

# Rubin & Hays

ATTORNEYS AT LAW

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CHARLES S. MUSSON  
W RANDALL JONES  
CHRISTIAN L. JUCKETT

April 26, 2012

RECEIVED

APR 30 2012

PUBLIC SERVICE  
COMMISSION

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

Re: Edmonson County Water District PSC Application

Dear Mr. Derouen:

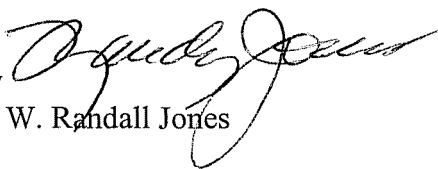
Enclosed please find the original and ten (10) copies of the Application of the Edmonson County Water District for an Order authorizing the issuance of securities pursuant to KRS 278.300.

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: Mr. Nelson Sanders, Edmonson County Water District  
Ms. Kristen Millard, Morgan Keegan

**COMMONWEALTH OF KENTUCKY**

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY**

IN THE MATTER OF:

RECEIVED

APR 30 2012

PUBLIC SERVICE  
COMMISSION

**THE APPLICATION OF EDMONSON COUNTY )  
WATER DISTRICT TO ISSUE SECURITIES )  
IN THE APPROXIMATE PRINCIPAL AMOUNT )  
OF \$3,160,000 FOR THE PURPOSE OF REFUNDING )  
CERTAIN OUTSTANDING REVENUE BONDS OF )  
THE DISTRICT PURSUANT TO THE PROVISIONS )  
OF KRS 278.300 AND 807 KAR 5:001 )**

CASE No. 2012 - \_\_\_\_\_

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

**APPLICATION**

The Applicant, Edmonson 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 \$3,160,000 (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 Edmonson County, which Order is on file in the County Court Order Books in the office of the Clerk of Edmonson 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:

Edmonson County Water District  
c/o Mr. Nelson Sanders, Manager  
P.O. Box 208  
Brownsville, Kentucky 42210  
Telephone: (270) 597-2165

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 \$3,160,000 (subject to adjustment of up to 10%) for the purpose of refunding the outstanding revenue bonds designated (i) Edmonson County Water District Water System Revenue Bonds, 1994 Series A, dated December 12, 1994, in the original principal amount of \$1,900,000 (the "1994A Bonds"); (ii) Edmonson County Water District Water System Revenue Bonds, 1994 Series B, dated December 12, 1994, in the original principal amount of \$300,000 (the "1994B Bonds"); (iii) Edmonson County Water District Water System Revenue Bonds, 1994 Series C, dated December 12, 1994, in the original principal amount of \$860,000 (the "1994C Bonds"); and (iv) Edmonson County Water District Water System Revenue Bonds, Series 1997, dated May 27, 1998, in the original principal amount of \$600,000 (the "1997 Bonds") (hereinafter the 1994A

Bonds, the 1994B Bonds, the 1994C Bonds and the 1997 Bonds shall be collectively referred to as the Prior Bonds. Said Prior Bonds bear interest at the rate of 4.50% per annum and are currently held by the United States Department of Agriculture, acting through Rural Development (“RD”).

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 \$103,827.41. 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 May 8, 2012, in order to provide funds sufficient to redeem, in full, the Prior 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 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 Revenue and Expenses, 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 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. 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;
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 2011 Annual Report and 2011 Audit in lieu of more recent financial data, there being no material change in the data in 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.

Edmonson County Water District

By   
Chairman  
P.O. Box 208  
Brownsville, Kentucky 42210  
Phone: (270) 597-2165  
Fax: (270) 597-2166

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 Edmonson County  
Water District

STATE OF KENTUCKY            )  
  ) SS  
COUNTY OF EDMONSON        )


The affiant, Jimmy Mills, being first duly sworn, states: That he is the Chairman of the Edmonson 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 24 day of April, 2012.

  
\_\_\_\_\_  
Jimmy Mills, Chairman

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by Jimmy Mills, Chairman of the Edmonson County Water District, on this the 24 day of April, 2012.

My Commission expires: June 14, 2014.

  
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NOTARY PUBLIC





Preliminary

**\$3,160,000**

Edmonson 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	70,000.00	2.350%	86,629.50	156,629.50	-
08/01/2013	-	-	55,675.00	55,675.00	-
12/30/2013	-	-	-	-	212,304.50
02/01/2014	100,000.00	2.350%	55,675.00	155,675.00	-
08/01/2014	-	-	54,500.00	54,500.00	-
12/30/2014	-	-	-	-	210,175.00
02/01/2015	105,000.00	2.400%	54,500.00	159,500.00	-
08/01/2015	-	-	53,240.00	53,240.00	-
12/30/2015	-	-	-	-	212,740.00
02/01/2016	105,000.00	2.550%	53,240.00	158,240.00	-
08/01/2016	-	-	51,901.25	51,901.25	-
12/30/2016	-	-	-	-	210,141.25
02/01/2017	110,000.00	2.550%	51,901.25	161,901.25	-
08/01/2017	-	-	50,498.75	50,498.75	-
12/30/2017	-	-	-	-	212,400.00
02/01/2018	115,000.00	3.450%	50,498.75	165,498.75	-
08/01/2018	-	-	48,515.00	48,515.00	-
12/30/2018	-	-	-	-	214,013.75
02/01/2019	120,000.00	3.450%	48,515.00	168,515.00	-
08/01/2019	-	-	46,445.00	46,445.00	-
12/30/2019	-	-	-	-	214,860.00
02/01/2020	125,000.00	3.450%	46,445.00	171,445.00	-
08/01/2020	-	-	44,288.75	44,288.75	-
12/30/2020	-	-	-	-	215,783.75
02/01/2021	125,000.00	3.450%	44,288.75	169,288.75	-
08/01/2021	-	-	42,132.50	42,132.50	-
12/30/2021	-	-	-	-	211,421.25
02/01/2022	130,000.00	3.450%	42,132.50	172,132.50	-
08/01/2022	-	-	39,890.00	39,890.00	-
12/30/2022	-	-	-	-	212,022.50
02/01/2023	135,000.00	3.450%	39,890.00	174,890.00	-
08/01/2023	-	-	37,561.25	37,561.25	-
12/30/2023	-	-	-	-	212,451.25
02/01/2024	140,000.00	3.450%	37,561.25	177,561.25	-
08/01/2024	-	-	35,146.25	35,146.25	-
12/30/2024	-	-	-	-	212,707.50
02/01/2025	150,000.00	3.450%	35,146.25	185,146.25	-
08/01/2025	-	-	32,558.75	32,558.75	-
12/30/2025	-	-	-	-	217,705.00
02/01/2026	155,000.00	3.600%	32,558.75	187,558.75	-
08/01/2026	-	-	29,768.75	29,768.75	-
12/30/2026	-	-	-	-	217,327.50
02/01/2027	160,000.00	3.700%	29,768.75	189,768.75	-
08/01/2027	-	-	26,808.75	26,808.75	-
12/30/2027	-	-	-	-	216,577.50
02/01/2028	165,000.00	3.850%	26,808.75	191,808.75	-
08/01/2028	-	-	23,632.50	23,632.50	-
12/30/2028	-	-	-	-	215,441.25
02/01/2029	170,000.00	3.950%	23,632.50	193,632.50	-
08/01/2029	-	-	20,275.00	20,275.00	-
12/30/2029	-	-	-	-	213,907.50
02/01/2030	180,000.00	3.950%	20,275.00	200,275.00	-
08/01/2030	-	-	16,720.00	16,720.00	-
12/30/2030	-	-	-	-	216,895.00
02/01/2031	190,000.00	4.150%	16,720.00	206,720.00	-
08/01/2031	-	-	12,777.50	12,777.50	-
12/30/2031	-	-	-	-	219,497.50
02/01/2032	195,000.00	4.150%	12,777.50	207,777.50	-
08/01/2032	-	-	8,731.25	8,731.25	-
12/30/2032	-	-	-	-	216,508.75
02/01/2033	205,000.00	4.150%	8,731.25	213,731.25	-
08/01/2033	-	-	4,477.50	4,477.50	-
12/30/2033	-	-	-	-	218,208.75
02/01/2034	90,000.00	4.150%	4,477.50	94,477.50	-
08/01/2034	-	-	2,610.00	2,610.00	-
12/30/2034	-	-	-	-	97,087.50
02/01/2035	40,000.00	4.350%	2,610.00	42,610.00	-
08/01/2035	-	-	1,740.00	1,740.00	-
12/30/2035	-	-	-	-	44,350.00
02/01/2036	40,000.00	4.350%	1,740.00	41,740.00	-
08/01/2036	-	-	870.00	870.00	-
12/30/2036	-	-	-	-	42,610.00
02/01/2037	10,000.00	4.350%	870.00	10,870.00	-
08/01/2037	-	-	652.50	652.50	-
12/30/2037	-	-	-	-	11,522.50
02/01/2038	10,000.00	4.350%	652.50	10,652.50	-
08/01/2038	-	-	435.00	435.00	-
12/30/2038	-	-	-	-	11,087.50
02/01/2039	10,000.00	4.350%	435.00	10,435.00	-
08/01/2039	-	-	217.50	217.50	-
12/30/2039	-	-	-	-	10,652.50
02/01/2040	10,000.00	4.350%	217.50	10,217.50	-
12/30/2040	-	-	-	-	10,217.50
<b>Total</b>	<b>\$3,160,000.00</b>	<b>-</b>	<b>\$1,570,767.00</b>	<b>\$4,730,767.00</b>	<b>-</b>

**Yield Statistics**

Bond Year Dollars	\$40,962.67
Average Life	12.963 Years
Average Coupon	3.6346307%

Net Interest Cost (NIC)	3.9522995%
True Interest Cost (TIC)	3.9566516%
Bond Yield for Arbitrage Purposes	3.8379464%
All Inclusive Cost (AIC)	4.1574369%

IRS Form 8038	
Net Interest Cost	3.8458367%
Weighted Average Maturity	12.838 Years

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**Morgan Keegan & Company, Inc.**

Public Finance



Preliminary

**\$3,160,000**

Edmonson 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	\$3,160,000.00
Reoffering Premium	7,099.75
Transfers from Prior Issue Debt Service Funds	54,862.51
<b>Total Sources</b>	<b>\$3,221,962.26</b>

### Uses Of Funds

Total Underwriter's Discount (1.750%)	55,300.00
Costs of Issuance	52,400.00
Deposit to Current Refunding Fund	3,113,747.51
Rounding Amount	514.75
<b>Total Uses</b>	<b>\$3,221,962.26</b>

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Preliminary

**\$3,160,000**

Edmonson 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	-	-	-	69,075.00	69,075.00
12/30/2013	212,304.50	450.00	212,754.50	217,620.75	4,866.25
12/30/2014	210,175.00	450.00	210,625.00	216,015.00	5,390.00
12/30/2015	212,740.00	450.00	213,190.00	216,954.00	3,764.00
12/30/2016	210,141.25	450.00	210,591.25	216,992.75	6,401.50
12/30/2017	212,400.00	450.00	212,850.00	217,531.25	4,681.25
12/30/2018	214,013.75	450.00	214,463.75	217,267.25	2,803.50
12/30/2019	214,960.00	450.00	215,410.00	217,889.50	2,479.50
12/30/2020	215,733.75	450.00	216,183.75	218,664.25	2,480.50
12/30/2021	211,421.25	450.00	211,871.25	218,302.75	6,431.50
12/30/2022	212,022.50	450.00	212,472.50	219,093.75	6,621.25
12/30/2023	212,451.25	450.00	212,901.25	219,214.75	6,313.50
12/30/2024	212,707.50	450.00	213,157.50	219,563.50	6,406.00
12/30/2025	217,705.00	450.00	218,155.00	220,117.50	1,962.50
12/30/2026	217,327.50	450.00	217,777.50	219,974.50	2,197.00
12/30/2027	216,577.50	450.00	217,027.50	220,423.25	3,395.75
12/30/2028	215,441.25	450.00	215,891.25	220,641.25	4,750.00
12/30/2029	213,907.50	450.00	214,357.50	221,406.00	7,048.50
12/30/2030	216,995.00	450.00	217,445.00	222,383.75	4,938.75
12/30/2031	219,497.50	450.00	219,947.50	222,961.00	3,013.50
12/30/2032	216,508.75	450.00	216,958.75	223,724.25	6,765.50
12/30/2033	218,208.75	450.00	218,658.75	222,496.00	3,837.25
12/30/2034	97,087.50	450.00	97,537.50	101,168.50	3,631.00
12/30/2035	44,350.00	450.00	44,800.00	48,242.25	3,442.25
12/30/2036	42,610.00	450.00	43,060.00	47,707.25	4,647.25
12/30/2037	11,522.50	450.00	11,972.50	15,047.25	3,074.75
12/30/2038	11,087.50	450.00	11,537.50	14,982.50	3,445.00
12/30/2039	10,652.50	450.00	11,102.50	14,993.00	3,890.50
12/30/2040	10,217.50	450.00	10,667.50	14,976.50	4,309.00
12/30/2041	-	-	-	15,030.75	15,030.75
<b>Total</b>	<b>\$4,730,767.00</b>	<b>\$12,600.00</b>	<b>\$4,743,367.00</b>	<b>\$4,950,460.00</b>	<b>\$207,093.00</b>

### PV Analysis Summary (Net to Net)

Net FV Cashflow Savings	207,093.00
Gross PV Debt Service Savings	165,850.79
Effects of changes in Expenses	(7,675.62)
<b>Net PV Cashflow Savings @ 3.838%(Bond Yield)</b>	<b>158,175.17</b>
Transfers from Prior Issue Debt Service Fund	(54,862.51)
Contingency or Rounding Amount	514.75
Net Future Value Benefit	\$152,745.24
Net Present Value Benefit	\$103,827.41
Net PV Benefit / \$3,070,000 Refunded Principal	3.382%
Net PV Benefit / \$3,160,000 Refunding Principal	3.286%

### Refunding Bond Information

Refunding Dated Date	4/25/2012
Refunding Delivery Date	4/25/2012
3/30/2012   10:55 AM	

**Morgan Keegan & Company, Inc.**

Public Finance



Preliminary

**Edmonson County Water District**

Series 1994 A

**Total Refunded Debt Service**

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Total P+I</b>
12/30/2012	-	-	32,490.00	32,490.00
12/30/2013	41,000.00	-	64,057.50	105,057.50
12/30/2014	42,000.00	-	62,190.00	104,190.00
12/30/2015	45,000.00	-	60,232.50	105,232.50
12/30/2016	47,000.00	-	58,162.50	105,162.50
12/30/2017	49,000.00	-	56,002.50	105,002.50
12/30/2018	52,000.00	-	53,730.00	105,730.00
12/30/2019	54,000.00	-	51,345.00	105,345.00
12/30/2020	57,000.00	-	48,847.50	105,847.50
12/30/2021	60,000.00	-	46,215.00	106,215.00
12/30/2022	63,000.00	-	43,447.50	106,447.50
12/30/2023	66,000.00	-	40,545.00	106,545.00
12/30/2024	69,000.00	-	37,507.50	106,507.50
12/30/2025	73,000.00	-	34,312.50	107,312.50
12/30/2026	76,000.00	-	30,960.00	106,960.00
12/30/2027	80,000.00	-	27,450.00	107,450.00
12/30/2028	84,000.00	-	23,760.00	107,760.00
12/30/2029	88,000.00	-	19,890.00	107,890.00
12/30/2030	93,000.00	-	15,817.50	108,817.50
12/30/2031	97,000.00	-	11,542.50	108,542.50
12/30/2032	102,000.00	-	7,065.00	109,065.00
12/30/2033	106,000.00	4.500%	2,385.00	108,385.00
<b>Total</b>	<b>\$1,444,000.00</b>	<b>-</b>	<b>\$827,955.00</b>	<b>\$2,271,955.00</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	4/25/2012
Average Life	12.425 Years
Average Coupon	4.6146879%
Weighted Average Maturity (Par Basis)	12.425 Years

**Refunding Bond Information**

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

3/30/2012 | 10:55 AM

**Morgan Keegan & Company, Inc.**

Public Finance



Preliminary

**Edmonson County Water District**

Series 1994 B

**Total Refunded Debt Service**

Date	Principal	Coupon	Interest	Total P+I
12/30/2012	-	-	5,096.25	5,096.25
12/30/2013	6,500.00	-	10,046.25	16,546.25
12/30/2014	7,000.00	-	9,742.50	16,742.50
12/30/2015	7,000.00	-	9,427.50	16,427.50
12/30/2016	7,500.00	-	9,101.25	16,601.25
12/30/2017	8,000.00	-	8,752.50	16,752.50
12/30/2018	8,000.00	-	8,392.50	16,392.50
12/30/2019	9,000.00	-	8,010.00	17,010.00
12/30/2020	9,000.00	-	7,605.00	16,605.00
12/30/2021	9,500.00	-	7,188.75	16,688.75
12/30/2022	10,000.00	-	6,750.00	16,750.00
12/30/2023	10,500.00	-	6,288.75	16,788.75
12/30/2024	11,000.00	-	5,805.00	16,805.00
12/30/2025	11,500.00	-	5,298.75	16,798.75
12/30/2026	11,500.00	-	4,781.25	16,281.25
12/30/2027	12,500.00	-	4,241.25	16,741.25
12/30/2028	13,000.00	-	3,667.50	16,667.50
12/30/2029	13,500.00	-	3,071.25	16,571.25
12/30/2030	14,500.00	-	2,441.25	16,941.25
12/30/2031	15,000.00	-	1,777.50	16,777.50
12/30/2032	16,000.00	-	1,080.00	17,080.00
12/30/2033	16,000.00	4.500%	360.00	16,360.00
<b>Total</b>	<b>\$226,500.00</b>	<b>-</b>	<b>\$128,925.00</b>	<b>\$355,425.00</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	4/25/2012
Average Life	12.332 Years
Average Coupon	4.6155498%
Weighted Average Maturity (Par Basis)	12.332 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

**Edmonson County Water District**

Series 1994 C

**Total Refunded Debt Service**

Date	Principal	Coupon	Interest	Total P+I
12/30/2012	-	-	15,120.00	15,120.00
12/30/2013	18,000.00	-	29,835.00	47,835.00
12/30/2014	18,000.00	-	29,025.00	47,025.00
12/30/2015	19,000.00	-	28,192.50	47,192.50
12/30/2016	20,000.00	-	27,315.00	47,315.00
12/30/2017	21,000.00	-	26,392.50	47,392.50
12/30/2018	22,000.00	-	25,425.00	47,425.00
12/30/2019	23,000.00	-	24,412.50	47,412.50
12/30/2020	25,000.00	-	23,332.50	48,332.50
12/30/2021	25,000.00	-	22,207.50	47,207.50
12/30/2022	27,000.00	-	21,037.50	48,037.50
12/30/2023	28,000.00	-	19,800.00	47,800.00
12/30/2024	30,000.00	-	18,495.00	48,495.00
12/30/2025	31,000.00	-	17,122.50	48,122.50
12/30/2026	33,000.00	-	15,682.50	48,682.50
12/30/2027	34,000.00	-	14,175.00	48,175.00
12/30/2028	36,000.00	-	12,600.00	48,600.00
12/30/2029	38,000.00	-	10,935.00	48,935.00
12/30/2030	40,000.00	-	9,180.00	49,180.00
12/30/2031	42,000.00	-	7,335.00	49,335.00
12/30/2032	44,000.00	-	5,400.00	49,400.00
12/30/2033	46,000.00	-	3,375.00	49,375.00
12/30/2034	52,000.00	4.500%	1,170.00	53,170.00
<b>Total</b>	<b>\$672,000.00</b>	<b>-</b>	<b>\$407,565.00</b>	<b>\$1,079,565.00</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	4/25/2012
Average Life	13.161 Years
Average Coupon	4.6082743%
Weighted Average Maturity (Par Basis)	13.161 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

**Edmonson County Water District**

Series 1997

**Total Refunded Debt Service**

Date	Principal	Coupon	Interest	Total P+I
12/30/2012	-	-	10,856.25	10,856.25
12/30/2013	11,500.00	-	21,453.75	32,953.75
12/30/2014	12,000.00	-	20,925.00	32,925.00
12/30/2015	12,500.00	-	20,373.75	32,873.75
12/30/2016	13,000.00	-	19,800.00	32,800.00
12/30/2017	14,000.00	-	19,192.50	33,192.50
12/30/2018	14,000.00	-	18,562.50	32,562.50
12/30/2019	15,000.00	-	17,910.00	32,910.00
12/30/2020	15,500.00	-	17,223.75	32,723.75
12/30/2021	16,500.00	-	16,503.75	33,003.75
12/30/2022	17,000.00	-	15,750.00	32,750.00
12/30/2023	18,000.00	-	14,962.50	32,962.50
12/30/2024	18,500.00	-	14,141.25	32,641.25
12/30/2025	19,500.00	-	13,286.25	32,786.25
12/30/2026	20,500.00	-	12,386.25	32,886.25
12/30/2027	21,500.00	-	11,441.25	32,941.25
12/30/2028	22,000.00	-	10,462.50	32,462.50
12/30/2029	23,500.00	-	9,438.75	32,938.75
12/30/2030	24,000.00	-	8,370.00	32,370.00
12/30/2031	26,000.00	-	7,245.00	33,245.00
12/30/2032	27,000.00	-	6,052.50	33,052.50
12/30/2033	28,500.00	-	4,803.75	33,303.75
12/30/2034	29,500.00	-	3,498.75	32,998.75
12/30/2035	31,000.00	-	2,137.50	33,137.50
12/30/2036	32,000.00	4.500%	720.00	32,720.00
<b>Total</b>	<b>\$482,500.00</b>	<b>-</b>	<b>\$317,497.50</b>	<b>\$799,997.50</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	4/25/2012
Average Life	14.306 Years
Average Coupon	4.5996076%
Weighted Average Maturity (Par Basis)	14.306 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

**Edmonson County Water District**

Series 2001

**Total Refunded Debt Service**

Date	Principal	Coupon	Interest	Total P+I
12/30/2012	-	-	5,512.50	5,512.50
12/30/2013	4,300.00	-	10,928.25	15,228.25
12/30/2014	4,400.00	-	10,732.50	15,132.50
12/30/2015	4,700.00	-	10,527.75	15,227.75
12/30/2016	4,800.00	-	10,314.00	15,114.00
12/30/2017	5,100.00	-	10,091.25	15,191.25
12/30/2018	5,300.00	-	9,857.25	15,157.25
12/30/2019	5,600.00	-	9,612.00	15,212.00
12/30/2020	5,800.00	-	9,355.50	15,155.50
12/30/2021	6,100.00	-	9,087.75	15,187.75
12/30/2022	6,300.00	-	8,808.75	15,108.75
12/30/2023	6,600.00	-	8,518.50	15,118.50
12/30/2024	6,900.00	-	8,214.75	15,114.75
12/30/2025	7,200.00	-	7,897.50	15,097.50
12/30/2026	7,600.00	-	7,564.50	15,164.50
12/30/2027	7,900.00	-	7,215.75	15,115.75
12/30/2028	8,300.00	-	6,851.25	15,151.25
12/30/2029	8,600.00	-	6,471.00	15,071.00
12/30/2030	9,000.00	-	6,075.00	15,075.00
12/30/2031	9,400.00	-	5,661.00	15,061.00
12/30/2032	9,900.00	-	5,226.75	15,126.75
12/30/2033	10,300.00	-	4,772.25	15,072.25
12/30/2034	10,700.00	-	4,299.75	14,999.75
12/30/2035	11,300.00	-	3,804.75	15,104.75
12/30/2036	11,700.00	-	3,287.25	14,987.25
12/30/2037	12,300.00	-	2,747.25	15,047.25
12/30/2038	12,800.00	-	2,182.50	14,982.50
12/30/2039	13,400.00	-	1,593.00	14,993.00
12/30/2040	14,000.00	-	976.50	14,976.50
12/30/2041	14,700.00	4.500%	330.75	15,030.75
<b>Total</b>	<b>\$245,000.00</b>	<b>-</b>	<b>\$198,517.50</b>	<b>\$443,517.50</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	4/25/2012
Average Life	17.689 Years
Average Coupon	4.5805565%
Weighted Average Maturity (Par Basis)	17.689 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



**Edmonson County Water District  
Summary of Net Assets  
December 31, 2011 and 2010**

	2011	2010
<b>Assets:</b>		
Total Current Assets	\$ 4,208,064	\$ 5,917,092
Net Capital Assets	27,146,749	28,356,633
Other Assets	232,348	196,479
<b>Total Assets</b>	<b>\$ 31,587,161</b>	<b>\$ 32,470,204</b>
<b>Liabilities:</b>		
Total Current Liabilities	\$ 598,461	\$ 1,012,327
Total Long-Term Liabilities	13,898,000	14,231,600
<b>Total Liabilities</b>	<b>\$ 14,496,461</b>	<b>\$ 15,243,927</b>
<b>Nets Assets:</b>		
Invested in Capital Assets, Net of Related Debt	\$ 13,100,765	\$ 11,573,664
Restricted	2,731,138	4,698,140
Unrestricted	1,258,797	954,473
<b>Total Net Assets</b>	<b>\$ 17,090,700</b>	<b>\$ 17,226,277</b>

The net assets for the year ending December 31, 2011 showed an decrease of \$135,577 or approximately .78 % from the previous year. This was primarily due to an operating revenue decrease and significant increase in depreciation expense.

**Edmonson County Water District  
Summary of Changes in Net Assets  
December 31, 2011 and 2010**

	2011	2010
Total Operating Revenues	\$ 2,839,860	\$ 2,889,590
Total Operating Expenses	(2,554,428)	(2,489,658)
Operating Income	285,432	399,932
Total Nonoperating Revenues (Expenses)	(514,442)	(639,901)
Income (Loss) before Extraordinary Loss and Capital Contributions	(229,010)	(239,969)
Extraordinary Loss	-	(69,145)
Capital Contributions	93,433	1,769,771
<b>Change in Net Assets</b>	<b>(135,577)</b>	<b>1,460,657</b>
Net Assets, Beginning of Year	17,226,277	15,765,620
<b>Net Assets, Ending of Year</b>	<b>\$ 17,090,700</b>	<b>\$ 17,226,277</b>

Net assets decreased \$135,577 from the previous year. This decrease was basically due to operating revenues decreasing and operating expenses increasing.

**CAPITAL ASSET CHANGE**

Net capital assets for the year ending December 31, 2011, were \$27,146,749, which was a net increase of \$790,116. This increase was due to completion of utility plant projects and major equipment purchases.

**DEBT ADMINISTRATION**

Bonds and loans outstanding for the year ending December 31, 2011 were \$14,045,000. Principal payments on bonds and loans amounted to \$684,600 for the year.

**REQUEST FOR INFORMATION**

This analysis is designed to provide a general overview of Edmonson County Water District's finances and to demonstrate Edmonson County Water District's accountability for the funds it receives whether from water sales or construction proceeds. If you have any questions about this report or need any additional information please contact Edmonson County Water District at P. O. Box 208, Brownsville, Kentucky, 42210 or by telephone at (270) 597-2165.

**EDMONSON COUNTY WATER DISTRICT  
BALANCE SHEET**

**ASSETS**

	DECEMBER 31,	
	2011	2010
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 980,537	\$ 729,626
Accounts Receivable - Note A	143,724	148,634
Other Receivables - Note A	-	774,310
Material and Supplies Inventory	85,694	73,464
Prepaid Expenses	28,596	28,353
Restricted Cash and Cash Equivalents - Note B	2,969,513	4,162,705
Total Current Assets	4,208,064	5,917,092
<b>UTILITY PLANT - NOTE A</b>		
Utility Plant in Service	36,648,412	36,342,209
Less Accumulated Depreciation	(11,501,663)	(10,817,166)
Net Utility Plant in Service	27,146,749	25,525,043
Construction in Progress	-	831,590
Net Utility Plant	27,146,749	26,356,633
<b>OTHER ASSETS</b>		
Unamortized Debt Discount and Expense - Note A	232,348	196,479
<b>TOTAL ASSETS</b>	<b>\$ 31,587,161</b>	<b>\$ 32,470,204</b>

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



**EDMONSON COUNTY WATER DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

	<u>YEAR ENDED DECEMBER 31,</u>	
	<u>2011</u>	<u>2010</u>
<b>OPERATING REVENUES</b>		
Water Sales	\$ 2,726,422	\$ 2,795,523
Consumers' Forfeited Discounts	66,419	64,821
Service Fees	47,019	29,246
Total Operating Revenues	<u>2,839,860</u>	<u>2,889,590</u>
<b>OPERATING EXPENSES</b>		
Water Treatment	496,807	536,349
Transmission and Distribution	511,990	506,933
Customer Accounts	261,330	319,669
General and Administrative	370,084	334,349
Depreciation	848,278	727,380
Taxes, Other Than Income	65,939	64,978
Total Operating Expenses	<u>2,554,428</u>	<u>2,489,658</u>
Net Income from Operations	<u>285,432</u>	<u>399,932</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Amortization	(8,983)	(8,230)
Interest Income	66,227	75,620
Interest Expense	(541,956)	(535,462)
Gain (Loss) on Disposition of Utility Plant	(79,357)	(180,457)
Nonutility Income	51,725	11,458
Miscellaneous Nonutility Expense	(2,098)	(2,830)
Total Nonoperating Revenues (Expense), Net	<u>(514,442)</u>	<u>(639,901)</u>
Income (Loss) Before Extraordinary Loss and Capital Contributions	<u>(229,010)</u>	<u>(239,969)</u>
Extraordinary (Loss) - Note H	-	(69,145)
Income (Loss) Before Capital Contributions	<u>(229,010)</u>	<u>(309,114)</u>
<b>CAPITAL CONTRIBUTIONS</b>		
Tap Fees	34,775	48,988
Contributed Capital	58,658	47,195
Grants	-	1,673,588
Total Capital Contributions	<u>93,433</u>	<u>1,769,771</u>
Change in Net Assets	(135,577)	1,460,657
Net Assets, Beginning of Year	<u>17,226,277</u>	<u>15,785,620</u>
Net Assets, End of Year	<u>\$ 17,090,700</u>	<u>\$ 17,226,277</u>

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

## LIABILITIES AND NET ASSETS

	DECEMBER 31,	
	2011	2010
<b>CURRENT LIABILITIES</b>		
Current Portion of Long-Term Debt - Note C	\$ 147,000	\$ 498,000
Accounts Payable	25,951	26,594
Contractors Payable	-	65,587
Customers Deposits	238,375	238,875
Compensated Absences - Note G	135,314	135,396
Accrued Interest	984	3,130
Accrued and Other Liabilities	50,837	44,745
Total Current Liabilities	<u>598,461</u>	<u>1,012,327</u>
<b>LONG-TERM LIABILITIES</b>		
Long-Term Debt - Note C	<u>13,898,000</u>	<u>14,231,600</u>
Total Long-Term Liabilities	<u>13,898,000</u>	<u>14,231,600</u>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	13,100,765	11,557,776
Restricted	2,731,138	4,698,140
Unrestricted	<u>1,258,797</u>	<u>970,361</u>
Total Net Assets	<u>17,090,700</u>	<u>17,226,277</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 31,587,161</u>	<u>\$ 32,470,204</u>

**EDMONSON COUNTY WATER DISTRICT  
STATEMENT OF CASH FLOWS**

	<u>YEAR ENDED DECEMBER 31,</u>	
	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Receipts from Customers	\$ 2,872,808	\$ 2,880,568
Cash Paid to Suppliers for Goods and Services	(982,767)	(1,028,156)
Cash Paid To Employees	(758,487)	(725,852)
Net Cash Provided by Operating Activities	<u>1,131,554</u>	<u>1,126,560</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Other Income/Expenses	49,627	8,628
Extraordinary Loss	-	(69,145)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>49,627</u>	<u>(60,517)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisitions of Utility Plant Assets	(1,816,720)	(2,061,041)
Bond and Note Proceeds	-	3,438,609
Proceeds from Sale of Utility Plant Assets	51,982	40,033
Principal Payments on Debt	(641,811)	(2,262,599)
Interest Payments on Debt	(544,101)	(535,575)
Increase in Other Assets	(44,852)	(27,183)
Cash Contributed in Aid of Construction	31,503	167,851
Grants	774,310	900,253
Net Cash (Used) for Capital and Related Financing Activities	<u>(2,189,689)</u>	<u>(339,652)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received on Investments	66,227	75,620
Net Cash Provided from Investing Activities	<u>66,227</u>	<u>75,620</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(942,281)	802,011
Cash and Cash Equivalents, Beginning of year	<u>4,892,331</u>	<u>4,090,320</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,950,050</u>	<u>\$ 4,892,331</u>

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

**EDMONSON COUNTY WATER DISTRICT  
STATEMENT OF CASH FLOWS (CONTINUED)**

	YEAR ENDED DECEMBER 31.	
	2011	2010
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES</b>		
Net Income from Operations	\$ 285,432	\$ 399,932
Adjustments to Reconcile Net Income from Operations to Net Cash Provided by Operating Activities		
Depreciation	848,278	727,380
Changes in Assets and Liabilities		
Accounts Receivable	10,848	(11,622)
Inventory	(12,230)	(9,004)
Prepaid Expenses	(243)	(1,694)
Accounts Payable	(103)	1,529
Customer Deposits	(500)	2,600
Compensated Absences	(82)	15,625
Accrued Liabilities	154	1,814
	<u>\$ 1,131,554</u>	<u>\$ 1,126,560</u>
<b>NON-CASH, CAPITAL AND FINANCING ACTIVITIES</b>		
Capital Assets Acquired by Accrued Liabilities	\$ -	\$ 66,127
Receipt of Contributed Assets	61,930	-
	<u>\$ 61,930</u>	<u>\$ 66,127</u>

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