

# Rubin & Hays

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CHARLES S. MUSSON  
W. RANDALL JONES  
CHRISTIAN L. JUCKETT

RECEIVED  
FEB 10 2012  
PUBLIC SERVICE  
COMMISSION

February 7, 2012

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

Re: Carroll County Water District No.1 PSC Application

Dear Mr. Derouen:

Enclosed please find the original and ten (10) copies of the Application of the Carroll County Water District No. 1 for an Order authorizing the District to issue securities pursuant to KRS 278.300.

This Application requests approval of the issuance of securities for the purpose of refunding certain high interest Bonds of the Applicant. **Due to the extreme volatility of the financial markets and the fact that this refunding is interest rate sensitive, we request that the Commission process the Application in an expedited manner and issue an Order on or before March 22, 2012 (the closing date).**

Thank you for your assistance and if you need any additional information or documentation, please let us know.

Sincerely,

Rubin & Hays

By   
W. Randall Jones

WRJ:jlm  
Enclosures

cc: Mr. Jim Smith, Carroll County Water District No. 1  
Ms. Kristen Millard, Morgan Keegan

RECEIVED

FEB 10 2012

PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF:

THE APPLICATION OF THE CARROLL )  
 COUNTY WATER DISTRICT NO. 1 TO )  
 ISSUE SECURITIES IN THE APPROX- )  
 MATE PRINCIPAL AMOUNT OF \$3,820,000 )  
 FOR THE PURPOSE OF REFUNDING CERTAIN )  
 OUTSTANDING REVENUE BONDS OF THE ) Case No. 2012 - \_\_\_\_\_  
 DISTRICT PURSUANT TO THE PROVISIONS )  
 OF KRS 278.300 AND 807 KAR 5:001 )

\*\*    \*\*\*    \*\*\*\*    \*\*\*\*\*    \*\*\*\*    \*\*\*    \*\*

APPLICATION

The Applicant, Carroll County Water District No. 1 (the "District"), files this Application pursuant to KRS 278.300, 807 KAR 5:001, and all other applicable laws and regulations, and requests that the Kentucky Public Service Commission (the "Commission") enter an Order authorizing the District to issue certain securities in the approximate principal sum of \$3,820,000 (subject to adjustment of up to 10%), for the purpose of refunding certain outstanding water system revenue bonds of the District. In support of this Application, and in compliance with the rules and regulations of the Commission, the District states as follows:

1. The District was established in accordance with the provisions of Chapter 74 of the Kentucky Revised Statutes pursuant to an Order of the County Judge/Executive of Carroll County, which Order is on file in the County Court Order Books in the office of the Clerk of Carroll County, Kentucky. The District is now, and has been since its inception, regulated by the Commission, and

all records and proceedings of the Commission with reference to the District are incorporated in this Application by reference. The District does not have any Articles of Incorporation due to the fact that it is a statutory entity.

2. The governing body of the District is its Board of Commissioners which is a public body corporate, with power to make contracts in furtherance of its lawful and proper purpose as provided for in KRS 74.070 and all applicable law and regulations.

3. The mailing address of the District is as follows:

Carroll County Water District No. 1  
c/o Mr. Dennis Crawford, Chairman  
P.O. Box 350  
Ghent, Kentucky 41045  
Telephone: (502) 347-9470

4. A general description of the District's water system property, together with a statement of the original cost, is contained in the District's Annual Report for 2010 which is on file with the Commission. The Annual Report is incorporated herein by reference.

5. The District proposes to borrow funds from the Kentucky Rural Water Finance Corporation ("KRWFC") pursuant to an Assistance Agreement (the "KRWFC Loan"), in the estimated principal amount of \$3,820,000 (subject to adjustment of up to 10%) for the purpose of refunding the outstanding revenue bonds designated as (i) Carroll County Water District No. 1 Waterworks Revenue Bonds, Series 1994, dated December 15, 1994, in the original principal amount of \$540,000, bearing interest at the rate of 4.50% per annum (the "1994 Bonds"); (ii) Carroll County Water District No. 1 Waterworks Revenue Bonds, Series 1997A and B, dated December 11, 1997, in the original aggregate principal amount of \$2,266,000, consisting of \$1,072,000 of Series A Bonds and \$1,194,000 of Series B Bonds, bearing interest at the rate of 4.875% per annum

(collectively, the "1997 Bonds"); and (iii) Carroll County Water District No. 1 Waterworks Revenue Bonds, Series 1999A and B, dated March 8, 2000, in the original aggregate principal amount of \$1,510,000, consisting of \$700,000 of Series A Bonds and \$810,000 of Series B Bonds, bearing interest at the rate of 4.50% per annum (collectively, the "1999 Bonds") (hereinafter, the 1994 Bonds, 1997 Bonds and 1999 Bonds shall be collectively referred to as the "Prior Bonds"). All of said Prior Bonds are currently held by USDA, Rural Development.

6. The estimated debt service for the KRWFC Loan is shown in **Exhibit A**, which is attached hereto and incorporated herein by reference. The debt service schedule and estimated interest rates are subject to change because of market conditions. The final terms and details of the KRWFC Loan may vary from the present assumptions based upon market conditions and other business judgment factors.

7. The KRWFC Loan will provide the District with the funds necessary to (i) refund the Prior Bonds; and (iii) pay the fees and expenses incident to the issuance of the KRWFC Loan.

8. The Sources and Uses of Funds of the KRWFC Loan are detailed as **Exhibit B**, which is attached hereto and incorporated herein by reference.

9. It is anticipated that the proposed refinancing will generate a net present value benefit of approximately \$315,078.78. These savings are shown on the Debt Service Comparison, which is attached hereto and incorporated herein by reference as **Exhibit C**.

10. The final principal amount of the KRWFC Loan will be adjusted, based upon final interest rates which will be known on or about the date of sale of the proposed KRWFC Loan. Final financial figures will be submitted to the Commission in a timely manner. The Applicant will not

issue the securities if interest rates in the bond market shift to a point where the Applicant will not achieve any savings.

11. The Debt Service Schedules of the outstanding Prior Bonds being refunded are set forth in **Exhibit D**.

12. The District represents that the KRWFC Loan is in the public interest and is intended to accomplish the purpose of strengthening the financial condition of the District by producing substantial debt service savings. This is a lawful object within the corporate purposes of the District's utility operations. The KRWFC Loan is necessary, appropriate for, and consistent with the proper performance by the District of its service to the public and will not impair its ability to perform that service.

13. The District represents that it will, as soon as reasonably possible after the closing of the KRWFC Loan, file with the Commission a statement setting forth the date of issuance of the KRWFC Loan, the price paid, the fees and expenses incurred in the issuance of the KRWFC Loan, and the terms and interest rates of the KRWFC Loan.

14. The detailed Statement of Revenues, Expenses and Changes in Net Assets, Statement of Net Assets and Statement of Cash Flows for the twelve month period ending on December 31, 2010 are attached hereto and incorporated herein by reference as **Exhibit E** respectively.

15. The remaining financial schedules and other information necessary for the Financial Exhibit required by 807 KAR 5:001, Section 6 and Section 11 (2) (a) are contained in the 2010 Annual Report which is on file with the Commission. The Annual Report is incorporated herein by reference.

16. Pursuant to 807 KAR 5:001, the District hereby responds as follows:

- (a) Section 6(4) Mortgages: The District does not have any mortgages in effect as of the date hereof.
- (b) Section 6(5) Bonds: The KRWFC Loan will be secured by a pledge of the revenues of the District's System.
- (c) Section 11(2)(b): The District does not have any trust deeds in effect as of the date hereof.
- (d) Section 11(2)(c): No property is being acquired as the proceeds of the securities are being used for the refunding of the Prior Bonds.

17. The District hereby requests and moves for a deviation, pursuant to 807 KAR 5:001, Section 14, from the requirements of 807 KAR 5:001, Section 6, which requires that the financial data filed with the Application be for a twelve (12) month period ending within ninety (90) days of the filing of the application. The District states that there has been no change that is material in nature in the financial condition or operation of the District since December 31, 2010. The financial data filed with this Application is for the twelve (12) month period ending December 31, 2010. This is the most recent published financial data available. Because of the volatility of the bond market, the District cannot run the risk of delaying the closing of the KRWFC Loan while more current financial data is compiled.

18. No rate adjustment will be necessary.

**WHEREFORE**, the District respectfully requests that the Commission take the following actions:

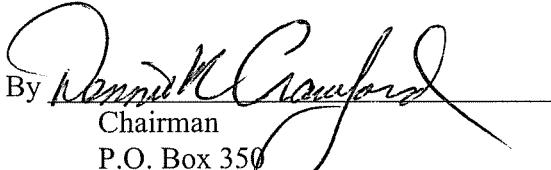
1. Authorize the issuance of the securities requested in the Application **prior to the estimated closing date of March 22, 2012;**

2. Grant the District a deviation, to the extent necessary, from 807 KAR 5:001, Section 6 to allow the submission of the District's 2010 Annual Report and 2010 audit in lieu of more recent financial data, there being no material change in the data in 2011 and 2012 and due to the volatility of the present bond market; and

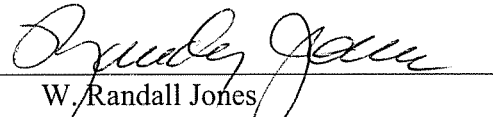
3. Process this Application without a formal hearing in order to save time and expense.

The District will promptly respond to any information requests by the Commission's staff.

Carroll County Water District No. 1

By   
Chairman  
P.O. Box 350  
Ghent, Kentucky 41045  
Phone: (502) 347-9470

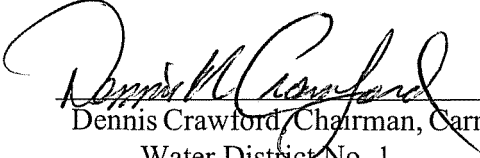
Rubin & Hays

By   
W. Randall Jones  
Kentucky Home Trust Building  
450 South Third Street  
Louisville, Kentucky 40202  
Phone: (502) 569-7525  
Fax: (502) 569-7555  
Counsel for Carroll County Water  
District No. 1

STATE OF KENTUCKY            )  
  ) SS  
COUNTY OF CARROLL         )

The affiant, Dennis Crawford, being first duly sworn, states: That he is the Chairman of the Carroll County Water District No. 1, the Applicant in this case; that he has read the foregoing Application and has noted the contents thereof; that the same are true of his own knowledge and belief, except as to matters which are herein stated to be based on information or belief, and that these matters, he believes to be true and correct.

IN TESTIMONY WHEREOF, witness the signature of the undersigned on the 2 day of February, 2012.

  
Dennis Crawford, Chairman, Carroll County  
Water District No. 1

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by Dennis Crawford, Chairman of the Carroll County Water District No. 1, on this the 2 day of February, 2012.

My Commission expires: July 19, 2014.

  
NOTARY PUBLIC





Preliminary  
**\$3,820,000**

Potential Refundings through the  
 Kentucky Rural Water Finance Corporation  
 Carroll County Water District

**Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
03/22/2012	-	-	-	-	-
07/01/2012	-	-	34,576.45	34,576.45	-
12/31/2012	-	-	-	-	34,576.45
01/01/2013	105,000.00	2.000%	67,866.25	167,866.25	-
07/01/2013	-	-	61,816.25	61,816.25	-
12/31/2013	-	-	-	-	229,682.50
01/01/2014	105,000.00	2.000%	61,816.25	166,816.25	-
07/01/2014	-	-	60,766.25	60,766.25	-
12/31/2014	-	-	-	-	227,582.50
01/01/2015	105,000.00	2.000%	60,766.25	165,766.25	-
07/01/2015	-	-	59,716.25	59,716.25	-
12/31/2015	-	-	-	-	225,482.50
01/01/2016	110,000.00	2.000%	59,716.25	169,716.25	-
07/01/2016	-	-	58,616.25	58,616.25	-
12/31/2016	-	-	-	-	228,332.50
01/01/2017	110,000.00	2.750%	58,616.25	168,616.25	-
07/01/2017	-	-	57,103.75	57,103.75	-
12/31/2017	-	-	-	-	225,720.00
01/01/2018	125,000.00	2.750%	57,103.75	182,103.75	-
07/01/2018	-	-	55,385.00	55,385.00	-
12/31/2018	-	-	-	-	237,488.75
01/01/2019	120,000.00	2.750%	55,385.00	175,385.00	-
07/01/2019	-	-	53,735.00	53,735.00	-
12/31/2019	-	-	-	-	229,120.00
01/01/2020	125,000.00	2.750%	53,735.00	178,735.00	-
07/01/2020	-	-	52,016.25	52,016.25	-
12/31/2020	-	-	-	-	230,751.25
01/01/2021	125,000.00	2.800%	52,016.25	177,016.25	-
07/01/2021	-	-	50,266.25	50,266.25	-
12/31/2021	-	-	-	-	227,282.50
01/01/2022	135,000.00	2.800%	50,266.25	185,266.25	-
07/01/2022	-	-	48,376.25	48,376.25	-
12/31/2022	-	-	-	-	233,642.50
01/01/2023	140,000.00	2.800%	48,376.25	188,376.25	-
07/01/2023	-	-	46,416.25	46,416.25	-
12/31/2023	-	-	-	-	234,792.50
01/01/2024	140,000.00	2.900%	46,416.25	186,416.25	-
07/01/2024	-	-	44,386.25	44,386.25	-
12/31/2024	-	-	-	-	230,802.50
01/01/2025	140,000.00	3.000%	44,386.25	184,386.25	-
07/01/2025	-	-	42,286.25	42,286.25	-
12/31/2025	-	-	-	-	226,672.50
01/01/2026	145,000.00	3.100%	42,286.25	187,286.25	-
07/01/2026	-	-	40,038.75	40,038.75	-
12/31/2026	-	-	-	-	227,325.00
01/01/2027	155,000.00	3.200%	40,038.75	195,038.75	-
07/01/2027	-	-	37,558.75	37,558.75	-
12/31/2027	-	-	-	-	232,597.50
01/01/2028	165,000.00	3.300%	37,558.75	202,558.75	-
07/01/2028	-	-	34,836.25	34,836.25	-
12/31/2028	-	-	-	-	237,395.00
01/01/2029	160,000.00	3.400%	34,836.25	194,836.25	-
07/01/2029	-	-	32,116.25	32,116.25	-
12/31/2029	-	-	-	-	226,952.50
01/01/2030	170,000.00	3.500%	32,116.25	202,116.25	-
07/01/2030	-	-	29,141.25	29,141.25	-
12/31/2030	-	-	-	-	231,257.50
01/01/2031	175,000.00	3.600%	29,141.25	204,141.25	-
07/01/2031	-	-	25,991.25	25,991.25	-
12/31/2031	-	-	-	-	230,132.50
01/01/2032	185,000.00	3.750%	25,991.25	210,991.25	-
07/01/2032	-	-	22,522.50	22,522.50	-
12/31/2032	-	-	-	-	233,513.75
01/01/2033	200,000.00	4.150%	22,522.50	222,522.50	-
07/01/2033	-	-	18,372.50	18,372.50	-
12/31/2033	-	-	-	-	240,895.00
01/01/2034	170,000.00	4.150%	18,372.50	188,372.50	-
07/01/2034	-	-	14,845.00	14,845.00	-
12/31/2034	-	-	-	-	203,217.50
01/01/2035	180,000.00	4.150%	14,845.00	194,845.00	-
07/01/2035	-	-	11,110.00	11,110.00	-
12/31/2035	-	-	-	-	205,955.00
01/01/2036	180,000.00	4.150%	11,110.00	191,110.00	-
07/01/2036	-	-	7,375.00	7,375.00	-
12/31/2036	-	-	-	-	198,485.00
01/01/2037	200,000.00	4.150%	7,375.00	207,375.00	-
07/01/2037	-	-	3,225.00	3,225.00	-
12/31/2037	-	-	-	-	210,600.00
01/01/2038	75,000.00	4.300%	3,225.00	78,225.00	-
07/01/2038	-	-	1,612.50	1,612.50	-
12/31/2038	-	-	-	-	79,837.50
01/01/2039	75,000.00	4.300%	1,612.50	76,612.50	-
12/31/2039	-	-	-	-	76,612.50
<b>Total</b>	<b>\$9,820,000.00</b>	<b>-</b>	<b>\$2,036,705.20</b>	<b>\$5,856,705.20</b>	<b>-</b>

**Yield Statistics**

Bond Year Dollars	\$56,040.50
Average Life	14.670 Years
Average Coupon	3.6343452%
Net Interest Cost (NIC)	3.7836861%
True Interest Cost (TIC)	3.7853506%
Bond Yield for Arbitrage Purposes	3.6447974%
All Inclusive Cost (AIC)	3.9479837%
<b>IRS Form 8038</b>	
Net Interest Cost	3.7433100%
Weighted Average Maturity	14.528 Years
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**Morgan Keegan & Company, Inc.**



Preliminary

**\$3,820,000**

Potential Refundings through the  
Kentucky Rural Water Finance Corporation  
Carroll County Water District

## Total Issue Sources And Uses

Dated 03/22/2012 | Delivered 03/22/2012

	Ref of Series 1994	Ref of Series 1997 A	Ref of Series 1997 B	Ref of Series 1999 A	Ref of Series 1999 B	Issue Summary
<b>Sources Of Funds</b>						
Par Amount of Bonds	\$435,000.00	\$960,000.00	\$1,055,000.00	\$635,000.00	\$735,000.00	\$3,820,000.00
Transfers from Prior Issue Debt Service Funds	5,500.00	8,750.00	10,000.00	5,500.00	6,500.00	36,250.00
<b>Total Sources</b>	<b>\$440,500.00</b>	<b>\$968,750.00</b>	<b>\$1,065,000.00</b>	<b>\$640,500.00</b>	<b>\$741,500.00</b>	<b>\$3,856,250.00</b>
<b>Uses Of Funds</b>						
Original Issue Discount (OID)	895.70	6,831.40	7,186.90	5,339.40	6,138.00	26,391.40
Total Underwriter's Discount (1.500%)	6,525.00	14,400.00	15,825.00	9,525.00	11,025.00	57,300.00
Costs of Issuance	6,525.00	14,400.00	15,825.00	9,525.00	11,025.00	57,300.00
Deposit to Current Refunding Fund	426,272.75	930,091.25	1,029,166.19	616,176.25	713,148.25	3,714,854.69
Rounding Amount	281.55	3,027.35	(3,003.09)	(65.65)	163.75	403.91
<b>Total Uses</b>	<b>\$440,500.00</b>	<b>\$968,750.00</b>	<b>\$1,065,000.00</b>	<b>\$640,500.00</b>	<b>\$741,500.00</b>	<b>\$3,856,250.00</b>

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Preliminary

**\$3,820,000**

Potential Refundings through the  
Kentucky Rural Water Finance Corporation  
Carroll County Water District

## Debt Service Comparison

Date	Total P+I	Expenses	Net New D/S	Old Net D/S	Savings
12/31/2012	34,576.45	-	34,576.45	187,625.00	153,048.55
12/31/2013	229,682.50	450.00	230,132.50	245,284.38	15,151.88
12/31/2014	227,582.50	450.00	228,032.50	245,718.14	17,685.64
12/31/2015	225,482.50	450.00	225,932.50	245,962.52	20,030.02
12/31/2016	228,332.50	450.00	228,782.50	246,021.26	17,238.76
12/31/2017	225,720.00	450.00	226,170.00	245,390.62	19,220.62
12/31/2018	237,488.75	450.00	237,938.75	247,095.02	9,156.27
12/31/2019	229,120.00	450.00	229,570.00	246,518.12	16,948.12
12/31/2020	230,751.25	450.00	231,201.25	246,251.88	15,050.63
12/31/2021	227,282.50	450.00	227,732.50	246,775.64	19,043.14
12/31/2022	233,642.50	450.00	234,092.50	247,538.76	13,446.26
12/31/2023	234,792.50	450.00	235,242.50	247,522.50	12,280.00
12/31/2024	230,802.50	450.00	231,252.50	246,745.62	15,493.12
12/31/2025	226,672.50	450.00	227,122.50	247,730.62	20,608.12
12/31/2026	227,325.00	450.00	227,775.00	247,889.38	20,114.38
12/31/2027	232,597.50	450.00	233,047.50	248,238.76	15,191.26
12/31/2028	237,395.00	450.00	237,845.00	250,261.88	12,416.88
12/31/2029	226,952.50	450.00	227,402.50	247,861.26	20,458.76
12/31/2030	231,257.50	450.00	231,707.50	249,224.38	17,516.88
12/31/2031	230,132.50	450.00	230,582.50	249,663.76	19,081.26
12/31/2032	233,513.75	450.00	233,963.75	251,203.76	17,240.01
12/31/2033	240,895.00	450.00	241,345.00	251,773.12	10,428.12
12/31/2034	203,217.50	450.00	203,667.50	219,398.14	15,730.64
12/31/2035	205,955.00	450.00	206,405.00	220,033.76	13,628.76
12/31/2036	198,485.00	450.00	198,935.00	220,741.88	21,806.88
12/31/2037	210,600.00	450.00	211,050.00	217,500.02	6,450.02
12/31/2038	79,837.50	450.00	80,287.50	83,475.00	3,187.50
12/31/2039	76,612.50	450.00	77,062.50	82,032.50	4,970.00
<b>Total</b>	<b>\$5,856,705.20</b>	<b>\$12,150.00</b>	<b>\$5,868,855.20</b>	<b>\$6,431,477.68</b>	<b>\$562,622.48</b>

### PV Analysis Summary (Net to Net)

Net FV Cashflow Savings	562,622.48
Gross PV Debt Service Savings	358,608.12
Effects of changes in Expenses	(7,683.25)
Net PV Cashflow Savings @ 3.645%(Bond Yield)	350,924.87
Transfers from Prior Issue Debt Service Fund	(36,250.00)
Contingency or Rounding Amount	403.91
Net Future Value Benefit	\$526,776.39
Net Present Value Benefit	\$315,078.78
Net PV Benefit / \$3,676,000 Refunded Principal	8.571%
Net PV Benefit / \$3,820,000 Refunding Principal	8.248%

### Refunding Bond Information

Refunding Dated Date	3/22/2012
Refunding Delivery Date	3/22/2012
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**Morgan Keegan & Company, Inc.**



Preliminary

**\$422,000**

Carroll County Water District

Series 1994

## Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2012	11,000.00	4.500%	12,660.00	23,660.00
12/31/2013	11,000.00	4.500%	18,495.00	29,495.00
12/31/2014	12,000.00	4.500%	18,000.00	30,000.00
12/31/2015	13,000.00	4.500%	17,460.00	30,460.00
12/31/2016	13,000.00	4.500%	16,875.00	29,875.00
12/31/2017	14,000.00	4.500%	16,290.00	30,290.00
12/31/2018	15,000.00	4.500%	15,660.00	30,660.00
12/31/2019	15,000.00	4.500%	14,985.00	29,985.00
12/31/2020	16,000.00	4.500%	14,310.00	30,310.00
12/31/2021	17,000.00	4.500%	13,590.00	30,590.00
12/31/2022	18,000.00	4.500%	12,825.00	30,825.00
12/31/2023	19,000.00	4.500%	12,015.00	31,015.00
12/31/2024	19,000.00	4.500%	11,160.00	30,160.00
12/31/2025	21,000.00	4.500%	10,305.00	31,305.00
12/31/2026	21,000.00	4.500%	9,360.00	30,360.00
12/31/2027	23,000.00	4.500%	8,415.00	31,415.00
12/31/2028	24,000.00	4.500%	7,380.00	31,380.00
12/31/2029	25,000.00	4.500%	6,300.00	31,300.00
12/31/2030	26,000.00	4.500%	5,175.00	31,175.00
12/31/2031	28,000.00	4.500%	4,005.00	32,005.00
12/31/2032	29,000.00	4.500%	2,745.00	31,745.00
12/31/2033	32,000.00	4.500%	1,440.00	33,440.00
<b>Total</b>	<b>\$422,000.00</b>	<b>-</b>	<b>\$249,450.00</b>	<b>\$671,450.00</b>

### Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	3/22/2012
Average Life	12.911 Years
Average Coupon	4.5784223%
Weighted Average Maturity (Par Basis)	12.911 Years

### Refunding Bond Information

Refunding Dated Date	3/22/2012
Refunding Delivery Date	3/22/2012

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**Morgan Keegan & Company, Inc.**



Preliminary

**\$920,000**

Carroll County Water District

Series 1997 A

## Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2012	17,500.00	4.875%	29,900.00	47,400.00
12/31/2013	18,000.00	4.875%	43,996.88	61,996.88
12/31/2014	19,500.00	4.875%	43,119.38	62,619.38
12/31/2015	20,000.00	4.875%	42,168.76	62,168.76
12/31/2016	21,500.00	4.875%	41,193.76	62,693.76
12/31/2017	22,500.00	4.875%	40,145.62	62,645.62
12/31/2018	23,500.00	4.875%	39,048.76	62,548.76
12/31/2019	25,000.00	4.875%	37,903.12	62,903.12
12/31/2020	26,000.00	4.875%	36,684.38	62,684.38
12/31/2021	27,500.00	4.875%	35,416.88	62,916.88
12/31/2022	29,000.00	4.875%	34,076.26	63,076.26
12/31/2023	30,500.00	4.875%	32,662.50	63,162.50
12/31/2024	32,000.00	4.875%	31,175.62	63,175.62
12/31/2025	34,000.00	4.875%	29,615.62	63,615.62
12/31/2026	35,500.00	4.875%	27,958.12	63,458.12
12/31/2027	37,500.00	4.875%	26,227.50	63,727.50
12/31/2028	39,500.00	4.875%	24,399.38	63,899.38
12/31/2029	41,500.00	4.875%	22,473.76	63,973.76
12/31/2030	43,500.00	4.875%	20,450.62	63,950.62
12/31/2031	46,000.00	4.875%	18,330.00	64,330.00
12/31/2032	48,500.00	4.875%	16,087.50	64,587.50
12/31/2033	51,000.00	4.875%	13,723.12	64,723.12
12/31/2034	53,500.00	4.875%	11,236.88	64,736.88
12/31/2035	56,500.00	4.875%	8,628.76	65,128.76
12/31/2036	59,500.00	4.875%	5,874.38	65,374.38
12/31/2037	61,000.00	4.875%	2,973.76	63,973.76
<b>Total</b>	<b>\$920,000.00</b>	<b>-</b>	<b>\$715,471.32</b>	<b>\$1,635,471.32</b>

### Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	3/22/2012
Average Life	15.728 Years
Average Coupon	4.9447428%
Weighted Average Maturity (Par Basis)	15.728 Years

### Refunding Bond Information

Refunding Dated Date	3/22/2012
Refunding Delivery Date	3/22/2012

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**Morgan Keegan & Company, Inc.**

Preliminary

**\$1,018,000**

Carroll County Water District

Series 1997 A

## Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2012	20,000.00	4.875%	33,085.00	53,085.00
12/31/2013	21,000.00	4.875%	48,652.50	69,652.50
12/31/2014	22,000.00	4.875%	47,628.76	69,628.76
12/31/2015	23,000.00	4.875%	46,556.26	69,556.26
12/31/2016	24,000.00	4.875%	45,435.00	69,435.00
12/31/2017	25,000.00	4.875%	44,265.00	69,265.00
12/31/2018	27,000.00	4.875%	43,046.26	70,046.26
12/31/2019	28,000.00	4.875%	41,730.00	69,730.00
12/31/2020	29,000.00	4.875%	40,365.00	69,365.00
12/31/2021	31,000.00	4.875%	38,951.26	69,951.26
12/31/2022	32,000.00	4.875%	37,440.00	69,440.00
12/31/2023	34,000.00	4.875%	35,880.00	69,880.00
12/31/2024	36,000.00	4.875%	34,222.50	70,222.50
12/31/2025	37,000.00	4.875%	32,467.50	69,467.50
12/31/2026	40,000.00	4.875%	30,663.76	70,663.76
12/31/2027	41,000.00	4.875%	28,713.76	69,713.76
12/31/2028	44,000.00	4.875%	26,715.00	70,715.00
12/31/2029	45,000.00	4.875%	24,570.00	69,570.00
12/31/2030	48,000.00	4.875%	22,376.26	70,376.26
12/31/2031	50,000.00	4.875%	20,036.26	70,036.26
12/31/2032	53,000.00	4.875%	17,598.76	70,598.76
12/31/2033	55,000.00	4.875%	15,015.00	70,015.00
12/31/2034	59,000.00	4.875%	12,333.76	71,333.76
12/31/2035	62,000.00	4.875%	9,457.50	71,457.50
12/31/2036	65,000.00	4.875%	6,435.00	71,435.00
12/31/2037	67,000.00	4.875%	3,266.26	70,266.26
<b>Total</b>	<b>\$1,018,000.00</b>		<b>\$786,906.36</b>	<b>\$1,804,906.36</b>

### Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	3/22/2012
Average Life	15.631 Years
Average Coupon	4.9451726%
Weighted Average Maturity (Par Basis)	15.631 Years

### Refunding Bond Information

Refunding Dated Date	3/22/2012
Refunding Delivery Date	3/22/2012

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**Morgan Keegan & Company, Inc.**

Preliminary

**\$610,000**

Carroll County Water District

Series 1999 A

## Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2012	11,000.00	4.500%	18,300.00	29,300.00
12/31/2013	12,000.00	4.500%	26,955.00	38,955.00
12/31/2014	12,500.00	4.500%	26,415.00	38,915.00
12/31/2015	13,000.00	4.500%	25,852.50	38,852.50
12/31/2016	13,500.00	4.500%	25,267.50	38,767.50
12/31/2017	14,000.00	4.500%	24,660.00	38,660.00
12/31/2018	15,000.00	4.500%	24,030.00	39,030.00
12/31/2019	15,500.00	4.500%	23,355.00	38,855.00
12/31/2020	16,000.00	4.500%	22,657.50	38,657.50
12/31/2021	17,000.00	4.500%	21,937.50	38,937.50
12/31/2022	17,500.00	4.500%	21,172.50	38,672.50
12/31/2023	18,500.00	4.500%	20,385.00	38,885.00
12/31/2024	19,000.00	4.500%	19,552.50	38,552.50
12/31/2025	20,000.00	4.500%	18,697.50	38,697.50
12/31/2026	21,000.00	4.500%	17,797.50	38,797.50
12/31/2027	22,000.00	4.500%	16,852.50	38,852.50
12/31/2028	23,000.00	4.500%	15,862.50	38,862.50
12/31/2029	24,000.00	4.500%	14,827.50	38,827.50
12/31/2030	25,000.00	4.500%	13,747.50	38,747.50
12/31/2031	26,000.00	4.500%	12,622.50	38,622.50
12/31/2032	27,500.00	4.500%	11,452.50	38,952.50
12/31/2033	28,500.00	4.500%	10,215.00	38,715.00
12/31/2034	30,000.00	4.500%	8,932.50	38,932.50
12/31/2035	31,000.00	4.500%	7,582.50	38,582.50
12/31/2036	32,500.00	4.500%	6,187.50	38,687.50
12/31/2037	34,000.00	4.500%	4,725.00	38,725.00
12/31/2038	35,500.00	4.500%	3,195.00	38,695.00
12/31/2039	35,500.00	4.500%	1,597.50	37,097.50
<b>Total</b>	<b>\$610,000.00</b>	<b>-</b>	<b>\$464,835.00</b>	<b>\$1,074,835.00</b>

### Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	3/22/2012
Average Life	16.709 Years
Average Coupon	4.5605965%
Weighted Average Maturity (Par Basis)	16.709 Years

### Refunding Bond Information

Refunding Dated Date	3/22/2012
Refunding Delivery Date	3/22/2012

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**Morgan Keegan & Company, Inc.**

Preliminary

**\$706,000**

Carroll County Water District

Series 1999 B

## Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2012	13,000.00	4.500%	21,180.00	34,180.00
12/31/2013	14,000.00	4.500%	31,185.00	45,185.00
12/31/2014	14,000.00	4.500%	30,555.00	44,555.00
12/31/2015	15,000.00	4.500%	29,925.00	44,925.00
12/31/2016	16,000.00	4.500%	29,250.00	45,250.00
12/31/2017	16,000.00	4.500%	28,530.00	44,530.00
12/31/2018	17,000.00	4.500%	27,810.00	44,810.00
12/31/2019	18,000.00	4.500%	27,045.00	45,045.00
12/31/2020	19,000.00	4.500%	26,235.00	45,235.00
12/31/2021	19,000.00	4.500%	25,380.00	44,380.00
12/31/2022	21,000.00	4.500%	24,525.00	45,525.00
12/31/2023	21,000.00	4.500%	23,580.00	44,580.00
12/31/2024	22,000.00	4.500%	22,635.00	44,635.00
12/31/2025	23,000.00	4.500%	21,645.00	44,645.00
12/31/2026	24,000.00	4.500%	20,610.00	44,610.00
12/31/2027	25,000.00	4.500%	19,530.00	44,530.00
12/31/2028	27,000.00	4.500%	18,405.00	45,405.00
12/31/2029	27,000.00	4.500%	17,190.00	44,190.00
12/31/2030	29,000.00	4.500%	15,975.00	44,975.00
12/31/2031	30,000.00	4.500%	14,670.00	44,670.00
12/31/2032	32,000.00	4.500%	13,320.00	45,320.00
12/31/2033	33,000.00	4.500%	11,880.00	44,880.00
12/31/2034	34,000.00	4.500%	10,395.00	44,395.00
12/31/2035	36,000.00	4.500%	8,865.00	44,865.00
12/31/2036	38,000.00	4.500%	7,245.00	45,245.00
12/31/2037	39,000.00	4.500%	5,535.00	44,535.00
12/31/2038	41,000.00	4.500%	3,780.00	44,780.00
12/31/2039	43,000.00	4.500%	1,935.00	44,935.00
<b>Total</b>	<b>\$706,000.00</b>	<b>-</b>	<b>\$538,815.00</b>	<b>\$1,244,815.00</b>

### Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	3/22/2012
Average Life	16.735 Years
Average Coupon	4.5605024%
Weighted Average Maturity (Par Basis)	16.735 Years

### Refunding Bond Information

Refunding Dated Date	3/22/2012
Refunding Delivery Date	3/22/2012

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**Morgan Keegan & Company, Inc.**



**CARROLL COUNTY WATER DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
For the Years Ended December 31, 2010 and 2009

	2010	2009
<b>Operating Revenues:</b>		
<b>Charges for Services:</b>		
Water Charges (Net)	\$ 1,712,371	\$ 1,391,103
Bulk Water Charges	89	22
<b>Total Charges for Services</b>	<b>\$ 1,712,460</b>	<b>\$ 1,391,125</b>
<b>Other Charges and Miscellaneous:</b>		
Billing Service Charges	\$ 45,472	\$ 34,340
Reconnect and Disconnect Charges	32,480	40,840
Miscellaneous	3,706	4,819
<b>Total Other Charges and Miscellaneous</b>	<b>\$ 81,658</b>	<b>\$ 79,999</b>
<b>Total Operating Revenues</b>	<b>\$ 1,794,118</b>	<b>\$ 1,471,124</b>
<b>Operating Expenses:</b>		
Accounting and Collecting Labor	\$ 94,114	\$ 87,724
Administrative Per Diem	16,200	16,200
Administrative Salaries	99,832	85,850
Depreciation Expense	409,482	407,285
Employee Benefits	56,708	52,973
Employee Licenses	990	-
Insurance	28,232	28,038
Maintenance of Mains/Distribution System	155,343	128,026
Office Supplies and Expense	30,898	29,761
Operating Labor	219,049	203,009
Other Interest Expense	93	203
Payroll Taxes	30,337	29,025
Professional Services	12,367	14,601
Purchased Power	121,429	123,332
Purchased Water	10,820	6,804
Regulatory Fees	2,519	2,414
Repairs & Maintenance	10,110	21,348
Retirement Plan Expense	66,802	56,231
Transportation Expense	26,991	25,424
Uniforms	3,798	3,646
Utilities & Telephone	8,637	6,661
Water Treatment Expense	14,022	8,097
Other Contracted Services	41,460	20,100
<b>Total Operating Expenses</b>	<b>\$ 1,460,233</b>	<b>\$ 1,356,752</b>
<b>Net Operating Income</b>	<b>\$ 333,885</b>	<b>\$ 114,372</b>
<b>Nonoperating Revenue (Expense):</b>		
Investment Income	\$ 14,237	\$ 18,328
Interest Expense	(286,318)	(292,908)
Amortization of Bond Issuance Costs	(4,141)	(4,014)
<b>Total Nonoperating Revenues (Expense)</b>	<b>\$ (276,222)</b>	<b>\$ (278,594)</b>
<b>Net Income (Loss) Before Contributions</b>	<b>\$ 57,663</b>	<b>\$ (164,222)</b>
<b>Capital Contributions</b>	<b>571,505</b>	<b>16,810</b>
<b>Net Income</b>	<b>\$ 629,168</b>	<b>\$ (147,412)</b>
<b>Net Assets--Beginning of Year</b>	<b>4,976,896</b>	<b>5,124,308</b>
<b>Net Assets--End of Year</b>	<b>\$ 5,606,064</b>	<b>\$ 4,976,896</b>

CARROLL COUNTY WATER DISTRICT NO. 1  
STATEMENT OF NET ASSETS  
December 31, 2010 and 2009

ASSETS	<u>2010</u>	<u>2009</u>
<b>Current Assets:</b>		
Cash, Including Time Deposits	\$ 876,030	\$ 733,552
Accounts Receivable (Net)	166,345	115,948
Grant Proceeds Receivable	146,160	-
Other Receivables	19,484	18,199
Inventory	178,986	57,021
Prepaid Expense	32,965	35,558
Total Current Assets	<u>\$ 1,419,970</u>	<u>\$ 960,278</u>
<b>Noncurrent Assets:</b>		
<b>Restricted Assets:</b>		
Cash, Including Time Deposits	\$ 623,454	\$ 694,040
Interest Receivable	58	78
Bond Issuance Costs, Net	60,681	44,920
Capital Assets (Net)	11,341,881	10,091,605
Deposits	100	100
Total Noncurrent Assets	<u>\$ 12,026,174</u>	<u>\$ 10,830,743</u>
<b>Total Assets</b>	<u><b>\$ 13,446,144</b></u>	<u><b>\$ 11,791,021</b></u>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 19,492	\$ 22,112
Accounts Payable - Construction	32,052	10,803
Accrued Compensated Absences	35,624	16,971
Accrued Wages	1,776	-
Accrued Payroll Taxes/Employee Withholding	12,630	13,669
Utility Tax Payable	4,081	3,938
Sales Tax Payable	2,484	2,031
<b>Current Liabilities Payable from Restricted Assets:</b>		
Accrued Interest Payable	78,317	76,393
Revenue Bonds Payable	185,500	177,000
Note Payable-Kentucky Infrastructure Authority	84,733	82,247
Total Current Liabilities	<u>\$ 456,689</u>	<u>\$ 405,164</u>
<b>Noncurrent Liabilities:</b>		
Revenue Bonds Payable (including Bond Premium of \$8,805 for 2010 and \$11,006 for 2009)	\$ 6,019,305	\$ 4,961,006
Deferred Loss - Early Debt Retirement	(12,546)	(15,683)
Note Payable - Kentucky Infrastructure Authority	1,365,255	1,449,988
Accrued Compensated Absences	-	3,703
<b>Noncurrent Liabilities Payable from Restricted Assets:</b>		
Customer Deposits Payable	11,377	9,947
Total Noncurrent Liabilities	<u>\$ 7,383,391</u>	<u>\$ 6,408,961</u>
<b>Total Liabilities</b>	<u><b>\$ 7,840,080</b></u>	<u><b>\$ 6,814,125</b></u>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	\$ 3,760,315	\$ 3,481,967
Restricted for Capital Projects	17,091	107,308
Restricted for Debt Service	516,727	500,470
Unrestricted	<u>1,311,931</u>	<u>887,151</u>
<b>Total Net Assets</b>	<u><b>\$ 5,606,064</b></u>	<u><b>\$ 4,976,896</b></u>

**CARROLL COUNTY WATER DISTRICT NO. 1**  
**STATEMENT OF CASH FLOWS**  
For the Years Ended December 31, 2010 and 2009

	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	\$ 1,662,775	\$ 1,386,826
Payments to Suppliers	(744,587)	(543,254)
Payments to Employees	(412,469)	(392,649)
Other Receipts (Payments)	81,658	79,999
Net Cash Provided (Used) by Operating Activities	\$ 587,377	\$ 530,922
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital Contributions	\$ 15,345	\$ 16,810
Purchase of Capital Assets (including Work in Process)	(1,658,411)	(147,694)
Bond Proceeds	1,246,000	-
Principal Paid on Capital Debt	(259,247)	(248,835)
Interest Paid on Capital Debt	(283,458)	(293,323)
Grant Proceeds	410,000	-
Interim Financing Proceeds	1,215,751	-
Repayment of Interim Financing	(1,215,751)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	\$ (529,771)	\$ (673,042)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	\$ (9,090)	\$ (13,675)
Interest Received	14,286	18,515
Net Cash Provided (Used) by Investing Activities	\$ 5,196	\$ 4,840
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 62,802	\$ (137,280)
Balances-Beginning of the Year	632,599	769,879
Balances-End of the Year	\$ 695,401	\$ 632,599

	Balances Per December 31, 2010 Statement of Net Assets	Balances Per December 31, 2010 Statement of Cash Flows
Cash	\$ 392,931	\$ 392,931
Time Deposits	483,099	-
Restricted Cash	302,470	302,470
Restricted Time Deposits	320,984	-
Total Cash and Cash Equivalents, End of Year	\$ 1,499,484	\$ 695,401
	Balances Per December 31, 2009 Statement of Net Assets	Balances Per December 31, 2009 Statement of Cash Flows
Cash	\$ 255,724	\$ 255,724
Time Deposits	477,828	-
Restricted Cash	376,875	376,875
Restricted Time Deposits	317,165	-
Total Cash and Cash Equivalents, End of Year	\$ 1,427,592	\$ 632,599



**CARROLL COUNTY WATER DISTRICT NO. 1**  
**STATEMENT OF CASH FLOWS**  
For the Years Ended December 31, 2010 and 2009

	2010	2009
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ 333,885	\$ 114,372
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Cash Flows Reported in Other Categories:		
Depreciation Expense	409,482	407,285
Change in Assets and Liabilities:		
Receivables, Net	(50,397)	9,616
Other Receivables	(1,314)	(14,417)
Inventories	(121,965)	19,746
Prepaid Expenses	2,593	(14,415)
Accounts Payable	(2,620)	4,406
Accrued Wages	1,776	(4,986)
Utility Tax Payable	143	55
Sales Tax Payable	453	(103)
Accrued Payroll Taxes & Employee Benefits	(1,039)	3,693
Customer Meter Deposits Payable	1,430	550
Accrued Compensated Absences	14,950	5,120
Net Cash Provided by Operating Activities	\$ 587,377	\$ 530,922

**SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES**

At December 31, 2010, Carroll County Water District No. 1 had outstanding obligations relating to capital construction of plant assets of \$32,052 included in accounts payable - construction.

At December 31, 2009, Carroll County Water District No. 1 had outstanding obligations relating to capital construction of plant assets of \$10,803 included in accounts payable - construction.