

# Rubin & Hays

ATTORNEYS AT LAW

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

February 27, 2012

RECEIVED

FEB 29 2012

PUBLIC SERVICE  
COMMISSION

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

Re: Christian County Water District PSC Application

Dear Mr. Derouen:

Enclosed please find the original and ten (10) copies of the Application of the Christian County Water District 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 these refunding are interest rate sensitive, we request that the Commission process the Application in an expedited manner and issue an Order on or before April 16, 2012 (anticipated 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. James Owen, Christian County Water District  
Ms. Kristen Curtis, Morgan Keegan

RECEIVED

FEB 29 2012

PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF:

**THE APPLICATION OF THE CHRISTIAN )**  
**COUNTY WATER DISTRICT TO )**  
**ISSUE SECURITIES IN THE APPROX- )**  
**MATE PRINCIPAL AMOUNT OF \$3,030,000 )**  
**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, Christian County Water District (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 \$3,030,000 (subject to adjustment of up to 10%), for the purpose of refunding certain outstanding waterworks 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 Christian County, which Order is on file in the County Court Order Books in the office of the Clerk of Christian 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:

Christian County Water District  
c/o Mr. James Owen, Manager  
P.O. Box 7  
Hopkinsville, Kentucky 42241-0007  
Telephone: (270) 886-3696

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 \$3,030,000 (subject to adjustment of up to 10%) for the purpose of refunding the outstanding revenue bonds designated as (i) Christian County Water District Waterworks Revenue Bonds, Series 1994, dated April 11, 1995, in the original principal amount of \$1,329,000, bearing interest at the rate of 4.50% per annum (the "1994 Bonds"); and (ii) Christian County Water District Waterworks Revenue Bonds, Series 1998, dated August 13, 1999, in the original principal amount of \$2,200,000, bearing interest at the rate of 4.75% per annum (the "1999 Bonds") (hereinafter, the 1994 Bonds and the 1999 Bonds shall be collectively referred to as the

“Prior Bonds”. Said Prior Bonds are currently held by the U.S. Department of Agriculture, acting through 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 to be obtained from the issuance 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 \$241,480.70. 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 KRWFC bonds. 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 is 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. Also, the refunding of the Prior Bonds will save the District significant revenues thus improving the District's financial position.

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 closing date of **April 15, 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 inquiries or information requests by the Commission's staff.

Christian County Water District

By 

Ashbel Brunson, Chairman  
P.O. Box 7  
Hopkinsville, Kentucky 42241  
Phone: (270) 886-3696

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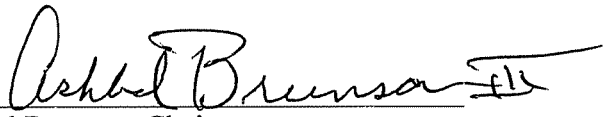
By 

W. Randall Jones  
Kentucky Home Trust Building  
450 South Third Street  
Louisville, Kentucky 40202  
Phone: (502) 569-7525  
Fax: (502) 569-7555  
Counsel for Christian County  
Water District

STATE OF KENTUCKY            )  
  ) SS  
COUNTY OF CHRISTIAN        )

The affiant, Ashbel Brunson, being first duly sworn, states: That he is the Chairman of the Christian County Water District, 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 17 day of February, 2012.

  
\_\_\_\_\_  
Ashbel Brunson, Chairman

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by Ashbel Brunson, Chairman of the Christian County Water District, on this the 17 day of February, 2012.

My Commission expires: October 27 2013.

  
\_\_\_\_\_  
NOTARY PUBLIC





**\$3,030,000**

Potential Refunding through the  
 Kentucky Rural Water Finance Corporation  
 Christian County Water District

**Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
03/22/2012	-	-	-	-	-
07/01/2012	-	-	27,128.76	27,128.76	-
12/30/2012	-	-	-	-	27,128.76
01/01/2013	85,000.00	2.000%	49,325.00	134,325.00	-
07/01/2013	-	-	48,475.00	48,475.00	-
12/30/2013	-	-	-	-	182,800.00
01/01/2014	85,000.00	2.000%	48,475.00	133,475.00	-
07/01/2014	-	-	47,625.00	47,625.00	-
12/30/2014	-	-	-	-	181,100.00
01/01/2015	90,000.00	2.000%	47,625.00	137,625.00	-
07/01/2015	-	-	46,725.00	46,725.00	-
12/30/2015	-	-	-	-	184,350.00
01/01/2016	90,000.00	2.000%	46,725.00	136,725.00	-
07/01/2016	-	-	45,825.00	45,825.00	-
12/30/2016	-	-	-	-	182,550.00
01/01/2017	95,000.00	2.750%	45,825.00	140,825.00	-
07/01/2017	-	-	44,518.75	44,518.75	-
12/30/2017	-	-	-	-	185,343.75
01/01/2018	95,000.00	2.750%	44,518.75	139,518.75	-
07/01/2018	-	-	43,212.50	43,212.50	-
12/30/2018	-	-	-	-	182,731.25
01/01/2019	100,000.00	2.750%	43,212.50	143,212.50	-
07/01/2019	-	-	41,837.50	41,837.50	-
12/30/2019	-	-	-	-	185,050.00
01/01/2020	100,000.00	2.750%	41,837.50	141,837.50	-
07/01/2020	-	-	40,462.50	40,462.50	-
12/30/2020	-	-	-	-	182,300.00
01/01/2021	105,000.00	2.800%	40,462.50	145,462.50	-
07/01/2021	-	-	38,992.50	38,992.50	-
12/30/2021	-	-	-	-	184,455.00
01/01/2022	110,000.00	2.800%	38,992.50	148,992.50	-
07/01/2022	-	-	37,452.50	37,452.50	-
12/30/2022	-	-	-	-	186,445.00
01/01/2023	110,000.00	2.800%	37,452.50	147,452.50	-
07/01/2023	-	-	35,912.50	35,912.50	-
12/30/2023	-	-	-	-	183,365.00
01/01/2024	120,000.00	2.900%	35,912.50	155,912.50	-
07/01/2024	-	-	34,172.50	34,172.50	-
12/30/2024	-	-	-	-	190,085.00
01/01/2025	120,000.00	3.000%	34,172.50	154,172.50	-
07/01/2025	-	-	32,372.50	32,372.50	-
12/30/2025	-	-	-	-	186,545.00
01/01/2026	120,000.00	3.100%	32,372.50	152,372.50	-
07/01/2026	-	-	30,512.50	30,512.50	-
12/30/2026	-	-	-	-	182,885.00
01/01/2027	130,000.00	3.200%	30,512.50	160,512.50	-
07/01/2027	-	-	28,432.50	28,432.50	-
12/30/2027	-	-	-	-	188,945.00
01/01/2028	135,000.00	3.300%	28,432.50	163,432.50	-
07/01/2028	-	-	26,205.00	26,205.00	-
12/30/2028	-	-	-	-	189,637.50
01/01/2029	135,000.00	3.400%	26,205.00	161,205.00	-
07/01/2029	-	-	23,910.00	23,910.00	-
12/30/2029	-	-	-	-	185,115.00
01/01/2030	145,000.00	3.500%	23,910.00	168,910.00	-
07/01/2030	-	-	21,372.50	21,372.50	-
12/30/2030	-	-	-	-	190,282.50
01/01/2031	145,000.00	3.600%	21,372.50	166,372.50	-
07/01/2031	-	-	18,762.50	18,762.50	-
12/30/2031	-	-	-	-	185,135.00
01/01/2032	155,000.00	3.750%	18,762.50	173,762.50	-
07/01/2032	-	-	15,856.25	15,856.25	-
12/30/2032	-	-	-	-	189,618.75
01/01/2033	160,000.00	4.150%	15,856.25	175,856.25	-
07/01/2033	-	-	12,536.25	12,536.25	-
12/30/2033	-	-	-	-	188,392.50
01/01/2034	170,000.00	4.150%	12,536.25	182,536.25	-
07/01/2034	-	-	9,008.75	9,008.75	-
12/30/2034	-	-	-	-	191,545.00
01/01/2035	100,000.00	4.150%	9,008.75	109,008.75	-
07/01/2035	-	-	6,933.75	6,933.75	-
12/30/2035	-	-	-	-	115,942.50
01/01/2036	105,000.00	4.150%	6,933.75	111,933.75	-
07/01/2036	-	-	4,755.00	4,755.00	-
12/30/2036	-	-	-	-	116,688.75
01/01/2037	110,000.00	4.150%	4,755.00	114,755.00	-
07/01/2037	-	-	2,472.50	2,472.50	-
12/30/2037	-	-	-	-	117,227.50
01/01/2038	115,000.00	4.300%	2,472.50	117,472.50	-
12/30/2038	-	-	-	-	117,472.50
<b>Total</b>	<b>\$3,030,000.00</b>	<b>-</b>	<b>\$1,553,136.26</b>	<b>\$4,583,136.26</b>	<b>-</b>

**Yield Statistics**

Bond Year Dollars	\$43,213.25
Average Life	14.262 Years
Average Coupon	3.5941205%
Net Interest Cost (NIC)	3.7431112%
True Interest Cost (TIC)	3.7441359%
Bond Yield for Arbitrage Purposes	3.6011787%
All Inclusive Cost (AIC)	3.9222688%
IRS Form 8038	
Net Interest Cost	3.6968528%
Weighted Average Maturity	14.123 Years
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**\$3,030,000**

Potential Refunding through the  
Kentucky Rural Water Finance Corporation  
Christian County Water District

## Total Issue Sources And Uses

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

	Ref of 1999	Ref of 1994	Issue Summary
<b>Sources Of Funds</b>			
Par Amount of Bonds	\$1,960,000.00	\$1,070,000.00	\$3,030,000.00
Transfers from Prior Issue Debt Service Funds	20,891.25	12,285.00	33,176.25
<b>Total Sources</b>	<b>\$1,980,891.25</b>	<b>\$1,082,285.00</b>	<b>\$3,063,176.25</b>
<b>Uses Of Funds</b>			
Original Issue Discount (OID)	15,318.55	3,615.20	18,933.75
Total Underwriter's Discount (1.500%)	29,400.00	16,050.00	45,450.00
Costs of Issuance	31,017.16	16,932.84	47,950.00
Deposit to Current Refunding Fund	1,901,103.19	1,048,509.75	2,949,612.94
Rounding Amount	4,052.35	(2,822.79)	1,229.56
<b>Total Uses</b>	<b>\$1,980,891.25</b>	<b>\$1,082,285.00</b>	<b>\$3,063,176.25</b>

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**\$3,030,000**

Potential Refunding through the  
Kentucky Rural Water Finance Corporation  
Christian County Water District

## Debt Service Comparison

Date	Total P+I	Expenses	Net New D/S	Old Net D/S	Savings
12/30/2012	27,128.76	-	27,128.76	68,028.75	40,899.99
12/30/2013	182,800.00	450.00	183,250.00	197,595.00	14,345.00
12/30/2014	181,100.00	450.00	181,550.00	197,600.00	16,050.00
12/30/2015	184,350.00	450.00	184,800.00	198,442.50	13,642.50
12/30/2016	182,550.00	450.00	183,000.00	198,122.50	15,122.50
12/30/2017	185,343.75	450.00	185,793.75	198,640.00	12,846.25
12/30/2018	182,731.25	450.00	183,181.25	198,971.25	15,790.00
12/30/2019	185,050.00	450.00	185,500.00	199,116.25	13,616.25
12/30/2020	182,300.00	450.00	182,750.00	199,076.25	16,326.25
12/30/2021	184,455.00	450.00	184,905.00	199,827.50	14,922.50
12/30/2022	186,445.00	450.00	186,895.00	200,346.25	13,451.25
12/30/2023	183,365.00	450.00	183,815.00	200,632.50	16,817.50
12/30/2024	190,085.00	450.00	190,535.00	200,686.25	10,151.25
12/30/2025	186,545.00	450.00	186,995.00	200,507.50	13,512.50
12/30/2026	182,885.00	450.00	183,335.00	201,073.75	17,738.75
12/30/2027	188,945.00	450.00	189,395.00	201,361.25	11,966.25
12/30/2028	189,637.50	450.00	190,087.50	202,346.25	12,258.75
12/30/2029	185,115.00	450.00	185,565.00	202,030.00	16,465.00
12/30/2030	190,282.50	450.00	190,732.50	203,388.75	12,656.25
12/30/2031	185,135.00	450.00	185,585.00	203,398.75	17,813.75
12/30/2032	189,618.75	450.00	190,068.75	204,060.00	13,991.25
12/30/2033	188,392.50	450.00	188,842.50	203,372.50	14,530.00
12/30/2034	191,545.00	450.00	191,995.00	206,267.50	14,272.50
12/30/2035	115,942.50	450.00	116,392.50	126,546.25	10,153.75
12/30/2036	116,688.75	450.00	117,138.75	128,297.50	11,158.75
12/30/2037	117,227.50	450.00	117,677.50	127,763.75	10,086.25
12/30/2038	117,472.50	450.00	117,922.50	127,968.75	10,046.25
<b>Total</b>	<b>\$4,583,136.26</b>	<b>\$11,700.00</b>	<b>\$4,594,836.26</b>	<b>\$4,995,467.50</b>	<b>\$400,631.24</b>

### PV Analysis Summary (Net to Net)

Net FV Cashflow Savings	400,631.24
Gross PV Debt Service Savings	280,975.96
Effects of changes in Expenses	(7,548.58)
Net PV Cashflow Savings @ 3.601%(Bond Yield)	273,427.39
Transfers from Prior Issue Debt Service Fund	(33,176.25)
Contingency or Rounding Amount	1,229.56
Net Future Value Benefit	\$368,684.55
Net Present Value Benefit	\$241,480.70
Net PV Benefit / \$2,919,000 Refunded Principal	8.273%
Net PV Benefit / \$3,030,000 Refunding Principal	7.970%

### Refunding Bond Information

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

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**Morgan Keegan & Company, Inc.**



**\$1,038,000**

Christian County Water District  
Series 1994

### Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/30/2012	-	-	23,355.00	23,355.00
12/30/2013	27,000.00	-	46,102.50	73,102.50
12/30/2014	28,000.00	-	44,865.00	72,865.00
12/30/2015	30,000.00	-	43,560.00	73,560.00
12/30/2016	31,000.00	-	42,187.50	73,187.50
12/30/2017	33,000.00	-	40,747.50	73,747.50
12/30/2018	34,000.00	-	39,240.00	73,240.00
12/30/2019	36,000.00	-	37,665.00	73,665.00
12/30/2020	38,000.00	-	36,000.00	74,000.00
12/30/2021	40,000.00	-	34,245.00	74,245.00
12/30/2022	42,000.00	-	32,400.00	74,400.00
12/30/2023	44,000.00	-	30,465.00	74,465.00
12/30/2024	46,000.00	-	28,440.00	74,440.00
12/30/2025	48,000.00	-	26,325.00	74,325.00
12/30/2026	51,000.00	-	24,097.50	75,097.50
12/30/2027	53,000.00	-	21,757.50	74,757.50
12/30/2028	56,000.00	-	19,305.00	75,305.00
12/30/2029	59,000.00	-	16,717.50	75,717.50
12/30/2030	62,000.00	-	13,995.00	75,995.00
12/30/2031	65,000.00	-	11,137.50	76,137.50
12/30/2032	68,000.00	-	8,145.00	76,145.00
12/30/2033	71,000.00	-	5,017.50	76,017.50
12/30/2034	76,000.00	4.500%	1,710.00	77,710.00
<b>Total</b>	<b>\$1,038,000.00</b>	<b>-</b>	<b>\$627,480.00</b>	<b>\$1,665,480.00</b>

#### Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	3/22/2012
Average Life	13.209 Years
Average Coupon	4.5766550%
Weighted Average Maturity (Par Basis)	13.209 Years

#### Refunding Bond Information

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

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**Morgan Keegan & Company, Inc.**



**\$1,881,000**

Christian County Water District  
Series 1999

## Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/30/2012	-	-	44,673.75	44,673.75
12/30/2013	36,000.00	-	88,492.50	124,492.50
12/30/2014	38,000.00	-	86,735.00	124,735.00
12/30/2015	40,000.00	-	84,882.50	124,882.50
12/30/2016	42,000.00	-	82,935.00	124,935.00
12/30/2017	44,000.00	-	80,892.50	124,892.50
12/30/2018	47,000.00	-	78,731.25	125,731.25
12/30/2019	49,000.00	-	76,451.25	125,451.25
12/30/2020	51,000.00	-	74,076.25	125,076.25
12/30/2021	54,000.00	-	71,582.50	125,582.50
12/30/2022	57,000.00	-	68,946.25	125,946.25
12/30/2023	60,000.00	-	66,167.50	126,167.50
12/30/2024	63,000.00	-	63,246.25	126,246.25
12/30/2025	66,000.00	-	60,182.50	126,182.50
12/30/2026	69,000.00	-	56,976.25	125,976.25
12/30/2027	73,000.00	-	53,603.75	126,603.75
12/30/2028	77,000.00	-	50,041.25	127,041.25
12/30/2029	80,000.00	-	46,312.50	126,312.50
12/30/2030	85,000.00	-	42,393.75	127,393.75
12/30/2031	89,000.00	-	38,261.25	127,261.25
12/30/2032	94,000.00	-	33,915.00	127,915.00
12/30/2033	98,000.00	-	29,355.00	127,355.00
12/30/2034	104,000.00	-	24,557.50	128,557.50
12/30/2035	107,000.00	-	19,546.25	126,546.25
12/30/2036	114,000.00	-	14,297.50	128,297.50
12/30/2037	119,000.00	-	8,763.75	127,763.75
12/30/2038	125,000.00	4.750%	2,968.75	127,968.75
<b>Total</b>	<b>\$1,881,000.00</b>	-	<b>\$1,448,987.50</b>	<b>\$3,329,987.50</b>

### Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	3/22/2012
Average Life	15.992 Years
Average Coupon	4.8168285%
Weighted Average Maturity (Par Basis)	15.992 Years

### Refunding Bond Information

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

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**CHRISTIAN COUNTY WATER DISTRICT  
STATEMENTS OF NET ASSETS  
DECEMBER 31, 2010 AND 2009**

<b>ASSETS</b>	2010	2009
Current assets:		
Cash and cash equivalents	\$ 287,354	\$ 307,455
Accounts receivable and unbilled revenues	647,607	548,607
Allowance for uncollectible accounts	(141,936)	(135,024)
Inventory	233,137	285,413
Prepaid expenses	12,133	14,823
Total current assets	1,038,295	1,021,274
Restricted assets:		
Cash - customers' deposits	50,525	48,775
Cash - bond and interest redemption account	442,609	479,655
Cash - depreciation reserve account	520,874	394,883
Cash - bond reserve account	293,340	291,195
Investments - depreciation reserve	435,178	461,799
Total restricted assets	1,742,526	1,676,307
Property, plant and equipment:		
Water supply and distribution system	22,457,062	22,482,369
Less accumulated depreciation	(5,946,763)	(5,719,089)
	16,510,299	16,763,280
Construction in progress	165,076	87,551
Total property, plant and equipment	16,675,375	16,850,831
Other assets:		
Deposits	115	115
Deferred charges:		
Unamortized bond issuance costs	82,738	87,152
Total assets	\$ 19,539,049	\$ 19,635,679

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

**CHRISTIAN COUNTY WATER DISTRICT  
STATEMENTS OF NET ASSETS, continued  
DECEMBER 31, 2010 AND 2009**

<b>LIABILITIES</b>	2010	2009
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 125,143	\$ 96,893
Construction accounts payable	57,306	108,750
Accrued wages	18,347	16,633
Total current liabilities	200,796	222,276
<b>Current liabilities payable from restricted assets:</b>		
Customers' deposits	50,525	48,775
Interest payable	222,574	83,446
Notes payable - current	5,000	5,000
Long-term debt - current portion	292,500	261,000
Total payable from restricted assets	570,599	398,221
<b>Noncurrent liabilities:</b>		
Long-term debt (net of unamortized discounts and premiums)	9,755,385	10,045,624
Notes payable	373,000	378,000
Compensated absences	30,070	54,267
Total noncurrent liabilities	10,158,455	10,477,891
Total liabilities	10,929,850	11,098,388
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	6,249,490	6,161,207
Restricted for customers' deposits	50,525	48,775
Restricted for debt service	735,949	770,850
Restricted for capital projects	956,051	856,682
Unrestricted	617,184	699,777
Total net assets	\$ 8,609,199	\$ 8,537,291

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

**CHRISTIAN COUNTY WATER DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	2010	2009
Operating revenues:		
Water sales	\$ 3,186,666	\$ 2,803,866
Other revenues	101,114	98,330
	3,287,780	2,902,196
Operating expenses:		
Water purchased	1,127,011	731,648
Depreciation	529,227	457,110
Salaries	525,684	500,158
Maintenance and repairs	79,420	44,248
Insurance	150,607	141,014
Rental expense	571	200
Electricity for pumping	65,607	71,581
Professional services	38,273	45,168
Office supplies and expense	93,068	83,608
Operating materials and supplies	29,701	35,301
Payroll taxes and fringe benefits	119,125	108,769
Transportation expenses	48,727	33,306
	2,807,021	2,252,111
Operating income	480,759	650,085
Nonoperating revenue (expense):		
Interest and dividend income	27,189	25,870
Gain (loss) on disposal of assets	(325,926)	(542,183)
Write-up (down) of inventory	(24,548)	20,446
Interest expense	(588,618)	(412,911)
Relocation income	10,125	11,588
Relocation expense	(4,725)	(11,588)
Reimbursement	(9,886)	-
Amortization of bond issuance costs	(4,413)	(4,413)
Unrealized gain (loss) on investments	1,103	2,360
	(919,699)	(910,831)
Income (loss) before capital grants and contributions	(438,940)	(260,746)
Capital grants and contributions	510,848	454,867
Change in net assets, carried forward	\$ 71,908	\$ 194,121

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

**CHRISTIAN COUNTY WATER DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS, continued**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
Change in net assets, brought forward	\$ 71,908	\$ 194,121
Net assets, beginning of year	<u>8,537,291</u>	<u>8,343,170</u>
Net assets, end of year	<u>\$ 8,609,199</u>	<u>\$ 8,537,291</u>

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

**CHRISTIAN COUNTY WATER DISTRICT  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Receipts from customers and users	\$ 3,196,919	\$ 2,936,306
Cash payments to suppliers for goods and services	(1,551,460)	(1,254,588)
Cash payments to employees	<u>(666,828)</u>	<u>(613,008)</u>
Net cash provided by operating activities	<u>978,631</u>	<u>1,068,710</u>
Cash flows from capital and related financing activities		
Proceeds from grants	452,469	356,668
Purchases and construction of property and equipment	(739,340)	(1,130,657)
Principal paid on debt	(266,000)	(258,768)
Tap-on fees	54,900	64,500
Contributed lines	3,479	8,643
Proceeds from sale of fixed assets	6,198	4,400
Proceeds from debt	-	644,975
Customer deposits	1,750	2,600
Interest expense	<u>(445,718)</u>	<u>(403,832)</u>
Net cash used in capital and related financing activities	<u>(932,262)</u>	<u>(711,471)</u>
Cash flows from investing activities		
Interest on investments	<u>26,370</u>	<u>25,052</u>
Net cash provided by investing activities	<u>26,370</u>	<u>25,052</u>
Net increase (decrease) in cash and cash equivalents	72,739	382,291
Cash at beginning of year	<u>1,521,963</u>	<u>1,139,672</u>
Cash at end of year	<u>1,594,702</u>	<u>1,521,963</u>
Less restricted cash		
Cash - customer deposits	(50,525)	(48,775)
Cash - bond and interest redemption	(442,609)	(479,655)
Cash - depreciation reserve	(520,874)	(394,883)
Cash - bond reserve	<u>(293,340)</u>	<u>(291,195)</u>
Total restricted cash	<u>(1,307,348)</u>	<u>(1,214,508)</u>
Cash and cash equivalents per statement of net assets	<u>\$ 287,354</u>	<u>\$ 307,455</u>

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

**CHRISTIAN COUNTY WATER DISTRICT**  
**STATEMENTS OF CASH FLOWS, continued**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	2010	2009
Cash flows from operating activities		
Operating income	\$ 480,759	\$ 650,085
Adjustment to reconcile revenue to net cash provided by operating activities:		
Depreciation	529,227	457,110
(Increase) decrease in:		
Accounts receivable and unbilled revenues	(92,088)	34,666
Inventory	52,276	(3,140)
Prepaid expenses	2,691	1,178
Increase (decrease) in:		
Accounts payable	28,250	(66,212)
Accrued wages	1,714	3,204
Compensated absences	(24,198)	(8,181)
Net cash provided by operating activities	\$ 978,631	\$ 1,068,710

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