	9,400		

and interest being payable, without deduction for exchange or collection charges, in lawful money of the United States of America, at the address of the Registered Owner shown on the registration book of the District.

This Bond is issued by the District under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Chapters 58 and 74 of the Kentucky Revised Statutes (collectively the "Act"), and pursuant to a duly adopted Bond Resolution of the District authorizing same (the "Current Bond Resolution"), to which Current Bond Resolution reference is hereby made for a description of the nature and extent of the security thereby created, the rights and limitations of rights of the Registered Owner of this Bond, and the rights, obligations and duties of the District, for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the existing waterworks system of the District (said existing waterworks system, together with said extensions, additions and improvements, being hereinafter referred to as the "System").

[FURTHER PROVISIONS OF THIS BOND ARE SET FORTH ON THE REVERSE HEREOF]

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

IN WITNESS WHEREOF said Morgan County Water District by its Board of Commissioners, has caused this Bond to be executed by its Chairman, as corporate seal to be hereunto affixed, and attested by its Secretary, on the date of this Bond, which is August 2, 2002.

and in like manner, solely from said fund, to pay interest on the balance of said principal sum from time to time remaining unpaid, at the Interest Rate specified above, semi-annually on the first days of January and July in each year, beginning with the first January or July after the date of this Bond, until said sum is paid, except as the provisions hereinafter set forth with respect to prepayment may be and become applicable hereto, both principal

MORGAN COUNTY WATER DISTRICT
 Morgan County, Kentucky

Attest: Jack Clines
 Secretary

By: Earl Reed
 Chairman



This Bond ranks on a parity as to security and source of payment with certain outstanding (i) Morgan County Water District Water Revenue Bonds, Series A of 1993 and Series B of 1993, dated November 15, 1994 (the "1993 Bonds"), authorized by a Resolution adopted by the Commission of the District (the "1993 Bond Resolution"); (ii) Morgan County Water District Water Revenue Bonds, Series 1995, dated September 7, 1995 (the "1995 Bonds"), authorized by a Resolution adopted by the Commission of the District on April 27, 1995 (the "1995 Bond Resolution"); (iii) Morgan County Water District Waterworks Revenue Bonds, Series 1999, dated May 10, 1999 (the "1999 Bonds"), authorized by a Resolution adopted by the Commission of the District on May 8, 1999 (the "1999 Bond Resolution"); and (iv) Morgan County Water District Waterworks Revenue Bonds, Series 2001, dated March 9, 2001 (the "2001 Bonds"), authorized by a Resolution adopted by the Commission of the District on December 7, 2000 (the "2001 Bond Resolution") [hereinafter the 1993 Bonds, the 1995 Bonds, the 1999 Bonds and the 2001 Bonds shall be collectively referred to as the "Prior Bonds," and the 1993 Bond Resolution, the 1995 Bond Resolution, the 1999 Bond Resolution and the 2001 Bond Resolution shall be collectively referred to as the "Prior Bond Resolutions"]. Accordingly, this Bond, the Prior Bonds and any bonds ranking on a parity herewith, are payable from and secured by a pledge of the gross revenues to be derived from the operation of the System.

This Bond has been issued in full compliance with the Current Bond Resolution and the Prior Bond Resolutions, and any bonds ranking on a parity herewith that may be issued and outstanding under the conditions and restrictions of the Current Bond Resolution and the Prior Bond Resolutions, are and will continue to be payable from revenues which shall be set aside in a fund for that purpose and identified as the "Morgan County Water District Water Revenue Bond and Interest Redemption Fund of 1993," created in the Prior Bond Resolutions.

This Bond does not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations and is payable solely out of the revenues of the System. As provided in the Current Bond Resolution, the District covenants that so long as any of the Prior Bonds and/or this Bond are outstanding, the System will be continuously owned and operated by the District as a revenue producing public utility within the meaning of the aforesaid Act for the security and source of payment of the Prior Bonds and of this Bond, and that the District will fix, and if necessary adjust, from time to time, such rates for the services and

facilities of the System and will collect and account for the revenues therefrom sufficient to pay promptly the principal of and interest on the Prior Bonds, this Bond and all other bonds ranking on a parity therewith as may be outstanding from time to time, to pay the cost of operation and maintenance of the System and to provide for the depreciation thereof.

The District has reserved the right to issue additional bonds ranking on a parity as to security and source of payment with this Bond in order to complete the Project, and to finance future extensions, additions and improvements to the System, provided the necessary requirements of the Current Bond Resolution have been complied with by the District.

This Bond shall be registered as to principal and interest in the name of the owner hereof, after which it shall be transferable only upon presentation to the Secretary of the District as the Bond Registrar, with a written transfer duly acknowledged by the Registered Owner or its duly authorized attorney, which transfer shall be noted upon this Bond and upon the registration book of the District kept for that purpose.

The District, at its option, shall have the right to prepay, on any interest payment date on and after January 1, 2012, in inverse chronological order of the installments due on this Bond, the entire principal amount of this Bond then remaining unpaid, or such lesser portion thereof, in a multiple of One Hundred Dollars (\$100), as the District may determine, at a price in an amount equivalent to the principal amount to be prepaid plus accrued interest to the date of prepayment, without any prepayment penalties. Notice of such prepayment shall be given by registered mail to the Registered Owner of this Bond or its assignee, at least thirty (30) days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the Registered Owner of this Bond.

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

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

LEGAL OPINION

Rubin & Hays

ATTORNEYS AT LAW

Kentucky House First Building, 451 South Third Street, Louisville, Kentucky 40202
Telephone: (502) 569-7525 Telex: (502) 569-7555

August 2, 2002

Re: Morgan County Water District Waterworks Revenue Bonds, Series 2002, in the amount of Three Hundred Thousand Dollars (\$300,000)

We have acted as Bond Counsel in connection with the issuance by the Morgan County Water District of Morgan County, Kentucky (the "District") of \$300,000 of its Morgan County Water District Waterworks Revenue Bonds, Series 2002 (the "Current Bonds"), dated as of the date of this Legal Opinion, bearing interest at the interest rate specified in the Current Bonds, payable semiannually on January 1 and July 1 of each year, with principal amounts falling due on January 1 of each of the respective years, 2005 through 2042, inclusive.

Said Current Bonds are being issued pursuant to Chapters 58 and 74 of the Kentucky Revised Statutes and a Bond Resolution (the "Current Bond Resolution") duly adopted by the Commission of the District for the purpose of financing the cost of extensions, additions and improvements to the existing waterworks system (the "System") of the District.

We have examined the transcript of proceedings of the District in connection with the issuance of the Current Bonds and the associated single, duly registered Bond, numbered R-1, representing the total unamortized principal amount of said Current Bonds, as issued and delivered, and an executed counterpart of the Current Bond Resolution.

Based on such examination, we are of the opinion that the Current Bonds are valid and legally binding and enforceable upon the District according to the import and rank on a parity as to security and source of payment with the outstanding (i) Morgan County Water District Water Revenue Bonds, Series A of 1993 and Series B of 1993, dated November 15, 1994 (the "1993 Bonds"), authorized by a Resolution adopted by the District (the "1993 Bond Resolution"); (ii) Morgan County Water District Water Revenue Bonds, Series 1995, dated September 7, 1995 (the "1995 Bonds"), authorized by a Resolution adopted by the District on April 27, 1995 (the "1995 Bond Resolution"); (iii) Morgan County Water District Waterworks Revenue Bonds, Series 1999, dated May 10, 1999 (the "1999 Bonds"), authorized by a Resolution adopted by the District on May 8, 1999 (the "1999 Bond Resolution"); and (iv) Morgan County Water District Waterworks Revenue Bonds, Series 2001, dated March 9, 2001 (the "2001 Bonds"), authorized by a Resolution adopted by the District on December 7, 2000 (the "2001 Bond Resolution") [hereinafter the 1993 Bonds, the 1995 Bonds, the 1999 Bonds and the 2001 Bonds shall be collectively referred to as the "Prior Bonds," and the 1993 Bond Resolution, the 1995 Bond Resolution, the 1999 Bond Resolution and the 2001 Bond Resolution shall be collectively referred to as the "Prior Bond Resolutions"] and that the Current Bonds and the Prior Bonds are secured by and are payable from a pledge of the gross revenues of the System, and that a sufficient portion of said gross revenues has been ordered by

the Commission to be set aside at least semiannually and pledged to the payment of the interest on and principal of the Prior Bonds and the Current Bonds as the same become due. We express no opinion concerning the authenticity of such revenues for that purpose.

The District has reserved the right to issue additional bonds ranking on a parity as to security and source of payment with the Prior Bonds and the Current Bonds, if necessary in order to complete the aforesaid extensions, additions and improvements to the System. The District has also reserved the right to issue additional party bonds to finance future extensions, additions and/or improvements to the System, provided the necessary showings as to the earnings coverage required by the Prior Bond Resolution and Current Bond Resolution are in existence and properly certified.

Based on current rulings and official interpretations, and assuming that the District complies with certain covenants contained in the Current Bond Resolution made with respect to compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), including a covenant to comply with any new enactments as to rebates (and reports with reference thereto) to the United States of America as to certain investment earnings on the proceeds of the Current Bonds, we are of the opinion that: (1) interest on the Current Bonds is excludable from gross income for federal income tax purposes; (2) the Current Bonds have been validly designated as "qualified tax-exempt obligations" by the District pursuant to the provisions of Section 265(b)(3) of the Code; (3) the Current Bonds are an issue of "state or local bonds" which are not "private activity bonds" within the meaning of Section 143 of the Code; (4) interest on the Current Bonds is not included as an item of tax preference in calculating the alternative minimum tax for individuals; (5) interest on the Current Bonds may be taken into account in the computation of certain taxes due that may be imposed with respect to corporations, including, without limitation, the branch profits tax on foreign corporations, the effect on certain Subchapter S Corporations with excess passive income, and other tax consequences to certain insurance companies; (6) interest on the Current Bonds will be included in adjusted current earnings when calculating the alternative minimum taxable income of corporations; (7) an individual who owns any of the Current Bonds may be required to include in gross income a portion of his or her social security or railroad retirement payments; (8) any taxpayer (individuals or corporations) owning the Current Bonds may have collateral tax consequences if they are deemed to have incurred or have continued to incur indebtedness to purchase or carry tax-exempt obligations; (9) interest on the Current Bonds is exempt from Kentucky income taxes; and (10) the principal of the Current Bonds is exempt from ad valorem taxation by the Commonwealth of Kentucky and all of its political subdivisions.

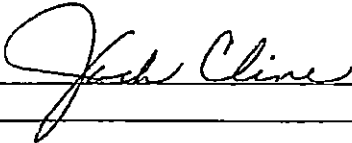
No opinion is expressed regarding other federal income tax consequences caused by the receipt of interest on the Current Bonds.

It is to be understood that the rights of the holders of the Current Bonds and the enforceability of the Current Bonds and the Current Bond Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter adopted to the extent constitutionally applicable, and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

It is provided in the Consolidated Farm and Rural Development Act that if the Current Bonds are sold out of the Agricultural Credit Insurance Fund or out of the Rural Development Insurance Fund as an insured loan, the interest thereon paid to an insured owner shall be included in the taxable income of such owner.

PROVISION FOR REGISTRATION

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

Date of Registration	Name of Registered Owner	Signature of Bond Registrar
August 2, 2002	UNITED STATES OF AMERICA, acting by and through the U.S. DEPARTMENT OF AGRICULTURE 771 Corporate Drive, Suite 200 Lexington, Kentucky 40503-5477	

ASSIGNMENT

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

The holder of this Bond has consented to the issuance of \$/ 600,000 of bonds ranking on a parity as to security and source of payment with this bond.

The holder of this Bond has consented to the issuance of \$/ 600,000 of bonds ranking on a parity as to security and source of payment with this bond.

91-20

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
COUNTY OF MORGAN

REGISTERED



MORGAN COUNTY WATER DISTRICT
WATERWORKS REVENUE BONDS, SERIES 2003
INTEREST RATE: 4.375%

REGISTERED



KNOW ALL PERSONS BY THESE PRESENTS: That the Morgan County Water District (the "District"), acting by and through its Board of Commissioners (the "Commission"), a public body corporate in Morgan County, Kentucky for value received, hereby promises to pay to UNITED STATES OF AMERICA, acting by and through the U.S. DEPARTMENT OF AGRICULTURE, 771 Corporate Drive, Suite 200, Lexington, Kentucky 40503-5477, the Registered Owner hereof, or its registered assigns, solely from the fund hereinafter identified, the sum of

SIX HUNDRED THOUSAND DOLLARS (\$600,000)

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

Year	Principal	Year	Principal	Year	Principal
2006	\$ 8,000	2019	\$11,000	2032	\$20,000
2007	7,000	2020	12,000	2033	21,000
2008	7,000	2021	12,000	2034	21,000
2009	7,000	2022	13,000	2035	22,000
2010	7,000	2023	13,000	2036	23,000
2011	8,000	2024	14,000	2037	24,000
2012	8,000	2025	14,000	2038	26,000
2013	8,000	2026	15,000	2039	27,000
2014	9,000	2027	16,000	2040	28,000
2015	9,000	2028	16,000	2041	29,000
2016	10,000	2029	17,000	2042	30,000
2017	10,000	2030	18,000	2043	32,000
2018	11,000	2031	19,000		

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

This Bond is issued by the District under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Chapters 58 and 74 of the Kentucky Revised Statutes (collectively the "Act"), and pursuant to a duly adopted Bond Resolution of the District authorizing same (the "Current Bond Resolution"), to which Current Bond Resolution reference is hereby made for a description of the nature and extent of the security thereby created, the rights and limitations of rights of the registered owner of this Bond, and the rights, obligations and

duties of the District, for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the existing waterworks system of the District (said existing waterworks system, together with said extensions, additions and improvements, being hereinafter referred to as the "System").

This Bond is issued on a parity as to security and source of payment with the outstanding: (i) Morgan County Water District Water Revenue Bonds, Series A of 1993 and Series B of 1993, dated November 15, 1994 (the "1993 Bonds"), authorized by a Resolution adopted by the Commission of the District (the "1993 Bond Resolution"); (ii) Morgan County Water District Water Revenue Bonds, Series 1995, dated September 7, 1995 (the "1995 Bonds"), authorized by a Resolution adopted by the Commission of the District on April 27, 1995 (the "1995 Bond Resolution"); (iii) Morgan County Water District Waterworks Revenue Bonds, Series 1999, dated May 10, 1999 (the "1999 Bonds"), authorized by a Resolution adopted by the Commission of the District on May 6, 1999 (the "1999 Bond Resolution"); (iv) Morgan County Water District Waterworks Revenue Bonds, Series 2001, dated March 9, 2001 (the "2001 Bonds"), authorized by a Resolution adopted by the Commission of the District on December 7, 2000 (the "2001 Bond Resolution"); and (v) Morgan County Water District Waterworks Revenue Bonds, Series 2002, dated August 2, 2002 (the "2002 Bonds"), authorized by a Resolution adopted by the Commission of the District on March 7, 2002 (the "2002 Bond Resolution"). Hereinafter, the 1993 Bonds, 1995 Bonds, 1999 Bonds, 2001 Bonds and 2002 Bonds shall be collectively referred to as the "Prior Bonds" and the 1993 Bond Resolution, the 1995 Bond Resolution, the 1999 Bond Resolution, the 2001 Bond Resolution and the 2002 Bond Resolution shall be collectively referred to as the "Prior Bond Resolution". The 2003 Bonds, together with all other bonds ranking on a parity herewith, is payable from and secured by a pledge of the gross proceeds to be derived from the operation of the System.

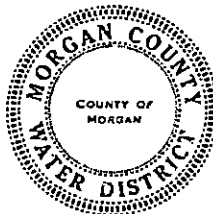
[FURTHER PROVISIONS OF THIS BOND ARE SET FORTH ON THE REVERSE HEREOF]

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

IN WITNESS WHEREOF said Morgan County Water District, by its Board of Commissioners, has caused this Bond to be executed by its Chairman, its corporate seal to be hereunto affixed, and attested by its Secretary, on the date of this Bond, which is **June 4, 2004.**

Attest:

Joel Cline
Secretary



MORGAN COUNTY WATER DISTRICT

By:

Earl Reed
Chairman

This Bond has been issued in full compliance with the Current Bond Resolution and the Prior Bond Resolution; and this Bond, and any bonds ranking on a parity therewith that may be issued and outstanding under the conditions and restrictions of the Current Bond Resolution and the Prior Bond Resolution, are and will continue to be payable from revenues which shall be set aside in a fund for that purpose and identified as the "Morgan County Water District Water Revenue Bond and Interest Redemption Fund of 1993", created in the Prior Bond Resolution.

This Bond does not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations and is payable solely out of the revenues of the System. As provided in the Current Bond Resolution, the District covenants that as long as any of the Prior Bonds and/or this Bond, are outstanding, the System will be continuously owned and operated by the District as a revenue producing public undertaking within the meaning of the aforesaid Act for the security and source of payment of the Prior Bonds and of this Bond, and that the District will fix, and if necessary adjust, from time to time, such rates for the services and facilities of the System and will collect and account for the revenues therefrom sufficient to pay promptly the principal and interest on the Prior Bonds, this Bond and all other bonds ranking on a parity therewith as may be outstanding from time to time, to pay the cost of operation and maintenance of the System and to provide for the depreciation thereof.

The District has reserved the right to issue additional bonds ranking on a parity as to security and source of payment with this Bond in order to complete the Project, and to finance future extensions, additions and improvements to the System, provided the

necessary requirements of the Current Bond Resolution have been complied with by the District.

This Bond shall be registered as to principal and interest in the name of the owner hereof, after which it shall be transferable only upon presentation to the Secretary of the District as the Bond Registrar, with a written transfer duly acknowledged by the registered owner or its duly authorized attorney, which transfer shall be noted upon this Bond and upon the registration book of the District kept for that purpose.

The District, at its option, shall have the right to prepay, on any interest payment date on and after January 1, 2013, in inverse chronological order of the installments due on this Bond, the entire principal amount of this Bond then remaining unpaid, or such lesser portion thereof, in a multiple of One Hundred Dollars (\$100), as the District may determine, at a price in an amount equivalent to the principal amount to be prepaid plus accrued interest to the date of prepayment, without any prepayment premium. Notice of such prepayment shall be given by registered mail to the registered owner of this Bond or its assignee, at least 30 days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the registered owner of this Bond.

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

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

LEGAL OPINION

Rubin & Hays

ATTORNEYS AT LAW

Kentucky Home Time Publishing, 450 South Third Street, Louisville, Kentucky 40202
Telephone (502) 569-7525 Telefax (502) 569-7555

Re: Morgan County Water District Waterworks Revenue Bonds, Series 2003, in the principal amount of \$600,000

We have acted as Bond Counsel in connection with the issuance by the Morgan County Water District (the "District") of \$600,000 of its Morgan County Water District Waterworks Revenue Bonds, Series 2003 (the "Current Bonds"), dated as of the date of this Legal Opinion, bearing interest at the interest rate specified in the Current Bonds, payable semiannually on January 1 and July 1 of each year, with principal amounts totaling due on January 1 in each of the respective years 2004 through 2043, inclusive.

Said Current Bonds are issued pursuant to Chapters 56 and 74 of the Kentucky Revised Statutes and a Bond Resolution (the "Current Bond Resolution") duly adopted by the Commission of the District for the purpose of financing the cost of extensions, additions and improvements to the existing waterworks system (the "System") of the District.

We have examined the transcript of proceedings of the District in connection with the issuance of the Current Bonds and the executed single, fully registered bond, numbered R-1, representing the total authorized principal amount of said Current Bonds, as issued and delivered, and an executed counterpart of the Current Bond Resolution.

Based on such examination, we are of the opinion that the Current Bonds are valid and legally binding and enforceable upon the District according to the import thereof and rank on a parity as to security and source of payment with the outstanding: (i) Morgan County Water District Water Revenue Bonds, Series A of 1993 and Series B of 1993, dated November 15, 1994 (the "1993 Bonds"), authorized by a Resolution adopted by the District (the "1993 Bond Resolution"); (ii) Morgan County Water District Water Revenue Bonds, Series 1995, dated September 7, 1995 (the "1995 Bonds"), authorized by a Resolution adopted by the District on April 27, 1995 (the "1995 Bond Resolution"); (iii) Morgan County Water District Waterworks Revenue Bonds, Series 1999, dated May 10, 1999 (the "1999 Bonds"), authorized by a Resolution adopted by the District on May 6, 1999 (the "1999 Bond Resolution"); (iv) Morgan County Water District Waterworks Revenue Bonds, Series 2001, dated March 9, 2001 (the "2001 Bonds"), authorized by a Resolution adopted by the District on December 7, 2000 (the "2001 Bond Resolution"); and (v) Morgan County Water District Waterworks Revenue Bonds, Series 2002, dated August 2, 2002 (the "2002 Bond Resolution") (hereinafter the 1993 Bonds, the 1995 Bonds, the 1999 Bonds, the 2001 Bonds and the 2002 Bonds shall be collectively referred to as the "Prior Bonds" and the 1993 Bond Resolution, the 1995 Bond Resolution, the 1999 Bond Resolution, the 2001 Bond Resolution and the 2002 Bond Resolution shall be collectively referred to as the "Prior Bond Resolution") and that the Current Bonds and the Prior Bonds are secured by and are payable from a pledge of the gross revenues of the System, and that a sufficient portion of said gross revenues has been ordered by the Commission to be set aside at least semiannually and pledged to the payment of the interest on and principal

of the Prior Bonds and the Current Bonds as the same become due. We express no opinion concerning the sufficiency of such revenues for that purpose.

The District has reserved the right to issue additional bonds ranking on a parity as to security and source of payment with the Prior Bonds and the Current Bonds, if necessary in order to complete the aforesaid extensions, additions and improvements to the System. The District has also reserved the right to issue additional parity bonds to finance future extensions, additions and/or improvements to the System, provided the necessary showings as to the earnings coverage required by the Prior Bond Resolution and Current Bond Resolution are in existence and properly certified.

Based on current rulings and official interpretations, and assuming that the District complies with certain covenants contained in the Current Bond Resolution made with respect to compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), including a covenant to comply with any and all requirements as to mobile (and reports with reference thereto) to the United States of America as to certain investment earnings on the proceeds of the Current Bonds, we are of the opinion that: (1) interest on the Current Bonds is excludable from gross income for federal income tax purposes; (2) the Current Bonds have been validly designated as "tax-exempt obligations" by the District pursuant to the provisions of Section 265(b)(3) of the Code; (3) the Current Bonds are an issue of "state or local bonds" which are not "private activity bonds" within the meaning of Section 103 of the Code; (4) interest on the Current Bonds is not included as an item of tax preference in calculating the alternative minimum tax for individuals; (5) interest on the Current Bonds may be taken into account in the computation of certain taxes that may be imposed with respect to corporations, including, without limitation, the branch profits tax on foreign corporations, and other tax consequences to certain insurance companies; (6) interest on the Current Bonds will be included in adjusted current earnings when calculating the alternative minimum taxable income of corporations; (7) an individual who owns any of the Current Bonds may be required to include in gross income a portion of his or her social security or railroad retirement payments; (8) any taxpayer (individual or corporate) owning the Current Bonds may have collateral tax consequences if they are deemed to have incurred or have continued to incur indebtedness to purchase or carry tax-exempt obligations; (9) interest on the Current Bonds is exempt from *ad valorem* taxation by the Commonwealth of Kentucky and all of its political subdivisions; and

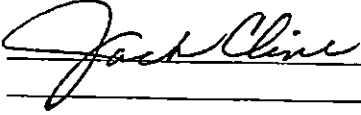
No opinion is expressed regarding other federal income tax consequences caused by the receipt of interest on the Current Bonds.

It is to be understood that the rights of the holders of the Current Bonds and the enforceability of the Current Bonds and the Current Bond Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter adopted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

It is provided in the Consolidated Farm and Rural Development Act that if the Current Bonds are sold out of the Agricultural Credit Insurance Fund or out of the Rural Development Insurance Fund as an insured loan, the interest thereon paid to an insured owner shall be included in the taxable income of such owner.

PROVISION FOR REGISTRATION

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

Date of Registration	Name of Registered Owner	Signature of Bond Registrar
June 4, 2004	UNITED STATES OF AMERICA acting by and through the U.S. DEPARTMENT OF AGRICULTURE 771 Corporate Drive, Suite 200 Lexington, Kentucky 40503-5477	

ASSIGNMENT

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

and has consented to the issuance of \$1,444,000 of bonds
 to security and source of payment with this bond.

91-25

UNITED STATES OF AMERICA
 COMMONWEALTH OF KENTUCKY
 COUNTY OF MORGAN

REGISTERED



MORGAN COUNTY WATER DISTRICT
 WATERWORKS REVENUE BONDS, SERIES 2006
 INTEREST RATE: 4.125%

REGISTERED



KNOW ALL PERSONS BY THESE PRESENTS: That the Morgan County Water District (the "District"), acting by and through its Board of Commissioners (the "Commission"), a public body corporate in Morgan County, Kentucky for value received, hereby promises to pay to UNITED STATES OF AMERICA, acting by and through the U.S. DEPARTMENT OF AGRICULTURE, 771 Corporate Drive, Suite 203, Lexington, Kentucky 40503-5477, the Registered Owner hereof, or its registered assigns, solely from the fund hereinafter identified, the sum of

ONE MILLION DOLLARS (\$1,000,000)

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

Year	Principal	Year	Principal	Year	Principal
2008	\$11,000	2021	\$19,000	2034	\$32,000
2009	12,000	2022	20,000	2035	34,000
2010	12,000	2023	21,000	2036	35,000
2011	13,000	2024	22,000	2037	36,000
2012	13,000	2025	22,000	2038	38,000
2013	14,000	2026	23,000	2039	39,000
2014	14,000	2027	24,000	2040	41,000
2015	15,000	2028	25,000	2041	43,000
2016	16,000	2029	26,000	2042	45,000
2017	16,000	2030	27,000	2043	46,000
2018	17,000	2031	28,000	2044	48,000
2019	18,000	2032	30,000	2045	50,000
2020	18,000	2033	31,000		

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

This Bond is issued by the District under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Chapters 58 and 74 of the Kentucky Revised Statutes (collectively the "Act"), and pursuant to a duly adopted Bond Resolution of the District authorizing same (the "Current Bond Resolution"), to which Current Bond Resolution reference is hereby made for a description of the nature and extent of the security hereby created, the rights and limitations of rights of the registered owner of this Bond, and the rights, obligations and duties of the District, for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the existing waterworks system of the District (said existing waterworks system, together with said extensions, additions and improvements, being hereinafter referred to as the "System")

This Bond is issued on a parity as to security and source of payment with the outstanding: (i) Morgan County Water District Water Revenue Bonds, Series A of 1993 and Series B of 1993, dated November 15, 1994 (the "1993 Bonds"), authorized by a Resolution adopted by the Commission of the District (the "1993 Bond Resolution"); (ii) Morgan County Water District Water Revenue Bonds, Series 1995, dated September 7, 1995 (the "1995 Bonds"), authorized by a Resolution adopted by the Commission of the District on April 27, 1995 (the "1995 Bond Resolution"); (iii) Morgan County Water District Waterworks Revenue Bonds, Series 1999, dated May 10, 1999 (the "1999 Bonds"), authorized by a Resolution adopted by the Commission of the District on May 8, 1999 (the "1999 Bond Resolution"); (iv) Morgan County Water District Waterworks Revenue Bonds, Series 2001, dated March 9, 2001 (the "2001 Bond Resolution"), authorized by a Resolution adopted by the Commission of the District on December 7, 2000 (the "2001 Bond Resolution"); (v) Morgan County Water District Waterworks Revenue Bonds, Series 2002, dated August 2, 2002 (the "2002 Bonds"), authorized by a Resolution adopted by the Commission of the District on March 7, 2002 (the "2002 Bond Resolution"), and (vi) Morgan County Water District Waterworks Revenue Bonds, Series 2003, dated June 4, 2004 (the "2003 Bonds"), authorized by a Resolution adopted by the Commission of the District on November 5, 2003 (the "2003 Bond Resolution") (hereinafter the 1993 Bonds, 1995 Bonds, 1999 Bonds, 2001 Bonds, 2002 Bonds and 2003 Bonds shall be collectively referred to as the "Prior Bonds", and the 1993 Bond Resolution, the 1995 Bond Resolution, the 1999 Bond Resolution, the 2001 Bond Resolution, the 2002 Bond Resolution and the 2003 Bond Resolution shall be collectively referred to as the "Prior Bond Resolutions"). Accordingly, the Bonds, the Prior Bonds and any bonds ranking on a parity therewith are payable from and secured by a pledge of the gross revenues to be derived from the operation of the System.

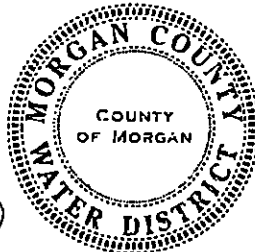
FURTHER PROVISIONS OF THIS BOND ARE SET FORTH ON THE REVERSE HEREOF

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

IN WITNESS WHEREOF said Morgan County Water District, by its Board of Commissioners, has caused this Bond to be executed by its Chairman, its corporate seal to be hereunto affixed, and attested by its Secretary, on the date of this Bond, which is **January 18, 2007.**

Attest:

Accie Aitteral
 Secretary



MORGAN COUNTY WATER DISTRICT
 Morgan County, Kentucky

By: *Roy C. Cullitt*
 Chairman

This Bond does not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations and is payable solely out of the revenues of the System. As provided in the Current Bond Resolution, the District covenants that so long as any of the Prior Bonds and/or this Bond, are outstanding, the System will be continuously owned and operated by the District as a revenue producing public undertaking within the meaning of the aforesaid Act for the security and source of payment of the Prior Bonds and of this Bond, and that the District will fix, and if necessary adjust, from time to time, such rates for the services and facilities of the System and will collect and account for the revenues therefrom sufficient to pay promptly the principal and interest on the Prior Bonds, this Bond and all other bonds ranking on a parity therewith as may be outstanding from time to time, to pay the cost of operation and maintenance of the System and to provide for the depreciation thereof.

The District has reserved the right to issue additional bonds ranking on a parity as to security and source of payment with this Bond in order to complete the Project, and to finance future extensions, additions and improvements to the System, provided the necessary requirements of the Current Bond Resolution have been complied with by the District.

On and after January 1, 2019, in inverse chronological order of the installments due on this Bond, the entire principal amount of the Bond then remaining unpaid, or such lesser portion thereof, in a multiple of One Hundred Dollars (\$100), as the District may determine, at a once in an amount equivalent to the principal amount to be prepaid plus accrued interest to the date of prepayment, without any prepayment premium. Notice of such prepayment shall be given by registered mail to the registered owner of this Bond or its assignee, at least 30 days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the registered owner of this Bond.

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

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

LEGAL OPINION

Rubin & Hays

ATTORNEYS AT LAW

Kentucky Home Trust Building, 430 South Third Street, Louisville, Kentucky 40202
Telephone (502) 569-7525 Tele-fax (502) 569-7555

Re: Morgan County Water District Waterworks Revenue Bonds, Series 2006, in the principal amount of \$1,000,000

We have acted as Bond Counsel in connection with the issuance by the Morgan County Water District (the "District") of \$1,000,000 of its Morgan County Water District Waterworks Revenue Bonds, Series 2006 (the "Current Bonds"), dated as of the date of this Legal Opinion, bearing interest at the interest rate specified in the Current Bonds, payable semiannually on January 1 and July 1 of each year, with principal amounts being due on January 1 in each of the respective years, 2008 through 2045, inclusive.

Said Current Bonds are issued pursuant to Chapters 58 and 74 of the Kentucky Revised Statutes and a Bond Resolution (the "Current Bond Resolution") duly adopted by the Commission of the District for the purpose of financing the cost of extensions, additions and improvements to the existing waterworks system (the "System") of the District.

We have examined the transcript of proceedings of the District in connection with the issuance of the Current Bonds and the attached single, fully registered bond, numbered R-1, representing the total authorized principal amount of said Current Bonds, as issued and delivered, and an executed counterpart of the Current Bond Resolution.

Based on such examination, we are of the opinion that the Current Bonds are valid and legally binding and enforceable upon the District according to the import thereof and rank on a parity as to security and source of payment with the outstanding: (i) Morgan County Water District Waterworks Revenue Bonds, Series A of 1993 and Series B of 1993, dated November 18, 1994 (the "1993 Bonds"), authorized by a Resolution adopted by the District (the "1993 Bond Resolution"); (ii) Morgan County Water District Waterworks Revenue Bonds, Series 1995, dated September 7, 1995 (the "1995 Bonds"), authorized by a Resolution adopted by the District on April 27, 1995 (the "1995 Bond Resolution"); (iii) Morgan County Water District Waterworks Revenue Bonds, Series 1999, dated May 10, 1999 (the "1999 Bonds"), authorized by a Resolution adopted by the District on May 8, 1999 (the "1999 Bond Resolution"); (iv) Morgan County Water District Waterworks Revenue Bonds, Series 2001, dated March 9, 2001 (the "2001 Bonds"), authorized by a Resolution adopted by the District on December 7, 2000 (the "2001 Bond Resolution"); (v) Morgan County Water District Waterworks Revenue Bonds, Series 2002, dated August 2, 2002 (the "2002 Bonds"), authorized by a Resolution adopted by the District on March 7, 2002 (the "2002 Bond Resolution"); and (vi) Morgan County Water District Waterworks Revenue Bonds, Series 2003, dated June 4, 2004 (the "2003 Bonds"), authorized by a Resolution adopted by the District on November 5, 2003 (the "2003 Bond Resolution") (hereinafter the 1993 Bonds, the 1995 Bonds, the 1999 Bonds, the 2001 Bonds, the 2002 Bonds and the 2003 Bonds shall be collectively referred to as the "Prior Bonds" and the 1993 Bond Resolution, the 1995 Bond Resolution, the 1999 Bond Resolution, the 2001 Bond Resolution, the 2002 Bond Resolution and the 2003 Bond Resolution shall be collectively referred to as the "Prior Bond Resolution") and that the Current Bonds and the Prior Bonds are

secured by and are payable from a pledge of the gross revenues of the System, and that a sufficient portion of said gross revenues has been ordered by the Commission to be set aside at least semiannually and pledged to the payment of the interest on and principal of the Current Bonds and the Prior Bonds as the same become due. We express no opinion concerning the sufficiency of such revenues for that purpose.

The District has reserved the right to issue additional bonds ranking on a parity as to security and source of payment with the Prior Bonds and the Current Bonds, if necessary in order to complete the aforesaid extensions, additions and improvements to the System. The District has also reserved the right to issue additional priority bonds to finance future extensions, additions and/or improvements to the System, provided the necessary showings as to the earnings coverage required by the Prior Bond Resolution and Current Bond Resolution are in existence and properly certified.

Based on current rulings and official interpretations, and assuming that the District complies with certain covenants contained in the Current Bond Resolution made with respect to compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), including a covenant to comply with any and all requirements as to rotate (and reports with reference thereto) to the United States of America as to certain investment earnings on the proceeds of the Current Bonds, we are of the opinion that: (1) interest on the Current Bonds is excludable from gross income for federal income tax purposes; (2) the Current Bonds have been validly designated as "qualified tax-exempt obligations" by the District pursuant to the provisions of Section 265(b)(3) of the Code; (3) the Current Bonds are an issue of "state or local bonds" which are not "private activity bonds" within the meaning of Section 143 of the Code; (4) interest on the Current Bonds is not included as an item of tax preference in calculating the alternative minimum tax for individuals; (5) interest on the Current Bonds may be taken into account in the computation of certain losses that may be involved with respect to corporations, including, without limitation, the branch profits tax on foreign corporations, the effect of certain Subchapter S Corporations with excess passive income, and other tax consequences to certain insurance companies; (6) interest on the Current Bonds will be included in adjusted current earnings when calculating the alternative minimum taxable income of corporations; (7) an individual who owns any of the Current Bonds may be required to include in gross income a portion of his or her social security or railroad retirement payments; (8) any taxpayer (individuals or corporations) owning the Current Bonds may have collateral tax consequences if they are deemed to have incurred or have continued to incur indebtedness to purchase or carry tax-exempt obligations; (9) interest on the Current Bonds is exempt from Kentucky income taxes; and (10) the principal of the Current Bonds is exempt from ad valorem taxation by the Commonwealth of Kentucky and all of its political subdivisions.

No opinion is expressed regarding other federal income tax consequences caused by the receipt of interest on the Current Bonds.

It is to be understood that the rights of the holders of the Current Bonds and the enforceability of the Current Bonds and the Current Bond Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter adopted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

It is provided in the Consolidated Farm and Rural Development Act that if the Current Bonds are sold out of the Agricultural Credit Insurance Fund or out of the Rural Development Insurance Fund as an insured loan, the interest thereon paid to an insured owner shall be included in the taxable income of such owner.

PROVISION FOR REGISTRATION

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

Date of Registration	Name of Registered Owner	Signature of Bond Registrar
January 18, 2007	UNITED STATES OF AMERICA acting by and through the U.S. DEPARTMENT OF AGRICULTURE 771 Corporate Drive, Suite 200 Lexington, Kentucky 40503-5477	<i>Walter Hatten</i>

ASSIGNMENT

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

_____ this day of _____, 20__

By: _____

91-27

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
MORGAN COUNTY WATER DISTRICT WATERWORKS REVENUE BONDS,
SERIES 2008

No. R-1

Interest Rate: 4.125 %

\$1,446,000

KNOW ALL PERSONS BY THESE PRESENTS:

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

UNITED STATES OF AMERICA
acting by and through the
U.S. DEPARTMENT OF AGRICULTURE
771 Corporate Drive, Suite 200
Lexington, Kentucky 40503-5477

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

ONE MILLION FOUR HUNDRED FORTY-SIX THOUSAND DOLLARS (\$1,446,000),

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

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
2011	16,370	2024	27,680	2037	46,820
2012	17,040	2025	28,820	2038	48,750
2013	17,750	2026	30,010	2039	50,760
2014	18,480	2027	31,250	2040	52,850
2015	19,240	2028	32,540	2041	55,030
2016	20,030	2029	33,880	2042	57,300
2017	20,860	2030	35,280	2043	59,670
2018	21,720	2031	36,740	2044	62,130
2019	22,620	2032	38,250	2045	64,690
2020	23,550	2033	39,830	2046	67,360
2021	24,520	2034	41,470	2047	70,140
2022	25,530	2035	43,180	2048	72,310
2023	26,590	2036	44,960		

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

This Bond is issued by the District under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Chapters 58 and 74 of the Kentucky Revised Statutes (collectively the "Act"), and pursuant to a duly adopted Bond Resolution of the District authorizing same (the "Current Bond Resolution"), to which Current Bond Resolution reference is hereby made for a description of the nature and extent of the security thereby created, the rights and limitations of rights of the registered owner of this Bond, and the rights, obligations and duties of the District, for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the existing waterworks system of the District (said existing waterworks system, together with said extensions, additions and improvements, being hereinafter referred to as the "System").

This Bond is issued on a parity as to security and source of payment with the outstanding: (i) Morgan County Water District Water Revenue Bonds, Series A of 1993 and Series B of 1993, dated November 15, 1994 (the "1993 Bonds"), authorized by a Resolution adopted by the Commission of the District (the "1993 Bond Resolution"); (ii) Morgan County Water District Water Revenue Bonds, Series 1995, dated September 7, 1995 (the "1995 Bonds"), authorized by a Resolution adopted by the Commission of the District on April 27, 1995 (the "1995 Bond Resolution"); (iii) Morgan County Water District Waterworks Revenue Bonds, Series 1999, dated May 10, 1999 (the "1999 Bonds"), authorized by a Resolution adopted by the Commission of the District on May 6, 1999 (the "1999 Bond Resolution"); (iv) Morgan County Water District Waterworks Revenue Bonds, Series 2001, dated March 9, 2001 (the "2001 Bonds"), authorized by a Resolution adopted by the Commission of the District on December 7, 2000 (the "2001 Bond Resolution"); (v) Morgan County Water District Waterworks Revenue Bonds, Series 2002, dated August 2, 2002 (the "2002 Bonds"), authorized by a Resolution adopted by the Commission of the District on March 7, 2002 (the "2002 Bond Resolution"); (vi) Morgan County Water District Waterworks Revenue Bonds, Series 2003, dated June 4, 2004 (the "2003 Bonds"), authorized by a Resolution adopted by the Commission of the District on November 5, 2003 (the "2003 Bond Resolution"); and (vii) Morgan County Water District Waterworks Revenue Bonds, Series 2006, dated January 18, 2007 (the "2006 Bonds"), authorized by a Resolution adopted by the Commission of the District on June 5, 2006 (the "2006 Bond Resolution") [hereinafter the 1993 Bonds, 1995 Bonds, 1999 Bonds, 2001 Bonds, 2002 Bonds, 2003 Bonds and 2006 Bonds shall be collectively referred to as the "Prior Bonds", and the 1993 Bond Resolution, the 1995 Bond Resolution, the 1999 Bond Resolution, the 2001 Bond Resolution, the 2002 Bond Resolution, the 2003 Bond Resolution and the 2006 Bond Resolution shall be collectively referred to as the "Prior Bond Resolution"]. Accordingly, this Bond, the Prior Bonds and any bonds ranking on a parity therewith, are payable from and secured by a pledge of the gross revenues to be derived from the operation of the System.

This Bond has been issued in full compliance with the Current Bond Resolution and the Prior Bond Resolution; and this Bond, and any bonds ranking on a parity therewith that may be issued and outstanding under the conditions and restrictions of the Current Bond Resolution and the Prior Bond Resolution, are and will continue to be payable from revenues which shall be set aside in a fund for that purpose and identified as the "Morgan County Water District Water Revenue Bond and Interest Redemption Fund of 1993", created in the Prior Bond Resolution.

This Bond does not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations and is payable solely out of the revenues of the System. As provided in the Current Bond Resolution, the District covenants that so long as any of the Prior Bonds and/or this Bond, are outstanding, the System will be continuously owned and operated by the District as a revenue producing public undertaking within the meaning of the aforesaid Act for the security and source of payment of the Prior Bonds and of this Bond, and that the District will fix, and if necessary adjust, from time to time, such rates for the services and facilities of the System and will collect and account for the revenues therefrom sufficient to pay promptly the principal of and interest on the Prior Bonds, this Bond and all other bonds ranking on a parity therewith as may be outstanding from time to time, to pay the cost of operation and maintenance of the System and to provide for the depreciation thereof.

The District has reserved the right to issue additional bonds ranking on a parity as to security and source of payment with this Bond in order to complete the Project, and to finance future extensions, additions and improvements to the System, provided the necessary requirements of the Current Bond Resolution have been complied with by the District.

This Bond shall be registered as to principal and interest in the name of the owner hereof, after which it shall be transferable only upon presentation to the Secretary of the District as the Bond Registrar, with a written transfer duly acknowledged by the registered owner or its duly authorized attorney, which transfer shall be noted upon this Bond and upon the registration book of the District kept for that purpose.

The District, at its option, shall have the right to prepay, on any interest payment date on and after January 1, 2017, in inverse chronological order of the installments due on this Bond, the entire principal amount of this Bond then remaining unpaid, or such lesser portion thereof, in a multiple of One Hundred Dollars (\$100), as the District may determine, at a price in an amount equivalent to the principal amount to be prepaid plus accrued interest to the date of prepayment, without any prepayment premium. Notice of such prepayment shall be given by registered mail to the registered owner of this Bond or its assignee, at least 30 days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the registered owner of this Bond.

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

Upon default in the payment of any principal or interest payment on this Bond, or upon failure by the District to comply with any other provision of this Bond or with any provision of the

Current Bond Resolution, the registered owner may, at its option, institute all rights and remedies provided by law or by said Current Bond Resolution.

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

IN WITNESS WHEREOF said Morgan County Water District, by its Board of Commissioners, has caused this Bond to be executed by its Chairman, its corporate seal to be hereunto affixed, and attested by its Secretary, on the date of this Bond, which is February 3, 2009.

MORGAN COUNTY WATER DISTRICT
Morgan County, Kentucky

By Ray Cullitt
Chairman

Attest:

[Signature]
Secretary

(Seal of District)

PROVISION FOR REGISTRATION

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

Date of Registration	Name of Registered Owner	Signature of Bond Registrar
	UNITED STATES OF AMERICA acting by and through the U.S. DEPARTMENT OF AGRICULTURE 771 Corporate Drive, Suite 200 Lexington, Kentucky 40503-5477	

ASSIGNMENT

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

By: _____

Name		Morgan County Water District			LOAN NUMBER	91-01
Bond Series		Amount of Bond			Interest Rate	Annual
1993-A		\$300,000.00			5.000%	7/14/1894
			January			
YEAR	PRINCIPAL	INTEREST	Principal/ Interest Payment Due	INTEREST Interest Payment Due	Yearly Total Paid	BALANCE
1996	\$3,000.00	\$15,000.00	\$18,000.00	\$18,000.00	\$18,000.00	\$297,000.00
1997	\$3,000.00	\$14,850.00	\$17,850.00	\$17,850.00	\$17,850.00	\$294,000.00
1998	\$3,000.00	\$14,700.00	\$17,700.00	\$17,700.00	\$17,700.00	\$291,000.00
1999	\$3,000.00	\$14,550.00	\$17,550.00	\$17,550.00	\$17,550.00	\$288,000.00
2000	\$4,000.00	\$14,400.00	\$18,400.00	\$18,400.00	\$18,400.00	\$284,000.00
2001	\$4,000.00	\$14,200.00	\$18,200.00	\$18,200.00	\$18,200.00	\$280,000.00
2002	\$4,000.00	\$14,000.00	\$18,000.00	\$18,000.00	\$18,000.00	\$276,000.00
2003	\$4,000.00	\$13,800.00	\$17,800.00	\$17,800.00	\$17,800.00	\$272,000.00
2004	\$4,000.00	\$13,600.00	\$17,600.00	\$17,600.00	\$17,600.00	\$268,000.00
2005	\$4,000.00	\$13,400.00	\$17,400.00	\$17,400.00	\$17,400.00	\$264,000.00
2006	\$5,000.00	\$13,200.00	\$18,200.00	\$18,200.00	\$18,200.00	\$259,000.00
2007	\$5,000.00	\$12,950.00	\$17,950.00	\$17,950.00	\$17,950.00	\$254,000.00
2008	\$5,000.00	\$12,700.00	\$17,700.00	\$17,700.00	\$17,700.00	\$249,000.00
2009	\$5,000.00	\$12,450.00	\$17,450.00	\$17,450.00	\$17,450.00	\$244,000.00
2010	\$6,000.00	\$12,200.00	\$18,200.00	\$18,200.00	\$18,200.00	\$238,000.00
2011	\$6,000.00	\$11,900.00	\$17,900.00	\$17,900.00	\$17,900.00	\$232,000.00
2012	\$6,000.00	\$11,600.00	\$17,600.00	\$17,600.00	\$17,600.00	\$226,000.00
2013	\$7,000.00	\$11,300.00	\$18,300.00	\$18,300.00	\$18,300.00	\$219,000.00
2014	\$7,000.00	\$10,950.00	\$17,950.00	\$17,950.00	\$17,950.00	\$212,000.00
2015	\$7,000.00	\$10,600.00	\$17,600.00	\$17,600.00	\$17,600.00	\$205,000.00
2016	\$8,000.00	\$10,250.00	\$18,250.00	\$18,250.00	\$18,250.00	\$197,000.00
2017	\$8,000.00	\$9,850.00	\$17,850.00	\$17,850.00	\$17,850.00	\$189,000.00
2018	\$8,000.00	\$9,450.00	\$17,450.00	\$17,450.00	\$17,450.00	\$181,000.00
2019	\$9,000.00	\$9,050.00	\$18,050.00	\$18,050.00	\$18,050.00	\$172,000.00
2020	\$9,000.00	\$8,600.00	\$17,600.00	\$17,600.00	\$17,600.00	\$163,000.00
2021	\$10,000.00	\$8,150.00	\$18,150.00	\$18,150.00	\$18,150.00	\$153,000.00
2022	\$10,000.00	\$7,650.00	\$17,650.00	\$17,650.00	\$17,650.00	\$143,000.00
2023	\$11,000.00	\$7,150.00	\$18,150.00	\$18,150.00	\$18,150.00	\$132,000.00
2024	\$11,000.00	\$6,600.00	\$17,600.00	\$17,600.00	\$17,600.00	\$121,000.00
2025	\$12,000.00	\$6,050.00	\$18,050.00	\$18,050.00	\$18,050.00	\$109,000.00
2026	\$11,000.00	\$5,450.00	\$16,450.00	\$16,450.00	\$16,450.00	\$98,000.00
2027	\$12,000.00	\$4,900.00	\$16,900.00	\$16,900.00	\$16,900.00	\$86,000.00
2028	\$13,000.00	\$4,300.00	\$17,300.00	\$17,300.00	\$17,300.00	\$73,000.00
2029	\$13,000.00	\$3,650.00	\$16,650.00	\$16,650.00	\$16,650.00	\$60,000.00
2030	\$14,000.00	\$3,000.00	\$17,000.00	\$17,000.00	\$17,000.00	\$46,000.00
2031	\$15,000.00	\$2,300.00	\$17,300.00	\$17,300.00	\$17,300.00	\$31,000.00
2032	\$15,000.00	\$1,550.00	\$16,550.00	\$16,550.00	\$16,550.00	\$16,000.00
2033	\$16,000.00	\$800.00	\$16,800.00	\$16,800.00	\$16,800.00	\$0.00
2034	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2035	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2036	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Total Prin. Paid	Total Semi-Annual Int. Paid		Total Semi-Annual Int. Paid	Total Bond Prin./Int. Paid	
	\$300,000.00	\$371,100.00		\$0.00	\$671,100.00	

Name		Morgan County Water District			LOAN NUMBER	91-04
Bond Series		Amount of Bond			Interest Rate	Annual
1995		\$375,000.00			4.500%	9/7/1995
			January			
YEAR	PRINCIPAL	INTEREST	Principal/ Interest Payment Due	INTEREST Interest Payment Due	Yearly Total Paid	BALANCE
						\$375,000.00
1998	\$4,000.00	\$16,875.00	\$20,875.00	\$20,875.00	\$20,875.00	\$371,000.00
1999	\$4,000.00	\$16,695.00	\$20,695.00	\$20,695.00	\$20,695.00	\$367,000.00
2000	\$4,500.00	\$16,515.00	\$21,015.00	\$21,015.00	\$21,015.00	\$362,500.00
2001	\$4,500.00	\$16,312.50	\$20,812.50	\$20,812.50	\$20,812.50	\$358,000.00
2002	\$4,500.00	\$16,110.00	\$20,610.00	\$20,610.00	\$20,610.00	\$353,500.00
2003	\$5,000.00	\$15,907.50	\$20,907.50	\$20,907.50	\$20,907.50	\$348,500.00
2004	\$5,000.00	\$15,682.50	\$20,682.50	\$20,682.50	\$20,682.50	\$343,500.00
2005	\$5,500.00	\$15,457.50	\$20,957.50	\$20,957.50	\$20,957.50	\$338,000.00
2006	\$5,500.00	\$15,210.00	\$20,710.00	\$20,710.00	\$20,710.00	\$332,500.00
2007	\$6,000.00	\$14,962.50	\$20,962.50	\$20,962.50	\$20,962.50	\$326,500.00
2008	\$6,000.00	\$14,692.50	\$20,692.50	\$20,692.50	\$20,692.50	\$320,500.00
2009	\$6,500.00	\$14,422.50	\$20,922.50	\$20,922.50	\$20,922.50	\$314,000.00
2010	\$6,500.00	\$14,130.00	\$20,630.00	\$20,630.00	\$20,630.00	\$307,500.00
2011	\$7,000.00	\$13,837.50	\$20,837.50	\$20,837.50	\$20,837.50	\$300,500.00
2012	\$7,000.00	\$13,522.50	\$20,522.50	\$20,522.50	\$20,522.50	\$293,500.00
2013	\$7,500.00	\$13,207.50	\$20,707.50	\$20,707.50	\$20,707.50	\$286,000.00
2014	\$8,000.00	\$12,870.00	\$20,870.00	\$20,870.00	\$20,870.00	\$278,000.00
2015	\$8,000.00	\$12,510.00	\$20,510.00	\$20,510.00	\$20,510.00	\$270,000.00
2016	\$9,000.00	\$12,150.00	\$21,150.00	\$21,150.00	\$21,150.00	\$261,000.00
2017	\$9,000.00	\$11,745.00	\$20,745.00	\$20,745.00	\$20,745.00	\$252,000.00
2018	\$9,500.00	\$11,340.00	\$20,840.00	\$20,840.00	\$20,840.00	\$242,500.00
2019	\$10,000.00	\$10,912.50	\$20,912.50	\$20,912.50	\$20,912.50	\$232,500.00
2020	\$10,000.00	\$10,462.50	\$20,462.50	\$20,462.50	\$20,462.50	\$222,500.00
2021	\$11,000.00	\$10,012.50	\$21,012.50	\$21,012.50	\$21,012.50	\$211,500.00
2022	\$11,000.00	\$9,517.50	\$20,517.50	\$20,517.50	\$20,517.50	\$200,500.00
2023	\$12,000.00	\$9,022.50	\$21,022.50	\$21,022.50	\$21,022.50	\$188,500.00
2024	\$12,000.00	\$8,482.50	\$20,482.50	\$20,482.50	\$20,482.50	\$176,500.00
2025	\$13,000.00	\$7,942.50	\$20,942.50	\$20,942.50	\$20,942.50	\$163,500.00
2026	\$13,500.00	\$7,357.50	\$20,857.50	\$20,857.50	\$20,857.50	\$150,000.00
2027	\$14,000.00	\$6,750.00	\$20,750.00	\$20,750.00	\$20,750.00	\$136,000.00
2028	\$14,500.00	\$6,120.00	\$20,620.00	\$20,620.00	\$20,620.00	\$121,500.00
2029	\$15,500.00	\$5,467.50	\$20,967.50	\$20,967.50	\$20,967.50	\$106,000.00
2030	\$16,000.00	\$4,770.00	\$20,770.00	\$20,770.00	\$20,770.00	\$90,000.00
2031	\$16,500.00	\$4,050.00	\$20,550.00	\$20,550.00	\$20,550.00	\$73,500.00
2032	\$17,500.00	\$3,307.50	\$20,807.50	\$20,807.50	\$20,807.50	\$56,000.00
2033	\$18,000.00	\$2,520.00	\$20,520.00	\$20,520.00	\$20,520.00	\$38,000.00
2034	\$19,000.00	\$1,710.00	\$20,710.00	\$20,710.00	\$20,710.00	\$19,000.00
2035	\$19,000.00	\$855.00	\$19,855.00	\$0.00	\$19,855.00	\$0.00
2036	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2037	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2038	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Total Prin. Paid	Total Semi-Annual Int. Paid		Total Semi-Annual Int. Paid	Total Bond Prin./Int. Paid	
	\$375,000.00	\$413,415.00		\$0.00	\$788,415.00	

Name		Morgan County Water District			LOAN NUMBER	91-06
Bond Series		Amount of Bond			Interest Rate	Annual
1993-B		\$17,000.00			5.000%	11/15/1994
YEAR	PRINCIPAL	INTEREST	January Principal/ Interest Payment Due	INTEREST Interest Payment Due	Yearly Total Paid	BALANCE
						\$17,000.00
1996	\$160.00	\$850.00	\$1,010.00	\$1,010.00	\$1,010.00	\$16,840.00
1997	\$160.00	\$842.00	\$1,002.00	\$1,002.00	\$1,002.00	\$16,680.00
1998	\$180.00	\$834.00	\$1,014.00	\$1,014.00	\$1,014.00	\$16,500.00
1999	\$180.00	\$825.00	\$1,005.00	\$1,005.00	\$1,005.00	\$16,320.00
2000	\$190.00	\$816.00	\$1,006.00	\$1,006.00	\$1,006.00	\$16,130.00
2001	\$200.00	\$806.50	\$1,006.50	\$1,006.50	\$1,006.50	\$15,930.00
2002	\$210.00	\$796.50	\$1,006.50	\$1,006.50	\$1,006.50	\$15,720.00
2003	\$220.00	\$786.00	\$1,006.00	\$1,006.00	\$1,006.00	\$15,500.00
2004	\$230.00	\$775.00	\$1,005.00	\$1,005.00	\$1,005.00	\$15,270.00
2005	\$250.00	\$763.50	\$1,013.50	\$1,013.50	\$1,013.50	\$15,020.00
2006	\$250.00	\$751.00	\$1,001.00	\$1,001.00	\$1,001.00	\$14,770.00
2007	\$270.00	\$738.50	\$1,008.50	\$1,008.50	\$1,008.50	\$14,500.00
2008	\$280.00	\$725.00	\$1,005.00	\$1,005.00	\$1,005.00	\$14,220.00
2009	\$300.00	\$711.00	\$1,011.00	\$1,011.00	\$1,011.00	\$13,920.00
2010	\$310.00	\$696.00	\$1,006.00	\$1,006.00	\$1,006.00	\$13,610.00
2011	\$330.00	\$680.50	\$1,010.50	\$1,010.50	\$1,010.50	\$13,280.00
2012	\$340.00	\$664.00	\$1,004.00	\$1,004.00	\$1,004.00	\$12,940.00
2013	\$360.00	\$647.00	\$1,007.00	\$1,007.00	\$1,007.00	\$12,580.00
2014	\$380.00	\$629.00	\$1,009.00	\$1,009.00	\$1,009.00	\$12,200.00
2015	\$400.00	\$610.00	\$1,010.00	\$1,010.00	\$1,010.00	\$11,800.00
2016	\$420.00	\$590.00	\$1,010.00	\$1,010.00	\$1,010.00	\$11,380.00
2017	\$440.00	\$569.00	\$1,009.00	\$1,009.00	\$1,009.00	\$10,940.00
2018	\$460.00	\$547.00	\$1,007.00	\$1,007.00	\$1,007.00	\$10,480.00
2019	\$480.00	\$524.00	\$1,004.00	\$1,004.00	\$1,004.00	\$10,000.00
2020	\$510.00	\$500.00	\$1,010.00	\$1,010.00	\$1,010.00	\$9,490.00
2021	\$530.00	\$474.50	\$1,004.50	\$1,004.50	\$1,004.50	\$8,960.00
2022	\$560.00	\$448.00	\$1,008.00	\$1,008.00	\$1,008.00	\$8,400.00
2023	\$590.00	\$420.00	\$1,010.00	\$1,010.00	\$1,010.00	\$7,810.00
2024	\$620.00	\$390.50	\$1,010.50	\$1,010.50	\$1,010.50	\$7,190.00
2025	\$650.00	\$359.50	\$1,009.50	\$1,009.50	\$1,009.50	\$6,540.00
2026	\$680.00	\$327.00	\$1,007.00	\$1,007.00	\$1,007.00	\$5,860.00
2027	\$720.00	\$293.00	\$1,013.00	\$1,013.00	\$1,013.00	\$5,140.00
2028	\$750.00	\$257.00	\$1,007.00	\$1,007.00	\$1,007.00	\$4,390.00
2029	\$790.00	\$219.50	\$1,009.50	\$1,009.50	\$1,009.50	\$3,600.00
2030	\$830.00	\$180.00	\$1,010.00	\$1,010.00	\$1,010.00	\$2,770.00
2031	\$870.00	\$138.50	\$1,008.50	\$1,008.50	\$1,008.50	\$1,900.00
2032	\$910.00	\$95.00	\$1,005.00	\$1,005.00	\$1,005.00	\$990.00
2033	\$990.00	\$49.50	\$1,039.50	\$1,039.50	\$1,039.50	\$0.00
2034	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2035	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2036	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Total Prin. Paid	Total Semi-Annual Int. Paid		Total Semi-Annual Int. Paid	Total Bond Prin./Int. Paid	
	\$17,000.00	\$21,328.50		\$0.00	\$38,328.50	

Name		Morgan County Water District			LOAN NUMBER	91-09
Bond Series		Amount of Bond			Interest Rate	Semi Annual
1999		\$75,000.00			4.500%	5/11/1999
YEAR	PRINCIPAL	INTEREST	January Principal/ Interest Payment Due	July INTEREST Interest Payment Due	Yearly Total Paid	BALANCE \$75,000.00
	2002	\$800.00	\$1,687.50	\$2,487.50	\$1,669.50	\$4,157.00
2003	\$800.00	\$1,669.50	\$2,469.50	\$1,651.50	\$4,121.00	\$73,400.00
2004	\$900.00	\$1,651.50	\$2,551.50	\$1,631.25	\$4,182.75	\$72,500.00
2005	\$900.00	\$1,631.25	\$2,531.25	\$1,611.00	\$4,142.25	\$71,600.00
2006	\$900.00	\$1,611.00	\$2,511.00	\$1,590.75	\$4,101.75	\$70,700.00
2007	\$1,000.00	\$1,590.75	\$2,590.75	\$1,568.25	\$4,159.00	\$69,700.00
2008	\$1,000.00	\$1,568.25	\$2,568.25	\$1,545.75	\$4,114.00	\$68,700.00
2009	\$1,100.00	\$1,545.75	\$2,645.75	\$1,521.00	\$4,166.75	\$67,600.00
2010	\$1,100.00	\$1,521.00	\$2,621.00	\$1,496.25	\$4,117.25	\$66,500.00
2011	\$1,200.00	\$1,496.25	\$2,696.25	\$1,469.25	\$4,165.50	\$65,300.00
2012	\$1,200.00	\$1,469.25	\$2,669.25	\$1,442.25	\$4,111.50	\$64,100.00
2013	\$1,300.00	\$1,442.25	\$2,742.25	\$1,413.00	\$4,155.25	\$62,800.00
2014	\$1,300.00	\$1,413.00	\$2,713.00	\$1,383.75	\$4,096.75	\$61,500.00
2015	\$1,400.00	\$1,383.75	\$2,783.75	\$1,352.25	\$4,136.00	\$60,100.00
2016	\$1,400.00	\$1,352.25	\$2,752.25	\$1,320.75	\$4,073.00	\$58,700.00
2017	\$1,500.00	\$1,320.75	\$2,820.75	\$1,287.00	\$4,107.75	\$57,200.00
2018	\$1,600.00	\$1,287.00	\$2,887.00	\$1,251.00	\$4,138.00	\$55,600.00
2019	\$1,600.00	\$1,251.00	\$2,851.00	\$1,215.00	\$4,066.00	\$54,000.00
2020	\$1,800.00	\$1,215.00	\$3,015.00	\$1,174.50	\$4,189.50	\$52,200.00
2021	\$1,800.00	\$1,174.50	\$2,974.50	\$1,134.00	\$4,108.50	\$50,400.00
2022	\$1,900.00	\$1,134.00	\$3,034.00	\$1,091.25	\$4,125.25	\$48,500.00
2023	\$2,000.00	\$1,091.25	\$3,091.25	\$1,046.25	\$4,137.50	\$46,500.00
2024	\$2,000.00	\$1,046.25	\$3,046.25	\$1,001.25	\$4,047.50	\$44,500.00
2025	\$2,200.00	\$1,001.25	\$3,201.25	\$951.75	\$4,153.00	\$42,300.00
2026	\$2,200.00	\$951.75	\$3,151.75	\$902.25	\$4,054.00	\$40,100.00
2027	\$2,400.00	\$902.25	\$3,302.25	\$848.25	\$4,150.50	\$37,700.00
2028	\$2,400.00	\$848.25	\$3,248.25	\$794.25	\$4,042.50	\$35,300.00
2029	\$2,600.00	\$794.25	\$3,394.25	\$735.75	\$4,130.00	\$32,700.00
2030	\$2,700.00	\$735.75	\$3,435.75	\$675.00	\$4,110.75	\$30,000.00
2031	\$2,800.00	\$675.00	\$3,475.00	\$612.00	\$4,087.00	\$27,200.00
2032	\$2,900.00	\$612.00	\$3,512.00	\$546.75	\$4,058.75	\$24,300.00
2033	\$3,100.00	\$546.75	\$3,646.75	\$477.00	\$4,123.75	\$21,200.00
2034	\$3,200.00	\$477.00	\$3,677.00	\$405.00	\$4,082.00	\$18,000.00
2035	\$3,300.00	\$405.00	\$3,705.00	\$330.75	\$4,035.75	\$14,700.00
2036	\$3,500.00	\$330.75	\$3,830.75	\$252.00	\$4,082.75	\$11,200.00
2037	\$3,600.00	\$252.00	\$3,852.00	\$171.00	\$4,023.00	\$7,600.00
2038	\$3,800.00	\$171.00	\$3,971.00	\$85.50	\$4,056.50	\$3,800.00
2039	\$3,800.00	\$85.50	\$3,885.50	\$0.00	\$3,885.50	\$0.00
2040	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2041	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2042	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Total Prin. Paid	Total Semi-Annual Int. Paid		Total Semi-Annual Int. Paid	Total Bond Prin./Int. Paid	
	\$75,000.00	\$41,341.50		\$39,654.00	\$155,995.50	

Name		Morgan County Water District			LOAN NUMBER	9111
Bond Series		Amount of Bond			Interest Rate	Semi Annual
2001		\$332,000.00			3.250%	3/9/2001
YEAR	PRINCIPAL	INTEREST	January Principal/ Interest Payment Due	July INTEREST Interest Payment Due	Yearly Total Paid	BALANCE \$332,000.00
	2003	\$4,500.00	\$5,395.00	\$9,895.00	\$5,321.88	\$15,216.88
2004	\$4,500.00	\$5,321.88	\$9,821.88	\$5,248.75	\$15,070.63	\$323,000.00
2005	\$5,000.00	\$5,248.75	\$10,248.75	\$5,167.50	\$15,416.25	\$318,000.00
2006	\$5,000.00	\$5,167.50	\$10,167.50	\$5,086.25	\$15,253.75	\$313,000.00
2007	\$5,000.00	\$5,086.25	\$10,086.25	\$5,005.00	\$15,091.25	\$308,000.00
2008	\$5,500.00	\$5,005.00	\$10,505.00	\$4,915.63	\$15,420.63	\$302,500.00
2009	\$5,500.00	\$4,915.63	\$10,415.63	\$4,826.25	\$15,241.88	\$297,000.00
2010	\$5,500.00	\$4,826.25	\$10,326.25	\$4,736.88	\$15,063.13	\$291,500.00
2011	\$6,000.00	\$4,736.88	\$10,736.88	\$4,639.38	\$15,376.25	\$285,500.00
2012	\$6,000.00	\$4,639.38	\$10,639.38	\$4,541.88	\$15,181.25	\$279,500.00
2013	\$6,500.00	\$4,541.88	\$11,041.88	\$4,436.25	\$15,478.13	\$273,000.00
2014	\$6,500.00	\$4,436.25	\$10,936.25	\$4,330.63	\$15,266.88	\$266,500.00
2015	\$6,500.00	\$4,330.63	\$10,830.63	\$4,225.00	\$15,055.63	\$260,000.00
2016	\$7,000.00	\$4,225.00	\$11,225.00	\$4,111.25	\$15,336.25	\$253,000.00
2017	\$7,000.00	\$4,111.25	\$11,111.25	\$3,997.50	\$15,108.75	\$246,000.00
2018	\$7,500.00	\$3,997.50	\$11,497.50	\$3,875.63	\$15,373.13	\$238,500.00
2019	\$7,500.00	\$3,875.63	\$11,375.63	\$3,753.75	\$15,129.38	\$231,000.00
2020	\$8,000.00	\$3,753.75	\$11,753.75	\$3,623.75	\$15,377.50	\$223,000.00
2021	\$8,000.00	\$3,623.75	\$11,623.75	\$3,493.75	\$15,117.50	\$215,000.00
2022	\$8,500.00	\$3,493.75	\$11,993.75	\$3,355.63	\$15,349.38	\$206,500.00
2023	\$8,500.00	\$3,355.63	\$11,855.63	\$3,217.50	\$15,073.13	\$198,000.00
2024	\$9,000.00	\$3,217.50	\$12,217.50	\$3,071.25	\$15,288.75	\$189,000.00
2025	\$9,000.00	\$3,071.25	\$12,071.25	\$2,925.00	\$14,996.25	\$180,000.00
2026	\$9,500.00	\$2,925.00	\$12,425.00	\$2,770.63	\$15,195.63	\$170,500.00
2027	\$10,000.00	\$2,770.63	\$12,770.63	\$2,608.13	\$15,378.75	\$160,500.00
2028	\$10,000.00	\$2,608.13	\$12,608.13	\$2,445.63	\$15,053.75	\$150,500.00
2029	\$10,500.00	\$2,445.63	\$12,945.63	\$2,275.00	\$15,220.63	\$140,000.00
2030	\$11,000.00	\$2,275.00	\$13,275.00	\$2,096.25	\$15,371.25	\$129,000.00
2031	\$11,000.00	\$2,096.25	\$13,096.25	\$1,917.50	\$15,013.75	\$118,000.00
2032	\$11,500.00	\$1,917.50	\$13,417.50	\$1,730.63	\$15,148.13	\$106,500.00
2033	\$12,000.00	\$1,730.63	\$13,730.63	\$1,535.63	\$15,266.25	\$94,500.00
2034	\$12,000.00	\$1,535.63	\$13,535.63	\$1,340.63	\$14,876.25	\$82,500.00
2035	\$13,000.00	\$1,340.63	\$14,340.63	\$1,129.38	\$15,470.00	\$69,500.00
2036	\$13,000.00	\$1,129.38	\$14,129.38	\$918.13	\$15,047.50	\$56,500.00
2037	\$13,500.00	\$918.13	\$14,418.13	\$698.75	\$15,116.88	\$43,000.00
2038	\$14,000.00	\$698.75	\$14,698.75	\$471.25	\$15,170.00	\$29,000.00
2039	\$14,500.00	\$471.25	\$14,971.25	\$235.63	\$15,206.88	\$14,500.00
2040	\$14,500.00	\$235.63	\$14,735.63	\$0.00	\$14,735.63	\$0.00
2041	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2042	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2043	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Total Prin. Paid	Total Semi-Annual Int. Paid		Total Semi-Annual Int. Paid	Total Bond Prin./Int. Paid	
	\$332,000.00	\$125,474.38		\$120,079.38	\$577,553.75	

Name		Morgan County Water District			LOAN NUMBER	91-14
Bond Series		Amount of Bond			Interest Rate	Semi Annual
2002		\$300,000.00			4.500%	8/2/2002
YEAR	PRINCIPAL	INTEREST	January Principal/ Interest Payment Due	July INTEREST Interest Payment Due	Yearly Total Paid	BALANCE \$300,000.00
	2005	\$3,100.00	\$6,750.00	\$9,850.00	\$6,680.25	\$16,530.25
2006	\$3,300.00	\$6,680.25	\$9,980.25	\$6,606.00	\$16,586.25	\$293,600.00
2007	\$3,400.00	\$6,606.00	\$10,006.00	\$6,529.50	\$16,535.50	\$290,200.00
2008	\$3,600.00	\$6,529.50	\$10,129.50	\$6,448.50	\$16,578.00	\$286,600.00
2009	\$3,700.00	\$6,448.50	\$10,148.50	\$6,365.25	\$16,513.75	\$282,900.00
2010	\$3,900.00	\$6,365.25	\$10,265.25	\$6,277.50	\$16,542.75	\$279,000.00
2011	\$4,100.00	\$6,277.50	\$10,377.50	\$6,185.25	\$16,562.75	\$274,900.00
2012	\$4,200.00	\$6,185.25	\$10,385.25	\$6,090.75	\$16,476.00	\$270,700.00
2013	\$4,500.00	\$6,090.75	\$10,590.75	\$5,989.50	\$16,580.25	\$266,200.00
2014	\$4,600.00	\$5,989.50	\$10,589.50	\$5,886.00	\$16,475.50	\$261,600.00
2015	\$4,900.00	\$5,886.00	\$10,786.00	\$5,775.75	\$16,561.75	\$256,700.00
2016	\$5,000.00	\$5,775.75	\$10,775.75	\$5,663.25	\$16,439.00	\$251,700.00
2017	\$5,300.00	\$5,663.25	\$10,963.25	\$5,544.00	\$16,507.25	\$246,400.00
2018	\$5,500.00	\$5,544.00	\$11,044.00	\$5,420.25	\$16,464.25	\$240,900.00
2019	\$5,800.00	\$5,420.25	\$11,220.25	\$5,289.75	\$16,510.00	\$235,100.00
2020	\$6,000.00	\$5,289.75	\$11,289.75	\$5,154.75	\$16,444.50	\$229,700.00
2021	\$6,300.00	\$5,154.75	\$11,454.75	\$5,013.00	\$16,467.75	\$222,800.00
2022	\$6,600.00	\$5,013.00	\$11,613.00	\$4,864.50	\$16,477.50	\$216,200.00
2023	\$6,900.00	\$4,864.50	\$11,764.50	\$4,709.25	\$16,473.75	\$209,300.00
2024	\$7,200.00	\$4,709.25	\$11,909.25	\$4,547.25	\$16,456.50	\$202,100.00
2025	\$7,500.00	\$4,547.25	\$12,047.25	\$4,378.50	\$16,425.75	\$194,600.00
2026	\$7,900.00	\$4,378.50	\$12,278.50	\$4,200.75	\$16,479.25	\$186,700.00
2027	\$8,200.00	\$4,200.75	\$12,400.75	\$4,016.25	\$16,417.00	\$178,500.00
2028	\$8,600.00	\$4,016.25	\$12,616.25	\$3,822.75	\$16,439.00	\$169,900.00
2029	\$9,000.00	\$3,822.75	\$12,822.75	\$3,620.25	\$16,443.00	\$160,900.00
2030	\$9,400.00	\$3,620.25	\$13,020.25	\$3,408.75	\$16,429.00	\$151,500.00
2031	\$9,800.00	\$3,408.75	\$13,208.75	\$3,188.25	\$16,397.00	\$141,700.00
2032	\$10,200.00	\$3,188.25	\$13,388.25	\$2,958.75	\$16,347.00	\$131,500.00
2033	\$10,700.00	\$2,958.75	\$13,658.75	\$2,718.00	\$16,376.75	\$120,800.00
2034	\$11,200.00	\$2,718.00	\$13,918.00	\$2,466.00	\$16,384.00	\$109,600.00
2035	\$11,700.00	\$2,466.00	\$14,166.00	\$2,202.75	\$16,368.75	\$97,900.00
2036	\$12,200.00	\$2,202.75	\$14,402.75	\$1,928.25	\$16,331.00	\$85,700.00
2037	\$12,800.00	\$1,928.25	\$14,728.25	\$1,640.25	\$16,368.50	\$72,900.00
2038	\$13,300.00	\$1,640.25	\$14,940.25	\$1,341.00	\$16,281.25	\$59,600.00
2039	\$14,000.00	\$1,341.00	\$15,341.00	\$1,026.00	\$16,367.00	\$45,600.00
2040	\$14,500.00	\$1,026.00	\$15,526.00	\$699.75	\$16,225.75	\$31,100.00
2041	\$15,300.00	\$699.75	\$15,999.75	\$355.50	\$16,355.25	\$15,800.00
2042	\$15,800.00	\$355.50	\$16,155.50	\$0.00	\$16,155.50	\$0.00
2043	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2044	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2045	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Total Prin. Paid	Total Semi-Annual Int. Paid		Total Semi-Annual Int. Paid	Total Bond Prin./Int. Paid	
	\$300,000.00	\$165,762.00		\$159,012.00	\$624,774.00	

Name		Morgan County Water District			LOAN NUMBER	91-20
Bond Series		Amount of Bond			Interest Rate	Semi Annual
2003		\$600,000.00			4.375%	6/4/2004
YEAR	PRINCIPAL	INTEREST	January Principal/ Interest Payment Due	July INTEREST Interest Payment Due	Yearly Total Paid	BALANCE \$600,000.00
	2006	\$6,000.00	\$13,125.00	\$19,125.00	\$12,993.75	\$32,118.75
2007	\$7,000.00	\$12,993.75	\$19,993.75	\$12,840.63	\$32,834.38	\$587,000.00
2008	\$7,000.00	\$12,840.63	\$19,840.63	\$12,687.50	\$32,528.13	\$580,000.00
2009	\$7,000.00	\$12,687.50	\$19,687.50	\$12,534.38	\$32,221.88	\$573,000.00
2010	\$7,000.00	\$12,534.38	\$19,534.38	\$12,381.25	\$31,915.63	\$566,000.00
2011	\$8,000.00	\$12,381.25	\$20,381.25	\$12,206.25	\$32,587.50	\$558,000.00
2012	\$8,000.00	\$12,206.25	\$20,206.25	\$12,031.25	\$32,237.50	\$550,000.00
2013	\$8,000.00	\$12,031.25	\$20,031.25	\$11,856.25	\$31,887.50	\$542,000.00
2014	\$9,000.00	\$11,856.25	\$20,856.25	\$11,659.38	\$32,515.63	\$533,000.00
2015	\$9,000.00	\$11,659.38	\$20,659.38	\$11,462.50	\$32,121.88	\$524,000.00
2016	\$10,000.00	\$11,462.50	\$21,462.50	\$11,243.75	\$32,706.25	\$514,000.00
2017	\$10,000.00	\$11,243.75	\$21,243.75	\$11,025.00	\$32,268.75	\$504,000.00
2018	\$11,000.00	\$11,025.00	\$22,025.00	\$10,784.38	\$32,809.38	\$493,000.00
2019	\$11,000.00	\$10,784.38	\$21,784.38	\$10,543.75	\$32,328.13	\$482,000.00
2020	\$12,000.00	\$10,543.75	\$22,543.75	\$10,281.25	\$32,825.00	\$470,000.00
2021	\$12,000.00	\$10,281.25	\$22,281.25	\$10,018.75	\$32,300.00	\$458,000.00
2022	\$13,000.00	\$10,018.75	\$23,018.75	\$9,734.38	\$32,753.13	\$445,000.00
2023	\$13,000.00	\$9,734.38	\$22,734.38	\$9,450.00	\$32,184.38	\$432,000.00
2024	\$14,000.00	\$9,450.00	\$23,450.00	\$9,143.75	\$32,593.75	\$418,000.00
2025	\$14,000.00	\$9,143.75	\$23,143.75	\$8,837.50	\$31,981.25	\$404,000.00
2026	\$15,000.00	\$8,837.50	\$23,837.50	\$8,509.38	\$32,346.88	\$389,000.00
2027	\$16,000.00	\$8,509.38	\$24,509.38	\$8,159.38	\$32,668.75	\$373,000.00
2028	\$16,000.00	\$8,159.38	\$24,159.38	\$7,809.38	\$31,968.75	\$357,000.00
2029	\$17,000.00	\$7,809.38	\$24,809.38	\$7,437.50	\$32,246.88	\$340,000.00
2030	\$18,000.00	\$7,437.50	\$25,437.50	\$7,043.75	\$32,481.25	\$322,000.00
2031	\$19,000.00	\$7,043.75	\$26,043.75	\$6,628.13	\$32,671.88	\$303,000.00
2032	\$20,000.00	\$6,628.13	\$26,628.13	\$6,190.63	\$32,818.75	\$283,000.00
2033	\$21,000.00	\$6,190.63	\$27,190.63	\$5,731.25	\$32,921.88	\$262,000.00
2034	\$21,000.00	\$5,731.25	\$26,731.25	\$5,271.88	\$32,003.13	\$241,000.00
2035	\$22,000.00	\$5,271.88	\$27,271.88	\$4,790.63	\$32,062.50	\$219,000.00
2036	\$23,000.00	\$4,790.63	\$27,790.63	\$4,287.50	\$32,078.13	\$196,000.00
2037	\$24,000.00	\$4,287.50	\$28,287.50	\$3,762.50	\$32,050.00	\$172,000.00
2038	\$26,000.00	\$3,762.50	\$29,762.50	\$3,193.75	\$32,956.25	\$146,000.00
2039	\$27,000.00	\$3,193.75	\$30,193.75	\$2,603.13	\$32,796.88	\$119,000.00
2040	\$28,000.00	\$2,603.13	\$30,603.13	\$1,990.63	\$32,593.75	\$91,000.00
2041	\$29,000.00	\$1,990.63	\$30,990.63	\$1,356.25	\$32,346.88	\$62,000.00
2042	\$30,000.00	\$1,356.25	\$31,356.25	\$700.00	\$32,056.25	\$32,000.00
2043	\$32,000.00	\$700.00	\$32,700.00	\$0.00	\$32,700.00	\$0.00
2044	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2045	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2046	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Total Prin. Paid	Total Semi-Annual Int. Paid		Total Semi-Annual Int. Paid	Total Bond Prin./Int. Paid	
	\$600,000.00	\$322,306.25		\$309,181.25	\$1,231,487.50	

Name		Morgan County Water District			LOAN NUMBER	01-25
Bond Series		Amount of Bond			Interest Rate	Semi Annual
2006		\$1,000,000.00			4.125%	1/18/2007
YEAR	PRINCIPAL	INTEREST	January Principal/ Interest Payment Due	July INTEREST Interest Payment Due	Yearly Total Paid	BALANCE \$1,000,000.00
	2008	\$11,000.00	\$20,625.00	\$31,625.00	\$20,398.13	\$52,023.13
2009	\$12,000.00	\$20,398.13	\$32,398.13	\$20,150.63	\$52,548.75	\$977,000.00
2010	\$12,000.00	\$20,150.63	\$32,150.63	\$19,903.13	\$52,053.75	\$965,000.00
2011	\$13,000.00	\$19,903.13	\$32,903.13	\$19,635.00	\$52,538.13	\$952,000.00
2012	\$13,000.00	\$19,635.00	\$32,635.00	\$19,366.88	\$52,001.88	\$939,000.00
2013	\$14,000.00	\$19,366.88	\$33,366.88	\$19,078.13	\$52,445.00	\$925,000.00
2014	\$14,000.00	\$19,078.13	\$33,078.13	\$18,789.38	\$51,867.50	\$911,000.00
2015	\$15,000.00	\$18,789.38	\$33,789.38	\$18,480.00	\$52,269.38	\$896,000.00
2016	\$16,000.00	\$18,480.00	\$34,480.00	\$18,150.00	\$52,630.00	\$880,000.00
2017	\$16,000.00	\$18,150.00	\$34,150.00	\$17,820.00	\$51,970.00	\$864,000.00
2018	\$17,000.00	\$17,820.00	\$34,820.00	\$17,469.38	\$52,289.38	\$847,000.00
2019	\$18,000.00	\$17,469.38	\$35,469.38	\$17,098.13	\$52,567.50	\$829,000.00
2020	\$18,000.00	\$17,098.13	\$35,098.13	\$16,726.88	\$51,825.00	\$811,000.00
2021	\$19,000.00	\$16,726.88	\$35,726.88	\$16,335.00	\$52,061.88	\$792,000.00
2022	\$20,000.00	\$16,335.00	\$36,335.00	\$15,922.50	\$52,257.50	\$772,000.00
2023	\$21,000.00	\$15,922.50	\$36,922.50	\$15,489.38	\$52,411.88	\$751,000.00
2024	\$22,000.00	\$15,489.38	\$37,489.38	\$15,035.63	\$52,525.00	\$729,000.00
2025	\$22,000.00	\$15,035.63	\$37,035.63	\$14,581.88	\$51,617.50	\$707,000.00
2026	\$23,000.00	\$14,581.88	\$37,581.88	\$14,107.50	\$51,689.38	\$684,000.00
2027	\$24,000.00	\$14,107.50	\$38,107.50	\$13,612.50	\$51,720.00	\$660,000.00
2028	\$25,000.00	\$13,612.50	\$38,612.50	\$13,096.88	\$51,709.38	\$635,000.00
2029	\$26,000.00	\$13,096.88	\$39,096.88	\$12,560.63	\$51,657.50	\$609,000.00
2030	\$27,000.00	\$12,560.63	\$39,560.63	\$12,003.75	\$51,564.38	\$582,000.00
2031	\$29,000.00	\$12,003.75	\$41,003.75	\$11,405.63	\$52,409.38	\$553,000.00
2032	\$30,000.00	\$11,405.63	\$41,405.63	\$10,786.88	\$52,192.50	\$523,000.00
2033	\$31,000.00	\$10,786.88	\$41,786.88	\$10,147.50	\$51,934.38	\$492,000.00
2034	\$32,000.00	\$10,147.50	\$42,147.50	\$9,487.50	\$51,635.00	\$460,000.00
2035	\$34,000.00	\$9,487.50	\$43,487.50	\$8,786.25	\$52,273.75	\$426,000.00
2036	\$35,000.00	\$8,786.25	\$43,786.25	\$8,064.38	\$51,850.63	\$391,000.00
2037	\$36,000.00	\$8,064.38	\$44,064.38	\$7,321.88	\$51,386.25	\$355,000.00
2038	\$38,000.00	\$7,321.88	\$45,321.88	\$6,538.13	\$51,860.00	\$317,000.00
2039	\$39,000.00	\$6,538.13	\$45,538.13	\$5,733.75	\$51,271.88	\$278,000.00
2040	\$41,000.00	\$5,733.75	\$46,733.75	\$4,888.13	\$51,621.88	\$237,000.00
2041	\$43,000.00	\$4,888.13	\$47,888.13	\$4,001.25	\$51,889.38	\$194,000.00
2042	\$45,000.00	\$4,001.25	\$49,001.25	\$3,073.13	\$52,074.38	\$149,000.00
2043	\$46,000.00	\$3,073.13	\$49,073.13	\$2,124.38	\$51,197.50	\$103,000.00
2044	\$48,000.00	\$2,124.38	\$50,124.38	\$1,134.38	\$51,258.75	\$55,000.00
2045	\$55,000.00	\$1,134.38	\$56,134.38	\$0.00	\$56,134.38	\$0.00
2046	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2047	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2048	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Total Prin. Paid	Total Semi-Annual Int. Paid		Total Semi-Annual Int. Paid	Total Bond Prin./Int. Paid	
	\$1,000,000.00	\$499,929.38		\$479,304.38	\$1,979,233.75	

Name		Morgan County Water District			LOAN NUMBER	9127
Bond Series		Amount of Bond			Interest Rate	Semi Annual
2008		\$1,446,000.00			4.125%	2/3/2009
YEAR	PRINCIPAL	INTEREST	Principal/ Interest Payment Due	INTEREST Interest Payment Due	Yearly Total Paid	BALANCE \$1,446,000.00
2011	\$16,370.00	\$29,823.75	\$46,193.75	\$29,486.12	\$75,679.87	\$1,429,630.00
2012	\$17,040.00	\$29,486.12	\$46,526.12	\$29,134.67	\$75,660.79	\$1,412,590.00
2013	\$17,750.00	\$29,134.67	\$46,884.67	\$28,768.58	\$75,653.24	\$1,394,840.00
2014	\$18,480.00	\$28,768.58	\$47,248.58	\$28,387.43	\$75,636.00	\$1,376,360.00
2015	\$19,240.00	\$28,387.43	\$47,627.43	\$27,990.60	\$75,618.03	\$1,357,120.00
2016	\$20,030.00	\$27,990.60	\$48,020.60	\$27,577.48	\$75,598.08	\$1,337,090.00
2017	\$20,860.00	\$27,577.48	\$48,437.48	\$27,147.24	\$75,584.73	\$1,316,230.00
2018	\$21,720.00	\$27,147.24	\$48,867.24	\$26,699.27	\$75,566.51	\$1,294,510.00
2019	\$22,620.00	\$26,699.27	\$49,319.27	\$26,232.73	\$75,552.00	\$1,271,890.00
2020	\$23,550.00	\$26,232.73	\$49,782.73	\$25,747.01	\$75,529.74	\$1,248,340.00
2021	\$24,520.00	\$25,747.01	\$50,267.01	\$25,241.29	\$75,508.30	\$1,223,820.00
2022	\$25,530.00	\$25,241.29	\$50,771.29	\$24,714.73	\$75,486.02	\$1,198,290.00
2023	\$26,590.00	\$24,714.73	\$51,304.73	\$24,166.31	\$75,471.04	\$1,171,700.00
2024	\$27,680.00	\$24,166.31	\$51,846.31	\$23,595.41	\$75,441.73	\$1,144,020.00
2025	\$28,820.00	\$23,595.41	\$52,415.41	\$23,001.00	\$75,416.41	\$1,115,200.00
2026	\$30,010.00	\$23,001.00	\$53,011.00	\$22,382.04	\$75,393.04	\$1,085,190.00
2027	\$31,250.00	\$22,382.04	\$53,632.04	\$21,737.51	\$75,369.56	\$1,053,940.00
2028	\$32,540.00	\$21,737.51	\$54,277.51	\$21,066.38	\$75,343.89	\$1,021,400.00
2029	\$33,880.00	\$21,066.38	\$54,946.38	\$20,367.60	\$75,313.98	\$987,520.00
2030	\$35,280.00	\$20,367.60	\$55,647.60	\$19,639.95	\$75,287.55	\$952,240.00
2031	\$36,740.00	\$19,639.95	\$56,379.95	\$18,882.19	\$75,262.14	\$915,500.00
2032	\$38,250.00	\$18,882.19	\$57,132.19	\$18,093.28	\$75,225.47	\$877,250.00
2033	\$39,830.00	\$18,093.28	\$57,923.28	\$17,271.79	\$75,195.07	\$837,420.00
2034	\$41,470.00	\$17,271.79	\$58,741.79	\$16,416.47	\$75,158.26	\$795,950.00
2035	\$43,180.00	\$16,416.47	\$59,596.47	\$15,525.88	\$75,122.35	\$752,770.00
2036	\$44,960.00	\$15,525.88	\$60,485.88	\$14,598.58	\$75,084.46	\$707,810.00
2037	\$46,820.00	\$14,598.58	\$61,418.58	\$13,632.92	\$75,051.50	\$660,990.00
2038	\$48,750.00	\$13,632.92	\$62,382.92	\$12,627.45	\$75,010.37	\$612,240.00
2039	\$50,760.00	\$12,627.45	\$63,387.45	\$11,580.53	\$74,967.98	\$561,480.00
2040	\$52,850.00	\$11,580.53	\$64,430.53	\$10,490.49	\$74,921.02	\$508,630.00
2041	\$55,030.00	\$10,490.49	\$65,520.49	\$9,355.50	\$74,875.99	\$453,600.00
2042	\$57,300.00	\$9,355.50	\$66,655.50	\$8,173.69	\$74,829.19	\$396,300.00
2043	\$59,670.00	\$8,173.69	\$67,843.69	\$6,942.99	\$74,786.68	\$336,630.00
2044	\$62,130.00	\$6,942.99	\$69,072.99	\$5,661.56	\$74,734.56	\$274,500.00
2045	\$64,690.00	\$5,661.56	\$70,351.56	\$4,327.33	\$74,678.89	\$209,810.00
2046	\$67,360.00	\$4,327.33	\$71,687.33	\$2,938.03	\$74,625.36	\$142,450.00
2047	\$70,140.00	\$2,938.03	\$73,078.03	\$1,491.39	\$74,569.43	\$72,310.00
2048	\$72,310.00	\$1,491.39	\$73,801.39	\$0.00	\$73,801.39	\$0.00
2049	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2050	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2051	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Total Prin. Paid	Total Semi-Annual Int. Paid		Total Semi-Annual Int. Paid	Total Bond Prin./Int. Paid	
	\$1,446,000.00	\$720,917.18		\$691,093.43	\$2,858,010.60	

Admin

Morgan County Water District

221601

Asset Detail Book

Period 01/01/2015 to 12/31/2015

Number	Description * indicates Sold	Date Placed In Service	Group	Location	Cost or Basis	Bus use%	Salvage Value	Method	CV	Recovery Period	Prior Depr	Current Depr	Next Year Depr	Accum Depr	Adjusted Basis
Furn/O Equip															
18	LASER PRINTER	12/05/2002	Furn/O Equip		1,099	100.00	0	SL	FM	5.0	1,099	0	0	1,099	0
Subtotal of Assets					1,099		0				1,099	0	0	1,099	0
Less Asset Sold					0		0				0	0	0	0	0
Total of Assets					1,099		0				1,099	0	0	1,099	0
Vehicles															
11	EQUIPMENT	07/01/1995	Vehicles		7,285	100.00	0	SL	FM	5.0	7,285	0	0	7,285	1
12	CASE BACKHOE/LOADE R	09/26/2002	Vehicles		44,985	100.00	0	SL	FM	5.0	44,985	0	0	44,985	0
13	MELLENNIUM M9D24P TRAILER	09/26/2002	Vehicles		6,075	100.00	0	SL	FM	5.0	6,075	0	0	6,075	0
14	Boring Equipment	04/09/2009	Vehicles		11,000	100.00	0	SL	FM	5.0	10,959	0	0	10,959	41
15	Telemetry System	01/01/2003	Vehicles		15,600	100.00	0	SL	FM	5.0	15,600	0	0	15,600	0
16	Phase 12 Telemetry	07/12/2010	Vehicles		270,375	100.00	0	SL	FM	10.0	120,965	27,038	27,038	148,003	122,372
17	2001 Chevrolet Silverado	01/01/2003	Vehicles		14,800	100.00	0	SL	FM	5.0	14,800	0	0	14,800	0
19	2005 FORD F750 DUMP TRUCK	01/01/2005	Vehicles		50,233	100.00	0	SL	FM	10.0	48,719	0	0	48,719	1,514
20	2008 Ford F150 Pickup	01/04/2008	Vehicles		16,326	100.00	0	SL	FM	5.0	16,299	0	0	16,299	27
21	2008 Ford F150 Pickup 2	01/03/2008	Vehicles		16,326	100.00	0	SL	FM	5.0	16,308	0	0	16,308	18
22	2008 Chevrolet Colorado	02/05/2008	Vehicles		15,498	100.00	0	SL	FM	5.0	15,460	0	0	15,460	38
26	Telemetry System	01/01/2004	Vehicles		3,900	100.00	0	SL	FM	5.0	3,900	0	0	3,900	0
Subtotal of Assets					472,403		0				321,355	27,038	27,038	348,392	124,010
Less Asset Sold					14,800		0				14,800	0	0	14,800	0
Total of Assets					457,603		0				306,555	27,038	27,038	333,592	124,010
Water Lines															

REVENUE REQUIREMENT CALCULATION - DEBT COVERAGE METHOD

Pro Forma Operating Expenses	\$1,507,797.60
Plus: Average Annual Debt Principal and Interest Payments	\$236,948.67
Debt Coverage Requirements	<u>\$17,820.00</u>
Total Revenue Requirement	\$1,762,566.27
Less: Other Operating Revenue	\$226,751.00
Non-Operating Revenue	\$90,282.00
Interest Income	<u>\$347.00</u>
Revenue Required From Rates	\$1,445,186.27
Less: Revenue From Sales at Present Rate	<u>\$1,068,643.17</u>
Required Revenue Increase	<u><u>\$376,543.10</u></u>

Required Revenue Increase as a Percentage of Revenue at Present Rates: 35.24%

Revenue from Present Rates
 Test Period from 01-01-2014 to 12-31-2014

USAGE TABLE
Usage by Rate Increment

Class: Residential

(1)	(2) Bills	(3) Gallons/Mcf	(4) First 2,000	(5) Next 3,000	(6) Next 5,000	(7) Next 5,000	(8) Over 15,000	(9) Total
First 2,000 Minimum Bill	10,928	11,031,940	11,031,940					11,031,940
Next 3,000 Gallons	14,511	47,436,290	29,022,000	18,414,290				47,436,290
Next 5,000 Gallons	4,225	27,327,580	8,450,000	12,675,000	6,202,580			27,327,580
Next 5,000 Gallons	416	4,946,360	832,000	1,248,000	2,080,000	786,360		4,946,360
Over 15,000 Gallons	252	6,552,210	504,000	756,000	1,260,000	1,260,000	2,772,210	6,552,210
Totals	30,332	97,294,380	49,839,940	33,093,290	9,542,580	2,046,360	2,772,210	97,294,380

REVENUE TABLE
Revenue by Rate Increment

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
First 2,000 Minimum Bill	30,332	49,839,940	\$21.75	\$659,721.00
Next 3,000 Gallons		33,093,290	\$8.00	\$264,746.32
Next 5,000 Gallons		9,542,580	\$7.40	\$70,615.09
Next 5,000 Gallons		2,046,360	\$6.80	\$13,915.25
Over 15,000 Gallons		2,772,210	\$6.20	\$17,187.70
Totals	30332	97294380		\$1,026,185.36

Revenue from Present Rates
 Test Period from 01-01-2014 to 12-31-2014

USAGE TABLE
Usage by Rate Increment

Class: 1"

(1)	(2) Bills	(3) Gallons/Mcf	(4) First 5,000	(5) Next 5,000	(6) Next 5,000	(7)	(8) Over 15,000	(9) Total
First 5,000 Minimum Bill	27	71,720	71,720					71,720
Next 5,000 Gallons	6	36,290	30,000	6,290				36,290
Next 5,000 Gallons	3	56,860	15,000	15,000	26,860			56,860
Over 15,000 Gallons			0	0	0			0
Totals	36	164,870	116,720	21,290	26,860		0	164,870

REVENUE TABLE
Revenue by Rate Increment

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
First 5,000 Minimum Bill	36	116,720	\$45.85	\$1,650.60
Next 5,000 Gallons		21,290	\$7.40	\$157.55
Next 5,000 Gallons		26,860	\$6.80	\$182.65
Over 15,000 Gallons		0	\$6.20	\$0.00
Totals	36	164870		\$1,990.79

Revenue from Present Rates
 Test Period from 01-01-2014 to 12-31-2014

USAGE TABLE
Usage by Rate Increment

Class: 2"

(1)	(2) Bills	(3) Gallons/Mcf	(4) First 15,000	(5)	(6)	(7)	(8) Over 15,000	(9) Total
First 15,000 Minimum Bill	19	146,800	146,800					146,800
Over 15,000 Gallons	65	4,790,220	975,000				3,815,220	4,790,220
Totals	84	4,937,020	1,121,800	0			3,815,220	4,937,020

REVENUE TABLE
Revenue by Rate Increment

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
First 15,000 Minimum Bill	84	1,121,800	\$115.85	\$9,731.40
Over 15,000 Gallons		3,815,220	\$6.20	\$23,654.36
Totals	84	4937020		\$33,385.76

Revenue from Present Rates
 Test Period from 01-01-2014 to 12-31-2014

USAGE TABLE
Usage by Rate Increment

Class: 6"

(1)	(2) Bills	(3) Gallons/Mcf	(4) First 100,000	(5)	(6)	(7)	(8) Over 100,000	(9) Total
First 100,000 Minimum Bill	11	3,760	3,760					3,760
Over 100,000 Gallons			0					0
Totals	11	3,760	3,760				0	3,760

REVENUE TABLE
Revenue by Rate Increment

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
First 100,000 Minimum Bill	11	3,760	\$643.75	\$7,081.25
Over 100,000 Gallons		0	\$6.20	\$0.00
Totals	11	3760		\$7,081.25

Revenue from Proposed Rates
 Test Period from 01-01-2014 to 12-31-2014

USAGE TABLE
Usage by Rate Increment

Class: Residential

(1)	(2) Bills	(3) Gallons/Mcf	(4) First 2,000	(5) Next 3,000	(6) Next 5,000	(7) Next 5,000	(8) Over 15,000	(9) Total
First 2,000 Minimum Bill	10,928	11,031,940	11,031,940					11,031,940
Next 3,000 Gallons	14,511	47,436,290	29,022,000	18,414,290				47,436,290
Next 5,000 Gallons	4,225	27,327,580	8,450,000	12,675,000	6,202,580			27,327,580
Next 5,000 Gallons	416	4,946,360	832,000	1,248,000	2,080,000	786,360		4,946,360
Over 15,000 Gallons	252	6,552,210	504,000	756,000	1,260,000	1,260,000	2,772,210	6,552,210
Totals	30,332	97,294,380	49,839,940	33,093,290	9,542,580	2,046,360	2,772,210	97,294,380

REVENUE TABLE
Revenue by Rate Increment

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
First 2,000 Minimum Bill	30,332	49,839,940	\$25.00	\$758,300.00
Next 3,000 Gallons		33,093,290	\$9.20	\$304,458.27
Next 5,000 Gallons		9,542,580	\$8.51	\$81,207.36
Next 5,000 Gallons		2,046,360	\$7.82	\$16,002.54
Over 15,000 Gallons		2,772,210	\$7.13	\$19,765.86
Totals	30332	97294380		\$1,179,734.02

Revenue from Proposed Rates
 Test Period from 01-01-2014 to 12-31-2014

USAGE TABLE
Usage by Rate Increment

Class: 1"

(1)	(2) Bills	(3) Gallons/Mcf	(4) First 5,000	(5) Next 5,000	(6) Next 5,000	(7)	(8) Over 15,000	(9) Total
First 5,000 Minimum Bill	27	71,720	71,720					71,720
Next 5,000 Gallons	6	36,290	30,000	6,290				36,290
Next 5,000 Gallons	3	56,860	15,000	15,000	26,860			56,860
Over 15,000 Gallons			0	0	0			0
Totals	36	164,870	116,720	21,290	26,860		0	164,870

REVENUE TABLE
Revenue by Rate Increment

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
First 5,000 Minimum Bill	36	116,720	\$52.73	\$1,898.28
Next 5,000 Gallons		21,290	\$8.51	\$181.18
Next 5,000 Gallons		26,860	\$7.82	\$210.05
Over 15,000 Gallons		0	\$7.13	\$0.00
Totals	36	164870		\$2,289.50

Revenue from Proposed Rates
 Test Period from 01-01-2014 to 12-31-2014

USAGE TABLE
Usage by Rate Increment

Class: 2"

(1)	(2) Bills	(3) Gallons/Mcf	(4) First 15,000	(5)	(6)	(7)	(8) Over 15,000	(9) Total
First 15,000 Minimum Bill	19	146,800	146,800					146,800
Over 15,000 Gallons	65	4,790,220	975,000				3,815,220	4,790,220
Totals	84	4,937,020	1,121,800	0			3,815,220	4,937,020

REVENUE TABLE
Revenue by Rate Increment

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
First 15,000 Minimum Bill	84	1,121,800	\$133.23	\$11,191.32
Over 15,000 Gallons		3,815,220	\$7.13	\$27,202.52
Totals	84	4937020		\$38,393.84

Revenue from Proposed Rates
 Test Period from 01-01-2014 to 12-31-2014

USAGE TABLE
Usage by Rate Increment

Class: 6"

(1)	(2) Bills	(3) Gallons/Mcf	(4) First 100,000	(5)	(6)	(7)	(8) Over 100,000	(9) Total
First 100,000 Minimum Bill	11	3,760	3,760					3,760
Over 100,000 Gallons			0					0
Totals	11	3,760	3,760				0	3,760

REVENUE TABLE
Revenue by Rate Increment

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
First 100,000 Minimum Bill	11	3,760	\$740.31	\$8,143.41
Over 100,000 Gallons		0	\$7.13	\$0.00
Totals	11	3760		\$8,143.41