

CRAWFORD & BAXTER, P.S.C.

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December 22, 2006

Mr. Mark Frost
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602-0615

RECEIVED

DEC 27 2006

PUBLIC SERVICE
COMMISSION

**RE: Trimble County Water District
Case No. 2006-00544**

Dear Mark:

In accordance with your conversation today with my associate, Nick Marsh, I have enclosed ten (10) copies of the following documents to cure any deficiencies with the Water District's Application for Authorization to Issue Permanent Financing:

- (1) Deeds for the two (2) tracts of Water District Property;
- (2) Profit and Loss Income Statement (October 2005 through September 2006—clean copy); and,
- (3) Balance Sheet as of September 30, 2006 (clean copy).

Further, we are confirming that there are no deficiencies with regard to the Bonds or Notes issued by the Water District. Also, the Water District does not have any mortgages on its real estate, and other than the Note and Bonds as set forth in the Exhibits to the Application, there is no other indebtedness outstanding.

I trust that this cures any deficiencies with regard to the Application. If you have any questions, please feel free to give me a call. Thank you once again for your time and consideration.

Respectfully,

CRAWFORD & BAXTER, P.S.C



Ruth H. Baxter

NAM/nam
Enclosures

cc: Ms. Darra Smith
Trimble County Water District

Trimble County Board of Education

TO *** DEED

Trimble County Water District No. 1

THIS DEED OF CONVEYANCE made and entered into this 1st day of September, 1955, by and between the Trimble County Board of Education of Trimble County, Kentucky, party of the first part, Trimble County, party of the second part, Lincoln Income Life Insurance Company, party of the third part, and the Trimble County Water District No. 1, party of the fourth part.

WITNESSETH: That for and in consideration of the sum of one dollar and other good and valuable considerations, the receipt of which is hereby acknowledged, which includes the mutual benefits to be derived from the establishment of a water system by the party of the fourth part for the citizens of Trimble County and the Board of Education of Trimble County which needs said water supply in the operation of its school buildings and school system located in the City of Bedford, Kentucky, the parties of the first and second parts do hereby sell, alien and convey unto the party of the fourth part, the Trimble County Water District No. 1, in fee simple, its successors and assigns forever, the following described real estate situated in the City of Bedford, Trimble County, Kentucky and more particularly described as follows:

Beginning at a point in the north edge of an eighty foot (80') U.S. Highway No. 42 right-of-way, said point being 30' at right angles to the edge of the concrete pavement; thence N. 55 deg. 30 min. E. 138.6 to a point in north edge of said right-of-way; thence N. 58 deg. 30' min E. 189.0' to a point in said right-of-way, said point being 30' and at right angles from the concrete pavement; thence S. 88 deg. 45' W. 302.0' to a point; thence S. 70 deg. 30' E. 176.0' to the beginning.

The above description covers a portion of land owned by the Trimble County Court, being a part of land deeded to the Court for the purpose of a school building site. The deed recorded in Deed Book 34, page 491.

TO HAVE AND TO HOLD the above described real estate, together with all and singular the appurtenances thereunto belonging unto the party of the fourth part, its successors and assigns forever in fee simple with Covenant of General Warranty.

The party of the second part, Trimble County Board of Education, has approved the conveyance of this property pursuant to a resolution duly passed at a regular meeting on July 9, 1955 authorizing its Chairman and Secretary to execute this deed in behalf of said Board, the Kentucky State Board of Education having approved the sale of this property by written approval addressed to Trimble County Board of Education dated August 31, 1955.

The Fiscal Court of Trimble County, Kentucky, having received a resolution from the Trimble County Board of Education requesting that it convey the above described tract of land to the party of the fourth part, the resolution was introduced at a duly constituted and authorized meeting of said Fiscal Court held on the 10th day of September, 1955 agreeing to said conveyance and authorizing the County Judge of Trimble County, Kentucky to execute a deed in behalf of Trimble County to party of the fourth part conveying the aforesaid described property.

The party of the third part, The Lincoln Income Life Insurance Company, a Kentucky corporation, being the holder of the bonds issued by the Fiscal Court of Trimble County, Kentucky, which are secured by a statutory lien on the school property at Bedford, Kentucky, the aforesaid described property being a part thereof, joins herein for the purpose of releasing the aforesaid tract from any lien that it might have as the result of the bonds issued dated Jan. 10, 1944, the lien to remain in full force and effect against the remaining property.

Witness the signatures of the parties the date first above written.

(Stamped in the sum of .55¢)

TRIMBLE COUNTY

By: L. C. Yager, Judge

TRIMBLE COUNTY BOARD OF EDUCATION

Attest: C. A. Hollowell
Secretary

By: J. W. Peak, Jr., Chairman

Attest: J. W. Martin (SEAL)
Secretary Treas.

LINCOLN INCOME LIFE INSURANCE CO.
BY: John T. Acree, Jr., President

STATE OF KENTUCKY

COUNTY OF TRIMBLE

I, Wallace Wright, Clerk Trimble County, Kentucky, hereby certify that the foregoing deed was this day produced before me by J.W. Peak, Jr., chairman, and C. A. Hollowell, Secretary, of the Trimble County Board of Education, and by each of them signed, acknowledged and delivered to be their act and deed as chairman and secretary respectively, and the act and deed of the Trimble County Board of Education.

Witness my hand this 10th day of September, 1955.

Wallace Wright, Clerk
Trimble County Court.

By: Edna Wright D. C.

State of Kentucky

County of Trimble.

I, Wallace Wright, Clerk of Trimble County, Kentucky hereby certify that the foregoing deed was this day produced before me by L. C. Yager, County Judge of Trimble County, and by him signed, acknowledged and delivered to be his act and deed and his act and deed as County Judge of Trimble County, Kentucky for and on behalf of Trimble County.

Witness my hand this 10 day of September, 1955.

STATE OF KENTUCKY

COUNTY OF JEFFERSON

I, Mary M. Turner, a Notary Public in and for the state and county aforesaid, do hereby certify that the foregoing deed was this day produced before me by John T. Acree, Jr., President of Lincoln Income Life Insurance Company, and J. W. Martin, Treasurer, and by each of them signed, acknowledged and delivered to be their act and deed as President and Secretary, respectively, and the act and deed of the Lincoln Income Life Insurance Company, a Kentucky corporation.

Witness my hand this 13 day of September, 1955. My commission expires October 14, 1955.

(SEAL)

Mary M. Turner, Notary Public

State of Kentucky,
Sct:
County of Trimble.

I, Wallace Wright, Clerk of the County Court for the County and State aforesaid, do certify that the foregoing deed was on the 31st day of May, 1956 lodged in this office for record, and that I have recorded the same together with the foregoing and this certificate in this my said office.

Given under my hand this 4th day of June, 1956.

Wallace Wright, Clerk
Trimble County Court.

By: Wallace Wright D. C.

((()))

VIRGINIA HARMON, TRUSTEE UNDER
 LAST WILL & TESTAMENT OF JOHN HARMON,
 VIRGINIA C. HARMON, UNMARRIED
 BONNIE TAYLOR & DONALD TAYLOR, HER HUSBAND AND
 VIOLA HARMON, UNMARRIED

TO *** DEED

TRIMBLE COUNTY WATER DISTRICT NO. 1

This Deed of Conveyance, Made and Entered into this 4th day of April, 1997, by and between VIRGINIA HARMON, TRUSTEE under Last Will and Testament of John Harmon, of R. R. #2, Bedford, Kentucky, 40006, party of the first part, VIRGINIA C. HARMON, unmarried, of R. R. #2, Bedford, Kentucky, 40006, and BONNIE TAYLOR and DONALD TAYLOR, wife and husband, of R. R. #3, Milton, Kentucky, 40045, and VIOLA HARMON, unmarried, of R. R. #2, Bedford, Kentucky, 40006, parties of the second part and TRIMBLE COUNTY WATER DISTRICT NO. 1, of Main Street, Bedford, Kentucky, 40006, party of the third part.

WITNESSETH:

That for and in consideration of the sum of FIFTY THOUSAND (\$50,000.00) DOLLARS, cash in hand paid, the receipt of all of which is hereby acknowledged, the party of the first part has bargained and sold and by these presents do hereby sell, transfer and convey unto the said TRIMBLE COUNTY WATER DISTRICT NO. 1, its successors and assigns forever, the following described real estate, to-wit:

Located in Bedford, Trimble County, Kentucky, bounded and described as follows:

Beginning at a point in the North line of Owen Smith and wife (D. B #67, page 537) (Deed Bk. 64, pg. 323) (said point being North 72 deg. 43 min. 18 sec. East 175 feet from the centerline of U.S. highway # 421); thence with Smith North 72 deg. 43 min. 18 sec. East 350 feet to a 1/2" set rebar; thence North 33 deg. 30 min. West 159.50 feet to a 1/2" set rebar corner to John Koehn & wife Deed Book # 67, pg. 537; thence with said line South 72 deg. 43 min. 18 sec. West 425 feet to a point in the centerline of U.S. Highway 421; thence with same South 33 deg. 30 min. East 111.50 feet (said point being North 33 deg. 30 min. West 48 feet from the North West corner of Owen Smith and wife D. B # 64, pg. 323); thence North 55 deg. 53 min. 13 sec. East passing over a 4 inch stone wall partially buried marking part of this line) 174.95 feet to a point; thence South 29 deg. 30 min. East 99 feet to the beginning, containing 1.26 Acres, more or less.

Being a portion of the real estate conveyed to Hazel Harmon by deed recorded in Deed Book No. 30, page 576, devised to John Harmon by will recorded in Will Book #3, page 333 and devised to Virginia Harmon in Trust under Item VI of the Last Will and Testament of John Harmon, recorded in Will Book 3, Page 425, all of record in the Trimble County Clerk's Office, Trimble County Courthouse, Bedford, Kentucky.

There is apparently a five foot encroachment over the northwest corner of this lot used as a driveway to the premises adjacent to and north of this property, also the barn located on this property apparently encroaches on the property immediately north of and adjacent to this lot, the party of the first part conveys all her right title and interest including adverse possession to the party of the third part, but does make any warranties regarding these two matters set out in this paragraph.

To Have and to Hold the above described real estate with all the rights and appurtenances thereunto belonging unto the said TRIMBLE COUNTY WATER DISTRICT NO. 1, its successors and assigns forever, with Covenant of General Warranty, except as regards the encroaching driveway and the encroachment of the barn.

The parties of the second part do hereby quitclaim all their right, title and interest in and to the above described real estate to the party of the third part, its successors and assigns forever

Possession is to be given thirty days from the date of this deed.

The undersigned certify that the consideration reflected in this deed is \$50,000.00, and is the full consideration paid for the property conveyed and understand that any person who willfully and fraudulently gives a false statement as to the full actual consideration of the property value under KRS 382.135 shall be guilty of a Class D. Felony.

IN TESTIMONY WHEREOF, WITNESS the signatures of the parties of the first part and second part on the date first herein written.

Virginia Harmon
VIRGINIA HARMON, Trustee under
Last Will and Testament of John Harmon

Virginia C. Harmon
VIRGINIA C. HARMON

Viola Harmon
VIOLA HARMON

Bonnie Taylor
BONNIE TAYLOR

Donald Taylor
DONALD TAYLOR

TRIMBLE COUNTY WATER DISTRICT NO. 1

BY: Walter A. Logan
WALTER A. LOGAN, CHAIRMAN

BY: Merle W. Jackson
MERLE W. JACKSON, TREASURER

BY: Gary Wentworth
GARY WENTWORTH, SECRETARY

State of Kentucky,
County of Trimble.

The foregoing Deed was signed, acknowledged, subscribed and sworn to before me by Virginia Harmon, Trustee under the Last Will and Testament of John Harmon, and by Virginia C. Harmon, individually, , unmarried, on this 4th day of April, 1997.

Jo Ann True
Notary Public, Ky. State at Large

My Commission expires: Nov. 26, 2000

State of Kentucky,
County of Trimble.

The foregoing Deed and Consideration Certificate was signed, acknowledged, subscribed and sworn to before be by Bonnie Taylor and Donald Taylor, her husband, on this 7th day of April, 1997.

Jo Ann True
Notary Public, Ky. State at Large

My Commission expires: Nov. 26, 2000

State of Kentucky,
County of Trimble.

The foregoing Deed and consideration Certificate was signed, acknowledged, subscribed and sworn to before me by Viola Harmon, unmarried, on this 7th day of April, 1997.

John True
Notary Public, Ky. State at Large

My Commission expires: Nov. 26, 2000

State of Kentucky
County of Trimble.

The foregoing Consideration Certificate was signed, acknowledged, subscribed and sworn to before me on this 7th day of April, 1997, by Walter A. Logan, Chairman, of the Trimble County Water District No. 1, a Kentucky Corporation, for and on behalf of said Corporation; by Merle W. Jackson, Treasurer of the Trimble County Water District No. 1, a Kentucky Corporation, for and on behalf of said Corporation on this 8th day of April, 1997, and Gary Wentworth Secretary of the Trimble County Water District No. 1, a Kentucky Corporation, for and in behalf of said Corporation, on this 4th day of April, 1997, for and on behalf of the Trimble County Water District No. 1.

John True
Notary Public, State or County

My Commission expires: Nov. 26, 2000

This Deed prepared by
BOBBY K. TRUE, ATTORNEY
P. O. BOX 245
BEDFORD, KENTUCKY 40006

Bobby K. True

Recording Fee of Deed \$62.00
Return to
Trimble County Water District No. 1
P.O. Box 63
Bedford, Ky. 40006

State of Kentucky, County of Trimble, Sct. 1
JERRY L. POWELL, Clerk of the Trimble
County Court, do certify that the foregoing
Deed was, on the 8 day of April
1997, at 12:30 PM lodged in my office
Records, and that it has been duly recorded by
said office, together with this and the certificate
thereon endorsed.
Given under my hand this 8 day of April
19 97
JERRY L. POWELL, CLERK
By Kenneth Wallis, Jr.

BOBBY K. TRUE
ATTORNEY AT LAW
MAIN STREET
P.O. BOX 245
BEDFORD KY 40006

Trimble County Water District
Profit & Loss
 October 2005 through September 2006

	<u>Oct '05 - Sep 06</u>
Ordinary Income/Expense	
Income	
432 · Proceeds from Capital Contrib.	
432.1 · Tap-On Fees	9,180.00
Total 432 · Proceeds from Capital Contrib.	9,180.00
461 · Water Revenue	
461.1 · Residential Customers	334,656.54
461.2 · Commercial Customers	22,101.80
461.3 · Industrial Customers	15,582.52
461.4 · Public Authorities	10,006.48
461.5 · Mult. Family Dwellings	14,206.41
461.6 · Bulk Load. Station (Truck Fill)	2,588.75
461 · Water Revenue - Other	138,290.58
Total 461 · Water Revenue	537,433.08
466 · Sales for Resale (West Carroll)	22,343.16
470 · Late Charges	13,571.35
471 · Misc. Service Revenues	
471.1 · Returned Check Fee	390.00
471.2 · Reconnect & Disconnect Fee	12,546.00
Total 471 · Misc. Service Revenues	12,936.00
472 · Hydrant Rentals	912.00
474 · Other Water Revenue	
474.1 · Sewer Reading Fee	1,200.00
474.2 · Misc. Income	11,075.39
Total 474 · Other Water Revenue	12,275.39
Total Income	608,650.98
Expense	
408 · Taxes	
408.10 · PSC Tax Assessment	981.07
408.12 · Payroll Taxes	17,369.12
Total 408 · Taxes	18,350.19
601 · Employee Wages	210,338.90
603 · Commissioner Wages	9,000.00
604 · Employee Benefits	
604.1 · Employee Insurance	5,544.19
604.2 · Retirement Benefits	10,193.22
Total 604 · Employee Benefits	15,737.41
618 · Chemicals	1,599.76
620 · Materials & Supplies - Oper.	
6018 · Repairs Pumping Equipment	5,527.80
6020 · Meter Supplies & Repairs	10,324.05
6021 · Meter Testing Expenses	329.97
6022 · Water Testing Expenses	902.00
6023 · Operation Misc. Expense	2,288.82
6024 · Operation Equipment	-32,637.95
Total 620 · Materials & Supplies - Oper.	-13,265.31
620.8 · Materials & Supplies - Admin.	
6025 · Office Equipment	3,540.23
6026 · Office Supplies	3,437.78
6027 · Office Postage	5,676.22
6030 · Office Expense	565.09
6130 · Computer Service Exp.	1,150.00
6150 · Administrative Misc.	875.00
Total 620.8 · Materials & Supplies - Admin.	15,244.32

4:28 PM
10/23/06
Accrual Basis

Trimble County Water District
Profit & Loss
October 2005 through September 2006

	Oct '05 - Sep 06
6220 · Uniforms	2,224.12
631 · Contract. Serv. - Engineering	4,962.50
632 · Contract. Serv. - Accounting	5,725.00
633 · Contract. Serv. - Legal	3,600.00
635 · Contract. Serv. - Water Testing	5,135.20
636 · Contract. Serv. - Other	
636.2 · Contract. Serv. - Outside Serv.	19,441.29
Total 636 · Contract. Serv. - Other	19,441.29
642 · Rental of Equipment	3,351.64
650 · Transportation Expenses	8,929.62
657 · Insurance - General Liability	11,321.48
658 · Insurance - Workers' Comp.	4,762.17
659 · Insurance - Other	992.59
660 · Advertising Expenses	646.77
675 · Miscellaneous Expenses	
675.1 · Dues	763.75
675.2 · Education Exp.	6,790.82
675.3 · Lock Box Rental	65.00
675.4 · Bank Service Charges	20.00
Total 675 · Miscellaneous Expenses	7,639.57
6900 · Payroll Expenses	-170.53
6999 · Uncategorized Expense	0.00
7000 · Utilities	
6040 · Telephone	2,728.14
6041 · Internet	522.41
6042 · Cellphone	2,706.97
6051 · Gas Heat	1,058.35
6055 · Sewer & Garbage	296.52
615 · Electricity	56,482.84
Total 7000 · Utilities	63,795.23
Total Expense	399,361.92
Net Ordinary Income	209,289.06
Other Income/Expense	
Other Income	
8000 · Interest Income	1,778.92
Total Other Income	1,778.92
Other Expense	
8600 · Interest Exp.	95,506.28
8601 · Int. Exp. on Meter Dep.	1,072.48
8610 · Kia Service Fee	312.42
8620 · Depreciation Expense	128,258.74
8625 · Amortization Expense	1,947.00
Total Other Expense	227,096.92
Net Other Income	-225,318.00
Net Income	-16,028.94

Trimble County Water District
Balance Sheet
As of September 30, 2006

Sep 30, 06

ASSETS**Current Assets****Checking/Savings**

100 · Petty Cash (134)	250.00
101 · P.O.M. Account (131)	32,041.10
102 · Meter Deposit	19,847.25
105 · Depreciation	56,103.87
112 · RD Bond & Interest Sinking Fund	49,802.99
113 · RD Reserve	72,650.57
114 · Escrow	3.79
120 · 42 East Const. Checking Acct.	790.74
135.1 · CD # 0017694	2,671.05
135.2 · CD # 0021522	2,138.39

Total Checking/Savings

236,299.75

Accounts Receivable

141 · Customer Accounts Receivable	64,153.58
142 · Accts Rec.- Ret. Check	251.12
143 · Allow. for Uncollectible Accts.	-698.70

Total Accounts Receivable

63,706.00

Other Current Assets

151 · Materials & Supplies	31,425.01
162 · Prepaid Insurance	6,478.07

Total Other Current Assets

37,903.08

Total Current Assets

337,908.83

Fixed Assets**Capital Assets, NET***

1500 · Land & Land Rights	23,957.35
1510 · Office Building	74,404.08
1520 · 42 East Building	483,005.07
1751 · Wells & Springs	100,295.48
1752 · Structures & Impr. Pump Plant	53,407.75
1753 · Electric Pump Equipment	314,234.65
1754 · Water Treatment Equip.	79,537.90
1755 · Structure & Imp. Trans. & Distr	77,390.07
1756 · Dist. Res. & Stand Pipe	696,746.53
1757 · Transmission & Distr. Maint.	1,775,860.41
1758 · Hydrants	25,442.01
1761 · Services	247,737.58
1762 · Meters	133,057.39
1770 · Office Furniture & Equip.	74,128.08
1775 · Tools, Shop & Garage Equip.	154,508.69
1780 · Accumulated Depreciation	-1,940,063.70
1790 · Construction in Progress	99,638.00

Total Capital Assets, NET*

2,473,287.34

Total Fixed Assets

2,473,287.34

Other Assets

181.1 · Refinanced Cost of KIA Loan	14,852.70
181.2 · Accumulated Amortization	-5,065.12

Total Other Assets

9,787.58

TOTAL ASSETS

2,820,983.75

LIABILITIES & EQUITY**Liabilities****Current Liabilities****Accounts Payable**

231 · Accounts Payable	49,207.71
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Total Accounts Payable

49,207.71

Trimble County Water District
Balance Sheet
 As of September 30, 2006

	<u>Sep 30, 06</u>
Other Current Liabilities	
Current Liabilities*	
2031 · Accrued KY Sales Tax	725.79
2032 · Accrued School Tax	1,955.48
2042 · Accrued Interest	3,639.93
2050 · Accrued Compensated Absences	4,169.98
235 · Customer Deposits	16,844.55
2721 · Tap Fee Deposit Payable (235?)	885.00
Total Current Liabilities*	<u>28,220.73</u>
Payroll Liabilities*	
2075 · Accrued Wages	4,193.75
2100 · Payroll Liabilities - Other	3,174.60
2110 · AFLAC Withholding	161.82
2180 · State Income Tax W/H	1,204.27
Total Payroll Liabilities*	<u>8,734.44</u>
Total Other Current Liabilities	36,955.17
Total Current Liabilities	86,162.88
Long Term Liabilities	
221.1 · KIA Loan	139,999.99
221.2 · RD Bonds 1992	374,910.00
221.3 · RD Bonds 1997	55,600.00
221.4 · RD Bonds 2000	528,000.00
224.1 · Farmers Bank Of Milton	7,037.50
224.2 · FBM - 42 East Bldg. Loan	340,588.65
224.3 · FBM - 42 East Bldg. Loan #2	39,411.35
Total Long Term Liabilities	<u>1,485,547.49</u>
Total Liabilities	1,571,710.37
Equity	
3000 · Opening Bal Equity	-45.00
3400 · Contribution in Aid Const.	228,983.72
3401 · Tap Fees Customer Old Line	47,383.95
3402 · Contribution in Aid New Project	535,398.89
3500 · Retained Earnings	462,158.34
Net Income	-24,606.52
Total Equity	<u>1,249,273.38</u>
TOTAL LIABILITIES & EQUITY	<u>2,820,983.75</u>

* * * * *
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UNITED STATES
CARROLLTON KY

First Class Mail

<p>CRAWFORD & BAXTER, P.S.C. ATTORNEYS AT LAW 523 HIGHLAND AVENUE P.O. BOX 353 CARROLLTON, KENTUCKY 41008</p>
<p>To: Mr. Mark Frost Public Service Commission P.O. Box 615 Frankfort, Kentucky 40602-0615</p>

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DEC 27 2006
PUBLIC SERVICE
COMMISSION

