

Rubin & Hays

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

April 13, 2012

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

RECEIVED

APR 16 2012

PUBLIC SERVICE
COMMISSION

Re: Allen County Water District PSC Application

Dear Mr. Derouen:

Enclosed please find the original and ten (10) copies of the Application of the Allen 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.

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: Ms. Sue Carter, Allen County Water District
Ms. Kristen Curtis, Morgan Keegan

RECEIVED

APR 16 2012

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF:

THE APPLICATION OF ALLEN COUNTY)
 WATER DISTRICT TO ISSUE SECURITIES IN)
 THE APPROXIMATE PRINCIPAL AMOUNT OF)
 \$2,940,000 FOR THE PURPOSE OF REFUNDING) CASE NO. 2012 - _____
 CERTAIN OUTSTANDING REVENUE BONDS OF)
 THE DISTRICT PURSUANT TO THE PROVISIONS)
 OF KRS 278.300 AND 807 KAR 5:001)

** *** **** ***** **** *** **

APPLICATION

The Applicant, Allen 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 amount of \$2,940,000 (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 Allen County, which Order is on file in the County Court Order Books in the office of the Clerk of Allen 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:

Allen County Water District
c/o Ms. Sue Carter, Office Manager
P.O. Box 58
Scottsville, Kentucky 42164
Telephone: (270) 622-3040

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 2011 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 \$2,940,000 (subject to adjustment of up to 10%) for the purpose of refunding the outstanding revenue bonds designated as (i) Allen County Water District Waterworks Revenue Bonds of 1989, dated March 13, 1990, in the original principal amount of \$257,000, bearing interest at the rate of 5.00% per annum (the "1990 Bonds"); (ii) Allen County Water District Waterworks Revenue Bonds of 1993, dated April 26, 1994, in the original principal amount of \$615,000, bearing interest at the rate of 4.50% per annum (the "1994 Bonds"); (iii) Allen County Water District Waterworks Revenue Bonds, Series 1997, dated October 16, 1997, in the original

principal amount of \$617,000, bearing interest at the rate of 5.00% per annum (the "1997 Bonds"); and (iv) Allen County Water District Waterworks Revenue Bonds, Series 1999, dated May 26, 1999, in the original principal amount of \$1,988,000, bearing interest at the rate of 4.75% per annum (the "1999 Bonds") (hereinafter, the 1990 Bonds, the 1994 Bonds, the 1997 Bonds and the 1999 Bonds shall be collectively referred to as the "Prior Bonds"). The Prior Bonds are 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 result in a net present value benefit of approximately \$150,945.57. 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 debt service savings.

11. The Debt Service Schedule 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 and Expenses and Changes in Net Assets, Balance Sheet and Statement of Cash Flows for the twelve month period ending on December 31, 2011 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 2011 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 Water 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, 2011. The financial data filed with this Application is for the twelve (12) month period ending December 31, 2011. 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.

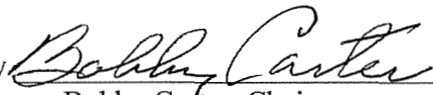
18. No rate adjustment will be necessary.

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


1. Authorize the issuance of the securities requested in the Application;
2. Grant the District a deviation from 807 KAR 5:001, Section 6 to allow the submission of the District's 2011 Annual Report and 2011 audited financial statements in lieu of more recent financial data as there has been no change that is material in nature in the financial condition or operation of the District since December 31, 2011, 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.

Allen County Water District

By 
Bobby Carter, Chairman
P.O. Box 58
Scottsville, Kentucky 42164
Phone: (270) 622-3040


Rubin & Hays

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

STATE OF KENTUCKY)
) SS
COUNTY OF ALLEN)

The affiant, Bobby Carter, being first duly sworn, states: That he is the Chairman of the Allen 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 9 day of April, 2012.



Bobby Carter, Chairman

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by Bobby Carter, Chairman of the Allen County Water District, on this the 9 day of April, 2012.

My Commission expires: 2-23-13.



NOTARY PUBLIC

Preliminary

\$2,940,000

Allen County Water District
 Kentucky Rural Water Finance Corporation
 Public Projects Refunding Revenue Bonds, Series 2012 D

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
04/25/2012	-	-	-	-	-
02/01/2013	55,000.00	2.350%	82,769.33	137,769.33	-
08/01/2013	-	-	53,333.75	53,333.75	-
12/30/2013	-	-	-	-	191,103.08
02/01/2014	85,000.00	2.350%	53,333.75	138,333.75	-
08/01/2014	-	-	52,335.00	52,335.00	-
12/30/2014	-	-	-	-	190,668.75
02/01/2015	85,000.00	2.400%	52,335.00	137,335.00	-
08/01/2015	-	-	51,315.00	51,315.00	-
12/30/2015	-	-	-	-	188,650.00
02/01/2016	90,000.00	2.550%	51,315.00	141,315.00	-
08/01/2016	-	-	50,167.50	50,167.50	-
12/30/2016	-	-	-	-	191,482.50
02/01/2017	90,000.00	2.550%	50,167.50	140,167.50	-
08/01/2017	-	-	49,020.00	49,020.00	-
12/30/2017	-	-	-	-	189,187.50
02/01/2018	95,000.00	3.450%	49,020.00	144,020.00	-
08/01/2018	-	-	47,381.25	47,381.25	-
12/30/2018	-	-	-	-	191,401.25
02/01/2019	95,000.00	3.450%	47,381.25	142,381.25	-
08/01/2019	-	-	45,742.50	45,742.50	-
12/30/2019	-	-	-	-	188,123.75
02/01/2020	100,000.00	3.450%	45,742.50	145,742.50	-
08/01/2020	-	-	44,017.50	44,017.50	-
12/30/2020	-	-	-	-	189,760.00
02/01/2021	105,000.00	3.450%	44,017.50	149,017.50	-
08/01/2021	-	-	42,206.25	42,206.25	-
12/30/2021	-	-	-	-	191,223.75
02/01/2022	105,000.00	3.450%	42,206.25	147,206.25	-
08/01/2022	-	-	40,395.00	40,395.00	-
12/30/2022	-	-	-	-	187,601.25
02/01/2023	110,000.00	3.450%	40,395.00	150,395.00	-
08/01/2023	-	-	38,497.50	38,497.50	-
12/30/2023	-	-	-	-	188,892.50
02/01/2024	115,000.00	3.450%	38,497.50	153,497.50	-
08/01/2024	-	-	36,513.75	36,513.75	-
12/30/2024	-	-	-	-	190,011.25
02/01/2025	120,000.00	3.450%	36,513.75	156,513.75	-
08/01/2025	-	-	34,443.75	34,443.75	-
12/30/2025	-	-	-	-	190,857.50
02/01/2026	125,000.00	3.600%	34,443.75	159,443.75	-
08/01/2026	-	-	32,193.75	32,193.75	-
12/30/2026	-	-	-	-	191,637.50
02/01/2027	130,000.00	3.700%	32,193.75	162,193.75	-
08/01/2027	-	-	29,788.75	29,788.75	-
12/30/2027	-	-	-	-	191,882.50
02/01/2028	135,000.00	3.850%	29,788.75	164,788.75	-
08/01/2028	-	-	27,190.00	27,190.00	-
12/30/2028	-	-	-	-	191,978.75
02/01/2029	140,000.00	3.950%	27,190.00	167,190.00	-
08/01/2029	-	-	24,425.00	24,425.00	-
12/30/2029	-	-	-	-	191,615.00
02/01/2030	130,000.00	3.950%	24,425.00	154,425.00	-
08/01/2030	-	-	21,857.50	21,857.50	-
12/30/2030	-	-	-	-	176,282.50
02/01/2031	135,000.00	4.150%	21,857.50	156,857.50	-
08/01/2031	-	-	19,056.25	19,056.25	-
12/30/2031	-	-	-	-	175,913.75
02/01/2032	140,000.00	4.150%	19,056.25	159,056.25	-
08/01/2032	-	-	16,151.25	16,151.25	-
12/30/2032	-	-	-	-	175,207.50
02/01/2033	150,000.00	4.150%	16,151.25	166,151.25	-
08/01/2033	-	-	13,038.75	13,038.75	-
12/30/2033	-	-	-	-	179,190.00
02/01/2034	120,000.00	4.150%	13,038.75	133,038.75	-
08/01/2034	-	-	10,548.75	10,548.75	-
12/30/2034	-	-	-	-	143,587.50
02/01/2035	120,000.00	4.350%	10,548.75	130,548.75	-
08/01/2035	-	-	7,938.75	7,938.75	-
12/30/2035	-	-	-	-	138,487.50
02/01/2036	130,000.00	4.350%	7,938.75	137,938.75	-
08/01/2036	-	-	5,111.25	5,111.25	-
12/30/2036	-	-	-	-	143,050.00
02/01/2037	135,000.00	4.350%	5,111.25	140,111.25	-
08/01/2037	-	-	2,175.00	2,175.00	-
12/30/2037	-	-	-	-	142,286.25
02/01/2038	100,000.00	4.350%	2,175.00	102,175.00	-
12/30/2038	-	-	-	-	102,175.00
Total	\$2,940,000.00	-	\$1,672,456.83	\$4,612,456.83	-

Yield Statistics

Bond Year Dollars	\$42,374.00
Average Life	14.413 Years
Average Coupon	3.9468939%
Net Interest Cost (NIC)	4.0596626%
True Interest Cost (TIC)	4.0613362%
Bond Yield for Arbitrage Purposes	3.8379464%
All Inclusive Cost (AIC)	4.2507091%

IRS Form 8038

Net Interest Cost	3.9568766%
Weighted Average Maturity	14.291 Years

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Morgan Keegan & Company, Inc.

Public Finance

Preliminary

\$2,940,000

Allen County Water District

Kentucky Rural Water Finance Corporation

Public Projects Refunding Revenue Bonds, Series 2012 D

Sources & Uses

Dated 04/25/2012 | Delivered 04/25/2012

Sources Of Funds

Par Amount of Bonds	\$2,940,000.00
Reoffering Premium	3,665.40
Transfers from Prior Issue Debt Service Funds	49,923.44
Total Sources	\$2,993,588.84

Uses Of Funds

Total Underwriter's Discount (1.750%)	51,450.00
Costs of Issuance	49,100.00
Deposit to Current Refunding Fund	2,890,811.35
Rounding Amount	2,227.49
Total Uses	\$2,993,588.84

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Preliminary

\$2,940,000

Allen County Water District
Kentucky Rural Water Finance Corporation
Public Projects Refunding Revenue Bonds, Series 2012 D

Debt Service Comparison

Date	Total P+I	Expenses	Net New D/S	Old Net D/S	Savings
12/30/2012	-	-	-	67,596.88	67,596.88
12/30/2013	191,103.08	450.00	191,553.08	198,162.82	6,609.74
12/30/2014	190,668.75	450.00	191,118.75	197,542.50	6,423.75
12/30/2015	188,650.00	450.00	189,100.00	196,804.06	7,704.06
12/30/2016	191,482.50	450.00	191,932.50	198,386.56	6,454.06
12/30/2017	189,187.50	450.00	189,637.50	198,267.50	8,630.00
12/30/2018	191,401.25	450.00	191,851.25	198,959.07	7,107.82
12/30/2019	188,123.75	450.00	188,573.75	197,971.57	9,397.82
12/30/2020	189,760.00	450.00	190,210.00	198,307.50	8,097.50
12/30/2021	191,223.75	450.00	191,673.75	197,941.87	6,268.12
12/30/2022	187,601.25	450.00	188,051.25	197,873.44	9,822.19
12/30/2023	188,892.50	450.00	189,342.50	198,079.69	8,737.19
12/30/2024	190,011.25	450.00	190,461.25	199,023.44	8,562.19
12/30/2025	190,957.50	450.00	191,407.50	199,683.44	8,275.94
12/30/2026	191,637.50	450.00	192,087.50	198,105.94	6,018.44
12/30/2027	191,982.50	450.00	192,432.50	199,267.19	6,834.69
12/30/2028	191,978.75	450.00	192,428.75	199,120.94	6,692.19
12/30/2029	191,615.00	450.00	192,065.00	200,153.76	8,088.76
12/30/2030	176,282.50	450.00	176,732.50	184,741.88	8,009.38
12/30/2031	175,913.75	450.00	176,363.75	183,445.00	7,081.25
12/30/2032	175,207.50	450.00	175,657.50	184,841.25	9,183.75
12/30/2033	179,190.00	450.00	179,640.00	186,839.38	7,199.38
12/30/2034	143,587.50	450.00	144,037.50	150,293.13	6,255.63
12/30/2035	138,487.50	450.00	138,937.50	148,804.06	9,866.56
12/30/2036	143,050.00	450.00	143,500.00	149,051.87	5,551.87
12/30/2037	142,286.25	450.00	142,736.25	148,012.81	5,276.56
12/30/2038	102,175.00	450.00	102,625.00	111,588.75	8,963.75
Total	\$4,612,456.83	\$11,700.00	\$4,624,156.83	\$4,888,866.30	\$264,709.47

PV Analysis Summary (Net to Net)

Net FV Cashflow Savings	264,709.47
Gross PV Debt Service Savings	205,997.88
Effects of changes in Expenses	(7,356.36)
Net PV Cashflow Savings @ 3.838%(Bond Yield)	198,641.52
Transfers from Prior Issue Debt Service Fund	(49,923.44)
Contingency or Rounding Amount	2,227.49
Net Future Value Benefit	\$217,013.52
Net Present Value Benefit	\$150,945.57
Net PV Benefit / \$2,848,000 Refunded Principal	5.300%
Net PV Benefit / \$2,940,000 Refunding Principal	5.134%

Refunding Bond Information

Refunding Dated Date	4/25/2012
Refunding Delivery Date	4/25/2012
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Morgan Keegan & Company, Inc.

Public Finance

Preliminary

\$257,000

Allen County Water District

Series 1990

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/30/2012	-	-	4,350.00	4,350.00
12/30/2013	7,000.00	-	8,525.00	15,525.00
12/30/2014	7,000.00	-	8,175.00	15,175.00
12/30/2015	7,000.00	-	7,825.00	14,825.00
12/30/2016	8,000.00	-	7,450.00	15,450.00
12/30/2017	8,000.00	-	7,050.00	15,050.00
12/30/2018	9,000.00	-	6,625.00	15,625.00
12/30/2019	9,000.00	-	6,175.00	15,175.00
12/30/2020	9,000.00	-	5,725.00	14,725.00
12/30/2021	10,000.00	-	5,250.00	15,250.00
12/30/2022	10,000.00	-	4,750.00	14,750.00
12/30/2023	11,000.00	-	4,225.00	15,225.00
12/30/2024	12,000.00	-	3,650.00	15,650.00
12/30/2025	12,000.00	-	3,050.00	15,050.00
12/30/2026	13,000.00	-	2,425.00	15,425.00
12/30/2027	13,000.00	-	1,775.00	14,775.00
12/30/2028	14,000.00	-	1,100.00	15,100.00
12/30/2029	15,000.00	5.000%	375.00	15,375.00
Total	\$174,000.00	-	\$88,500.00	\$262,500.00

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	4/25/2012
Average Life	9.856 Years
Average Coupon	5.0000000%
Weighted Average Maturity (Par Basis)	9.856 Years

Refunding Bond Information

Refunding Dated Date	4/25/2012
Refunding Delivery Date	4/25/2012

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Morgan Keegan & Company, Inc.

Public Finance

Preliminary

\$468,000

Allen County Water District

Series 1994

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/30/2012	-	-	10,530.00	10,530.00
12/30/2013	13,000.00	-	20,767.50	33,767.50
12/30/2014	14,000.00	-	20,160.00	34,160.00
12/30/2015	14,000.00	-	19,530.00	33,530.00
12/30/2016	15,000.00	-	18,877.50	33,877.50
12/30/2017	16,000.00	-	18,180.00	34,180.00
12/30/2018	17,000.00	-	17,437.50	34,437.50
12/30/2019	17,000.00	-	16,672.50	33,672.50
12/30/2020	19,000.00	-	15,862.50	34,862.50
12/30/2021	19,000.00	-	15,007.50	34,007.50
12/30/2022	20,000.00	-	14,130.00	34,130.00
12/30/2023	21,000.00	-	13,207.50	34,207.50
12/30/2024	22,000.00	-	12,240.00	34,240.00
12/30/2025	24,000.00	-	11,205.00	35,205.00
12/30/2026	24,000.00	-	10,125.00	34,125.00
12/30/2027	26,000.00	-	9,000.00	35,000.00
12/30/2028	27,000.00	-	7,807.50	34,807.50
12/30/2029	29,000.00	-	6,547.50	35,547.50
12/30/2030	30,000.00	-	5,220.00	35,220.00
12/30/2031	31,000.00	-	3,847.50	34,847.50
12/30/2032	33,000.00	-	2,407.50	35,407.50
12/30/2033	37,000.00	4.500%	832.50	37,832.50
Total	\$468,000.00	-	\$269,595.00	\$737,595.00

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	4/25/2012
Average Life	12.485 Years
Average Coupon	4.6141405%
Weighted Average Maturity (Par Basis)	12.485 Years

Refunding Bond Information

Refunding Dated Date	4/25/2012
Refunding Delivery Date	4/25/2012

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Morgan Keegan & Company, Inc.

Public Finance

Preliminary

\$519,000

Allen County Water District

Series 1997

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/30/2012	-	-	12,650.63	12,650.63
12/30/2013	10,500.00	-	25,045.32	35,545.32
12/30/2014	11,000.00	-	24,521.25	35,521.25
12/30/2015	11,500.00	-	23,972.81	35,472.81
12/30/2016	12,500.00	-	23,387.81	35,887.81
12/30/2017	13,000.00	-	22,766.25	35,766.25
12/30/2018	13,500.00	-	22,120.32	35,620.32
12/30/2019	14,500.00	-	21,437.82	35,937.82
12/30/2020	15,000.00	-	20,718.75	35,718.75
12/30/2021	16,000.00	-	19,963.12	35,963.12
12/30/2022	16,500.00	-	19,170.94	35,670.94
12/30/2023	17,500.00	-	18,342.19	35,842.19
12/30/2024	18,500.00	-	17,464.69	35,964.69
12/30/2025	19,500.00	-	16,538.44	36,038.44
12/30/2026	20,500.00	-	15,563.44	36,063.44
12/30/2027	21,500.00	-	14,539.69	36,039.69
12/30/2028	22,500.00	-	13,467.19	35,967.19
12/30/2029	24,000.00	-	12,333.76	36,333.76
12/30/2030	25,000.00	-	11,139.38	36,139.38
12/30/2031	26,000.00	-	9,896.25	35,896.25
12/30/2032	28,000.00	-	8,580.00	36,580.00
12/30/2033	29,000.00	-	7,190.63	36,190.63
12/30/2034	31,000.00	-	5,728.13	36,728.13
12/30/2035	32,500.00	-	4,180.31	36,680.31
12/30/2036	34,000.00	-	2,559.37	36,559.37
12/30/2037	35,500.00	4.875%	865.31	36,365.31
Total	\$519,000.00	-	\$394,143.80	\$913,143.80

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	4/25/2012
Average Life	15.261 Years
Average Coupon	4.9761547%
Weighted Average Maturity (Par Basis)	15.261 Years

Refunding Bond Information

Refunding Dated Date	4/25/2012
Refunding Delivery Date	4/25/2012

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Morgan Keegan & Company, Inc.

Public Finance

Preliminary

\$1,988,000

Allen County Water District

Series 1999

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/30/2012	-	-	40,066.25	40,066.25
12/30/2013	34,000.00	-	79,325.00	113,325.00
12/30/2014	35,000.00	-	77,686.25	112,686.25
12/30/2015	37,000.00	-	75,976.25	112,976.25
12/30/2016	39,000.00	-	74,171.25	113,171.25
12/30/2017	41,000.00	-	72,271.25	113,271.25
12/30/2018	43,000.00	-	70,276.25	113,276.25
12/30/2019	45,000.00	-	68,186.25	113,186.25
12/30/2020	47,000.00	-	66,001.25	113,001.25
12/30/2021	49,000.00	-	63,721.25	112,721.25
12/30/2022	52,000.00	-	61,322.50	113,322.50
12/30/2023	54,000.00	-	58,805.00	112,805.00
12/30/2024	57,000.00	-	56,168.75	113,168.75
12/30/2025	60,000.00	-	53,390.00	113,390.00
12/30/2026	62,000.00	-	50,492.50	112,492.50
12/30/2027	66,000.00	-	47,452.50	113,452.50
12/30/2028	69,000.00	-	44,246.25	113,246.25
12/30/2029	72,000.00	-	40,897.50	112,897.50
12/30/2030	76,000.00	-	37,382.50	113,382.50
12/30/2031	79,000.00	-	33,701.25	112,701.25
12/30/2032	83,000.00	-	29,853.75	112,853.75
12/30/2033	87,000.00	-	25,816.25	112,816.25
12/30/2034	92,000.00	-	21,565.00	113,565.00
12/30/2035	95,000.00	-	17,123.75	112,123.75
12/30/2036	100,000.00	-	12,492.50	112,492.50
12/30/2037	104,000.00	-	7,647.50	111,647.50
12/30/2038	109,000.00	4.750%	2,588.75	111,588.75
Total	\$1,687,000.00	-	\$1,288,627.50	\$2,975,627.50

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	4/25/2012
Average Life	15.765 Years
Average Coupon	4.7500000%
Weighted Average Maturity (Par Basis)	15.765 Years

Refunding Bond Information

Refunding Dated Date	4/25/2012
Refunding Delivery Date	4/25/2012

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Morgan Keegan & Company, Inc.

Public Finance

**ALLEN COUNTY WATER DISTRICT
BALANCE SHEETS
December 31, 2011 and 2010**

	2011	2010
Assets		
Current Assets:		
Cash	\$ 318,636	\$ 288,602
Certificates of Deposit	3,920,233	3,985,591
Construction in Progress	245,243	-0-
Accounts Receivable from Customers (Note 1)	216,944	204,641
Prepaid Insurance	11,658	15,147
Accrued Interest Receivable	<u>15,693</u>	<u>20,487</u>
Total Current Assets	<u>4,728,407</u>	<u>4,514,468</u>
Utility Plant:		
Utility Plant in Service (Notes 1 and 3)	17,047,287	16,885,442
Less: Accumulated Depreciation	<u>(5,125,514)</u>	<u>(4,755,839)</u>
Total Utility Plant, Net	<u>11,921,773</u>	<u>12,129,603</u>
Other Assets:		
Cash (Notes 1 and 4)	857,752	804,925
Certificates of Deposit (Notes 1 and 4)	78,326	77,152
Utility Deposits	555	555
Other Deferred Charges, Net of Accumulated Amortization of \$25,646 and \$23,371, respectively (Note 1)	<u>51,071</u>	<u>53,346</u>
Total Other Assets	<u>987,704</u>	<u>935,978</u>
Total Assets	<u>\$17,637,884</u>	<u>\$17,580,049</u>

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

**ALLEN COUNTY WATER DISTRICT
BALANCE SHEETS (Continued)
December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Liabilities and Net Assets		
Current Liabilities:		
Notes Payable, Due Within One Year (Note 5)	\$ 172,821	\$ 96,500
Accounts Payable, Payroll Taxes and Other Payables	68,147	83,732
Customer Deposits	61,280	61,280
Accrued Interest	<u>111,461</u>	<u>113,768</u>
Total Current Liabilities	<u>413,709</u>	<u>355,280</u>
Long-Term Liabilities:		
Notes Payable	<u>4,652,000</u>	<u>4,751,500</u>
Total Liabilities	<u>5,065,709</u>	<u>5,106,780</u>
Net Assets:		
Unrestricted	4,298,791	4,333,484
Invested in Capital Assets, Net of Related Debt	<u>7,342,196</u>	<u>7,259,681</u>
Total Unrestricted Net Assets	<u>11,640,987</u>	<u>11,593,165</u>
Temporarily Restricted:		
Bond and Interest Redemption Fund (Note 1)	629,234	600,457
Depreciation Fund (Note 1)	<u>301,954</u>	<u>279,647</u>
Total Temporarily Restricted Net Assets	<u>931,188</u>	<u>880,104</u>
Total Net Assets	<u>12,572,175</u>	<u>12,473,269</u>
Total Liabilities and Net Assets	<u>\$17,637,884</u>	<u>\$17,580,049</u>

The accompanying notes are an integral part of the financial statements

ALLEN COUNTY WATER DISTRICT
STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET ASSETS
For The Years Ended December 31, 2011 and 2010

	Year Ended December 31, 2011			Year Ended December 31, 2010		
	Unrestricted	Temporarily Restricted	All Funds	Unrestricted	Temporarily Restricted	All Funds
<u>Operating Revenues</u>						
Metered Water Sales	\$ 2,017,133	\$ -0-	\$ 2,017,133	\$ 2,020,963	\$ -0-	\$ 2,020,963
Forfeited Discounts	46,240	-0-	46,240	51,181	-0-	51,181
Pumping Charges for Water Returns to Supplier	59,708	-0-	59,708	31,034	-0-	31,034
Miscellaneous Service Revenue	34,408	-0-	34,408	31,092	-0-	31,092
Total Operating Revenues	<u>2,157,489</u>	<u>-0-</u>	<u>2,157,489</u>	<u>2,134,270</u>	<u>-0-</u>	<u>2,134,270</u>
<u>Operating Expense</u>						
Source of Supply and Pumping	638,157	-0-	638,157	669,077	-0-	669,077
Transmission and Distribution	279,295	-0-	279,295	254,428	-0-	254,428
Customer Accounts	175,954	-0-	175,954	149,647	-0-	149,647
Administrative and General	563,204	-0-	563,204	601,061	-0-	601,061
Depreciation (Note 1)	369,675	-0-	369,675	367,940	-0-	367,940
Amortization (Note 1)	2,275	-0-	2,275	2,275	-0-	2,275
Taxes Other Than Income	39,698	-0-	39,698	37,113	-0-	37,113
Total Operating Expenses	<u>2,068,258</u>	<u>-0-</u>	<u>2,068,258</u>	<u>2,081,541</u>	<u>-0-</u>	<u>2,081,541</u>
Operating Income	<u>89,231</u>	<u>-0-</u>	<u>89,231</u>	<u>52,729</u>	<u>-0-</u>	<u>52,729</u>
<u>Nonoperating Revenues and (Expenses)</u>						
Interest Income	140,913	2,837	143,750	151,057	3,618	154,675
Interest Expense (Note 4)	(119)	(230,617)	(230,736)	(104)	(232,204)	(232,308)
Miscellaneous Income	11,761	-0-	11,761	12,157	-0-	12,157
Net Nonoperating Revenues and (Expenses)	<u>152,555</u>	<u>(227,780)</u>	<u>(75,225)</u>	<u>163,110</u>	<u>(228,586)</u>	<u>(65,476)</u>
Income (Loss) Before Other Revenues, Expenses and Transfers	<u>241,786</u>	<u>(227,780)</u>	<u>14,006</u>	<u>215,839</u>	<u>(228,586)</u>	<u>(12,747)</u>
<u>Other Revenues, (Expenses) and Transfers</u>						
Revenues from Grants – County Fiscal Court	-0-	-0-	-0-	-0-	-0-	-0-
Revenues from Capital Contributions –Water Tap Fees, Other	84,900	-0-	84,900	70,426	-0-	70,426
Transfers Out	96,500	(96,500)	-0-	92,000	(92,000)	-0-
Transfers In	(373,390)	373,390	-0-	(373,265)	373,265	-0-
Net Other Revenues, (Expenses) and Transfers	<u>(191,990)</u>	<u>276,890</u>	<u>84,900</u>	<u>(210,839)</u>	<u>281,265</u>	<u>70,426</u>
Increase (Decrease) in Net Assets, as Adjusted Reclassification	49,796	49,110	98,906	5,000	52,679	57,679
	(1,974)	1,974	-0-	(9,836)	9,736	(100)
Net Assets – Beginning of Year, as Adjusted	<u>11,593,165</u>	<u>880,104</u>	<u>12,473,269</u>	<u>11,598,001</u>	<u>817,689</u>	<u>12,415,690</u>
Net Assets – End of Year, as Adjusted	<u>\$11,640,987</u>	<u>\$ 931,188</u>	<u>\$12,572,175</u>	<u>\$11,593,165</u>	<u>\$ 880,104</u>	<u>\$ 12,473,269</u>

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

**ALLEN COUNTY WATER DISTRICT
STATEMENTS OF CASH FLOWS
For The Years Ended December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Cash Flows From Operating Activities and Non-Operating Revenues:		
Receipts From Customers	\$2,156,948	\$2,165,946
Salaries, Wages and Employee Benefits	(789,335)	(734,765)
Purchased Water	(638,157)	(669,077)
Other Operating Expenses	(333,865)	(359,118)
Non-Operating Revenues	<u>-0-</u>	<u>-0-</u>
Cash Provided by Operations and Non-Operating Revenues	<u>395,591</u>	<u>402,986</u>
 Cash Flows From Capital and Related Financing Activities:		
Customer Deposits	-0-	2,117
Purchase of Capital Assets and Deferred Charges	(356,443)	(131,264)
Proceeds From Interim Construction Funding	73,321	-0-
Principal Paid on Revenue Bonds and Notes Payable	(96,500)	(92,000)
Interest Paid on Revenue Bonds and Other Debt	(230,736)	(232,204)
Fiscal Court Grants	-0-	-0-
Rural Development Grant	-0-	-0-
Customer Tap Fees and Other Capital Contributions	<u>84,900</u>	<u>70,426</u>
Cash Used in Capital and Related Financing Activities	<u>(525,458)</u>	<u>(382,925)</u>
 Cash Flows From Investing Activities:		
Interest on Cash Balances	<u>148,544</u>	<u>154,859</u>
 Net Increase in Cash and Cash Equivalents	18,677	174,920
 Cash and Cash Equivalents, Beginning of Year	<u>5,156,270</u>	<u>4,981,350</u>
 Cash and Cash Equivalents, End of Year	<u>\$5,174,947</u>	<u>\$5,156,270</u>
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities and Non-Operating Revenues:		
Operating Income	\$ 89,231	\$ 52,729
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities and Non-Operating Revenues –		
Depreciation and Amortization Expense	371,950	370,215
(Increase) Decrease in Accounts Receivable	(12,303)	19,623
(Increase) Decrease in Prepaid Insurance	3,489	(515)
Increase (Decrease) in Acc. Payable and Acc. Expenses	(15,585)	13,865
Capitalized Labor Costs	(52,953)	(64,984)
Other Non-Operating Revenue	<u>11,762</u>	<u>12,053</u>
Net Cash Provided by Operations and Non-Operating Revenues	<u>\$ 395,591</u>	<u>\$ 402,986</u>

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

**ALLEN COUNTY WATER DISTRICT
STATEMENTS OF CASH FLOWS (Continued)
For The Years Ended December 31, 2011 and 2010**

	2011	2010
Reconciliation of Cash and Cash Equivalents at End of Year To Balance Sheets:		
Current Assets –		
Cash	\$ 318,636	\$ 288,602
Certificates of Deposit/Government Bond Fund	3,920,233	3,985,591
Other Assets –		
Cash	857,752	804,925
Certificates of Deposit	<u>78,326</u>	<u>77,152</u>
Total Cash and Cash Equivalents at End of Year	<u>\$ 5,174,947</u>	<u>\$ 5,156,270</u>

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