

# Rubin & Hays

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

August 27, 2012

RECEIVED

AUG 29 2012

PUBLIC SERVICE  
COMMISSION

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

Re: Larue County Water District No. 1 PSC Application

Dear Mr. Derouen:

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

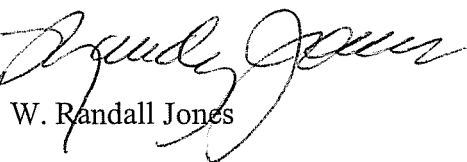
This Application requests approval of the issuance of securities for the purpose of refunding certain high interest Bonds of the Applicant.

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: Damon Talley, Esq.  
Ms. Kristen Millard, Morgan Keegan

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY**

**RECEIVED**  
AUG 29 2012  
PUBLIC SERVICE  
COMMISSION

IN THE MATTER OF:

**THE APPLICATION OF LARUE COUNTY WATER )**  
**DISTRICT NO. 1 TO ISSUE SECURITIES IN )**  
**THE APPROXIMATE PRINCIPAL AMOUNT OF )**  
**\$2,830,000 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, Larue County Water District No. 1 (the "District"), files this Application pursuant to KRS 278.300, 807 KAR 5:001, and all other applicable laws and regulations, and requests that the Kentucky Public Service Commission (the "Commission") enter an Order authorizing the District to issue certain securities in the approximate principal amount of \$2,830,000 (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 Larue County,

which Order is on file in the County Court Order Books in the office of the Clerk of Larue 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:

Larue County Water District No. 1  
c/o Mr. John M. Detre, Chairman  
6215 North L & N Turnpike  
Buffalo, Kentucky 42716  
Telephone: (270) 325-3242

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 \$2,830,000 (subject to adjustment of up to 10%) for the purpose of refunding the outstanding revenue bonds designated as (i) Larue County Water District No. 1 Waterworks Revenue Bonds of 1991, dated August 27, 1991, in the original principal amount of \$396,000, bearing interest at the rate of 5.00% per annum (the "1991 Bonds"); (ii) Larue County Water District No. 1 Waterworks Revenue Bonds, Series 1996, dated March 18, 1997, in the original

principal amount of \$875,000, bearing interest at the rate of 5.00% per annum (the "1996 Bonds"); (iii) Larue County Water District No. 1 Waterworks Revenue Bonds, Series 1997A, dated July 1, 1998, in the original principal amount of \$608,000, bearing interest at the rate of 4.75% per annum (the "1997A Bonds"); (iv) Larue County Water District No. 1 Waterworks Revenue Bonds, Series 1997B, dated July 1, 1998, in the original principal amount of \$236,000, bearing interest at the rate of 4.75% per annum (the "1997B Bonds"); and (v) Larue County Water District No. 1 Waterworks Revenue Bonds, Series 2000, dated July 19, 2002, in the original principal amount of \$1,100,000, bearing interest at the rate of 4.75% per annum (the "2000 Bonds")(hereinafter, the 1991 Bonds, the 1996 Bonds, the 1997A Bonds, the 1997B Bonds and the 2000 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 \$145,524.84. 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.

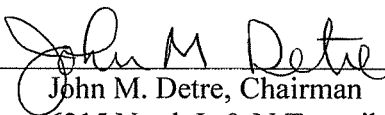
18. No rate adjustment will be necessary.

**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.

Larue County Water District No. 1

By   
John M. Detre, Chairman  
6215 North L & N Turnpike  
Buffalo, Kentucky 42716  
Phone: (270) 325-3242

Rubin & Hays

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



STATE OF KENTUCKY            )  
  ) SS  
COUNTY OF LARUE            )

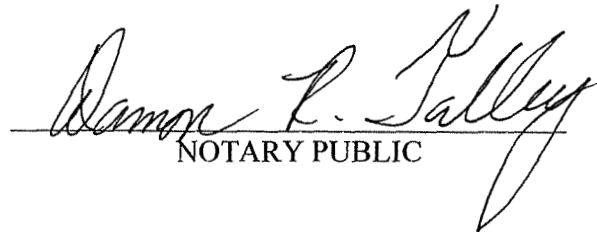
The affiant, John M. Detre, being first duly sworn, states: That he is the Chairman of the Larue County Water District No. 1, the Applicant in this case; that he has read the foregoing Application and has noted the contents thereof; that the same are true of his own knowledge and belief, except as to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

IN TESTIMONY WHEREOF, witness the signature of the undersigned on the 13<sup>th</sup> day of August, 2012.

  
\_\_\_\_\_  
John M. Detre, Chairman

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by John M. Detre, Chairman of the Larue County Water District No. 1, on this the 13<sup>th</sup> day of August, 2012.

My Commission expires: 6-9-15.

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



\$2,830,000

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

**Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
09/12/2012					
02/01/2013	80,000.00	3.500%	42,018.55	122,018.55	-
08/01/2013	-	-	53,012.50	53,012.50	-
12/31/2013	-	-	-	-	175,031.05
12/31/2014	65,000.00	3.500%	53,012.50	118,012.50	-
02/01/2014	-	-	51,875.00	51,875.00	-
08/01/2014	-	-	-	-	169,887.50
12/31/2014	-	-	-	-	-
02/01/2015	75,000.00	3.800%	51,875.00	126,875.00	-
08/01/2015	-	-	50,450.00	50,450.00	-
12/31/2015	-	-	-	-	177,325.00
02/01/2016	80,000.00	3.300%	50,450.00	130,450.00	-
08/01/2016	-	-	49,130.00	49,130.00	-
12/31/2016	-	-	-	-	179,580.00
02/01/2017	85,000.00	3.250%	49,130.00	134,130.00	-
08/01/2017	-	-	47,748.75	47,748.75	-
12/31/2017	-	-	-	-	181,678.75
02/01/2018	85,000.00	3.350%	47,748.75	132,748.75	-
08/01/2018	-	-	46,325.00	46,325.00	-
12/31/2018	-	-	-	-	179,073.75
02/01/2019	85,000.00	3.350%	46,325.00	131,325.00	-
08/01/2019	-	-	44,901.25	44,901.25	-
12/31/2019	-	-	-	-	176,226.25
02/01/2020	85,000.00	3.350%	44,901.25	129,901.25	-
08/01/2020	-	-	43,477.50	43,477.50	-
12/31/2020	-	-	-	-	173,378.75
02/01/2021	95,000.00	3.350%	43,477.50	138,477.50	-
08/01/2021	-	-	41,886.25	41,886.25	-
12/31/2021	-	-	-	-	180,363.75
02/01/2022	100,000.00	3.400%	41,886.25	141,886.25	-
08/01/2022	-	-	40,186.25	40,186.25	-
12/31/2022	-	-	-	-	182,072.50
02/01/2023	105,000.00	3.500%	40,186.25	145,186.25	-
08/01/2023	-	-	38,348.75	38,348.75	-
12/31/2023	-	-	-	-	183,535.00
02/01/2024	115,000.00	3.600%	38,348.75	153,348.75	-
08/01/2024	-	-	36,278.75	36,278.75	-
12/31/2024	-	-	-	-	189,627.50
02/01/2025	115,000.00	3.800%	36,278.75	151,278.75	-
08/01/2025	-	-	34,093.75	34,093.75	-
12/31/2025	-	-	-	-	185,372.50
02/01/2026	115,000.00	3.800%	34,093.75	149,093.75	-
08/01/2026	-	-	31,908.75	31,908.75	-
12/31/2026	-	-	-	-	181,002.50
02/01/2027	125,000.00	3.900%	31,908.75	156,908.75	-
08/01/2027	-	-	29,471.25	29,471.25	-
12/31/2027	-	-	-	-	186,380.00
02/01/2028	135,000.00	3.900%	29,471.25	164,471.25	-
08/01/2028	-	-	26,838.75	26,838.75	-
12/31/2028	-	-	-	-	191,310.00
02/01/2029	140,000.00	3.900%	26,838.75	166,838.75	-
08/01/2029	-	-	24,108.75	24,108.75	-
12/31/2029	-	-	-	-	190,947.50
02/01/2030	110,000.00	4.000%	24,108.75	134,108.75	-
08/01/2030	-	-	21,908.75	21,908.75	-
12/31/2030	-	-	-	-	156,017.50
02/01/2031	115,000.00	4.000%	21,908.75	136,908.75	-
08/01/2031	-	-	19,608.75	19,608.75	-
12/31/2031	-	-	-	-	156,517.50
02/01/2032	120,000.00	4.150%	19,608.75	139,608.75	-
08/01/2032	-	-	17,118.75	17,118.75	-
12/31/2032	-	-	-	-	156,727.50
02/01/2033	125,000.00	4.150%	17,118.75	142,118.75	-
08/01/2033	-	-	14,525.00	14,525.00	-
12/31/2033	-	-	-	-	156,643.75
02/01/2034	130,000.00	4.150%	14,525.00	144,525.00	-
08/01/2034	-	-	11,827.50	11,827.50	-
12/31/2034	-	-	-	-	156,352.50
02/01/2035	130,000.00	4.150%	11,827.50	141,827.50	-
08/01/2035	-	-	9,130.00	9,130.00	-
12/31/2035	-	-	-	-	150,957.50
02/01/2036	145,000.00	4.400%	9,130.00	154,130.00	-
08/01/2036	-	-	5,940.00	5,940.00	-
12/31/2036	-	-	-	-	160,070.00
02/01/2037	100,000.00	4.400%	5,940.00	105,940.00	-
08/01/2037	-	-	3,740.00	3,740.00	-
12/31/2037	-	-	-	-	109,680.00
02/01/2038	55,000.00	4.400%	3,740.00	58,740.00	-
08/01/2038	-	-	2,530.00	2,530.00	-
12/31/2038	-	-	-	-	61,270.00
02/01/2039	55,000.00	4.400%	2,530.00	57,530.00	-
08/01/2039	-	-	1,320.00	1,320.00	-
12/31/2039	-	-	-	-	58,850.00
02/01/2040	60,000.00	4.400%	1,320.00	61,320.00	-
12/31/2040	-	-	-	-	61,320.00
<b>Total</b>	<b>\$2,830,000.00</b>	<b>-</b>	<b>\$1,637,398.55</b>	<b>\$4,467,398.55</b>	<b>-</b>

**Yield Statistics**

Bond Year Dollars	540,752.69
Average Life	14.400 Years
Average Coupon	4.0178503%
Net Interest Cost (NIC)	4.1418671%
True Interest Cost (TIC)	4.1596152%
Bond Yield for Arbitrage Purposes	3.9879423%
All Inclusive Cost (AIC)	4.3641729%

**IRS Form 803B**

Net Interest Cost	4.0535799%
Weighted Average Maturity	14.287 Years

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Raymond James | Morgan Keegan



**\$2,830,000**

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

## Total Issue Sources And Uses

Dated 09/12/2012 | Delivered 09/12/2012

	Ref of Series 1991	Ref of Series 1996	Ref of Series 1997 A	Ref of Series 1997 B	Ref of Series 2000	Issue Summary
<b>Sources Of Funds</b>						
Par Amount of Bonds	\$335,000.00	\$745,000.00	\$540,000.00	\$205,000.00	\$1,005,000.00	\$2,830,000.00
Reoffering Premium	1,516.25	-	-	-	-	1,516.25
Transfers from Prior Issue Debt Service Funds	14,229.16	29,427.08	19,148.43	7,648.75	34,102.09	104,555.51
<b>Total Sources</b>	<b>\$350,745.41</b>	<b>\$774,427.08</b>	<b>\$559,148.43</b>	<b>\$212,648.75</b>	<b>\$1,039,102.09</b>	<b>\$2,936,071.76</b>
<b>Uses Of Funds</b>						
Original Issue Discount (OID)	-	412.10	778.40	508.25	816.40	2,515.15
Total Underwriter's Discount (1.750%)	5,862.50	13,037.50	9,450.00	3,587.50	17,587.50	49,525.00
Costs of Issuance	5,912.81	13,149.38	9,531.09	3,618.29	17,738.43	49,950.00
Deposit to Current Refunding Fund	338,401.53	746,834.79	538,705.71	205,474.10	1,002,860.68	2,832,276.81
Rounding Amount	568.57	993.31	683.23	(539.39)	99.08	1,804.80
<b>Total Uses</b>	<b>\$350,745.41</b>	<b>\$774,427.08</b>	<b>\$559,148.43</b>	<b>\$212,648.75</b>	<b>\$1,039,102.09</b>	<b>\$2,936,071.76</b>

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Public Finance

**Raymond James I Morgan Keegan**



**\$2,830,000**

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

## Debt Service Comparison

Date	Total P+I	Expenses	Net New D/S	Old Net D/S	Savings
12/31/2012	-	-	-	120,166 63	120,166 63
12/31/2013	175,031 05	450 00	175,481 05	186,857 00	11,375 95
12/31/2014	169,887 50	450 00	170,337 50	187,979 76	17,642 26
12/31/2015	177,325 00	450 00	177,775 00	188,217 02	10,442 02
12/31/2016	179,580 00	450 00	180,030 00	190,003 26	9,973 26
12/31/2017	181,878 75	450 00	182,328 75	189,955 26	7,626 51
12/31/2018	179,073 75	450 00	179,523 75	190,351 50	10,827 75
12/31/2019	176,226 25	450 00	176,676 25	191,962 26	15,286 01
12/31/2020	173,378 75	450 00	173,828 75	191,918 50	18,089 75
12/31/2021	180,363 75	450 00	180,813 75	192,689 26	11,875 51
12/31/2022	182,072 50	450 00	182,522 50	193,725 76	11,203 26
12/31/2023	183,535 00	450 00	183,985 00	194,003 02	10,018 02
12/31/2024	189,627 50	450 00	190,077 50	196,644 76	6,567 26
12/31/2025	185,372 50	450 00	185,822 50	196,826 26	11,003 76
12/31/2026	181,002 50	450 00	181,452 50	197,847 26	16,394 76
12/31/2027	186,380 00	450 00	186,830 00	200,055 52	13,225 52
12/31/2028	191,310 00	450 00	191,760 00	199,877 26	8,117 26
12/31/2029	190,947 50	450 00	191,397 50	201,910 02	10,512 52
12/31/2030	156,017 50	450 00	156,467 50	165,632 52	9,165 02
12/31/2031	156,517 50	450 00	156,967 50	166,238 76	9,271 26
12/31/2032	156,727 50	450 00	157,177 50	165,761 02	8,583 52
12/31/2033	156,643 75	450 00	157,093 75	166,834 76	9,741 01
12/31/2034	156,352 50	450 00	156,802 50	166,277 02	9,474 52
12/31/2035	150,957 50	450 00	151,407 50	166,947 00	15,539 50
12/31/2036	160,070 00	450 00	160,520 00	165,774 76	5,254 76
12/31/2037	109,680 00	450 00	110,130 00	114,434 00	4,304 00
12/31/2038	61,270 00	450 00	61,720 00	63,217 50	1,497 50
12/31/2039	58,850 00	450 00	59,300 00	62,605 00	3,305 00
12/31/2040	61,320 00	450 00	61,770 00	63,897 50	2,127 50
<b>Total</b>	<b>\$4,467,398.55</b>	<b>\$12,600.00</b>	<b>\$4,479,998.55</b>	<b>\$4,878,610.15</b>	<b>\$398,611.60</b>

### PV Analysis Summary (Net to Net)

Net FV Cashflow Savings	398,611.60
Gross PV Debt Service Savings	255,958.67
Effects of changes in Expenses	(7,683 13)
 Net PV Cashflow Savings @ 3 988%(Bond Yield)	 248,275 55
 Transfers from Prior Issue Debt Service Fund	 (104,555 51)
Contingency or Rounding Amount	1,804 80
Net Future Value Benefit	\$295,860 89
Net Present Value Benefit	\$145,524 84
 Net PV Benefit / \$2,772,200 Refunded Principal	 5 249%
Net PV Benefit / \$2,830,000 Refunding Principal	5 142%

### Refunding Bond Information

Refunding Dated Date	9/12/2012
Refunding Delivery Date	9/12/2012
8/20/2012   11:59 AM	

**Raymond James I Morgan Keegan**





**\$331,000**

Larue County Water District  
Series 1991 (closed 8/27/91)

### Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2012	8,000.00	5.000%	8,275.00	16,275.00
12/31/2013	8,000.00	5.000%	16,150.00	24,150.00
12/31/2014	9,000.00	5.000%	15,750.00	24,750.00
12/31/2015	10,000.00	5.000%	15,300.00	25,300.00
12/31/2016	11,000.00	5.000%	14,800.00	25,800.00
12/31/2017	12,000.00	5.000%	14,250.00	26,250.00
12/31/2018	13,000.00	5.000%	13,650.00	26,650.00
12/31/2019	15,000.00	5.000%	13,000.00	28,000.00
12/31/2020	16,000.00	5.000%	12,250.00	28,250.00
12/31/2021	17,000.00	5.000%	11,450.00	28,450.00
12/31/2022	19,000.00	5.000%	10,600.00	29,600.00
12/31/2023	21,000.00	5.000%	9,650.00	30,650.00
12/31/2024	23,000.00	5.000%	8,600.00	31,600.00
12/31/2025	25,000.00	5.000%	7,450.00	32,450.00
12/31/2026	27,000.00	5.000%	6,200.00	33,200.00
12/31/2027	30,000.00	5.000%	4,850.00	34,850.00
12/31/2028	32,000.00	5.000%	3,350.00	35,350.00
12/31/2029	35,000.00	5.000%	1,750.00	36,750.00
<b>Total</b>	<b>\$331,000.00</b>	<b>-</b>	<b>\$187,325.00</b>	<b>\$518,325.00</b>

#### Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	9/12/2012
Average Life	10.872 Years
Average Coupon	5.0000000%
Weighted Average Maturity (Par Basis)	10.872 Years

#### Refunding Bond Information

Refunding Dated Date	9/12/2012
Refunding Delivery Date	9/12/2012

**\$730,500**

Larue County Water District

Series 1996 (closed 3/18/97)

## Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2012	15,500.00	5.000%	18,262.50	33,762.50
12/31/2013	16,000.00	5.000%	35,750.00	51,750.00
12/31/2014	17,000.00	5.000%	34,950.00	51,950.00
12/31/2015	17,500.00	5.000%	34,100.00	51,600.00
12/31/2016	19,000.00	5.000%	33,225.00	52,225.00
12/31/2017	19,500.00	5.000%	32,275.00	51,775.00
12/31/2018	20,500.00	5.000%	31,300.00	51,800.00
12/31/2019	21,500.00	5.000%	30,275.00	51,775.00
12/31/2020	22,500.00	5.000%	29,200.00	51,700.00
12/31/2021	24,000.00	5.000%	28,075.00	52,075.00
12/31/2022	25,000.00	5.000%	26,875.00	51,875.00
12/31/2023	26,000.00	5.000%	25,625.00	51,625.00
12/31/2024	27,500.00	5.000%	24,325.00	51,825.00
12/31/2025	29,000.00	5.000%	22,950.00	51,950.00
12/31/2026	30,500.00	5.000%	21,500.00	52,000.00
12/31/2027	32,000.00	5.000%	19,975.00	51,975.00
12/31/2028	33,500.00	5.000%	18,375.00	51,875.00
12/31/2029	35,000.00	5.000%	16,700.00	51,700.00
12/31/2030	37,000.00	5.000%	14,950.00	51,950.00
12/31/2031	38,500.00	5.000%	13,100.00	51,600.00
12/31/2032	41,000.00	5.000%	11,175.00	52,175.00
12/31/2033	42,500.00	5.000%	9,125.00	51,625.00
12/31/2034	45,000.00	5.000%	7,000.00	52,000.00
12/31/2035	47,000.00	5.000%	4,750.00	51,750.00
12/31/2036	48,000.00	5.000%	2,400.00	50,400.00
<b>Total</b>	<b>\$730,500.00</b>	<b>-</b>	<b>\$546,237.50</b>	<b>\$1,276,737.50</b>

### Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	9/12/2012
Average Life	14.508 Years
Average Coupon	5.0000000%
Weighted Average Maturity (Par Basis)	14.508 Years

### Refunding Bond Information

Refunding Dated Date	9/12/2012
Refunding Delivery Date	9/12/2012

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**Raymond James | Morgan Keegan**

**\$527,500**

Larue County Water District

Series 1997 A

## Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2012	9,500.00	4.750%	12,528.13	22,028.13
12/31/2013	10,000.00	4.750%	24,605.00	34,605.00
12/31/2014	10,500.00	4.750%	24,130.00	34,630.00
12/31/2015	11,000.00	4.750%	23,631.26	34,631.26
12/31/2016	12,000.00	4.750%	23,108.76	35,108.76
12/31/2017	12,500.00	4.750%	22,538.76	35,038.76
12/31/2018	13,000.00	4.750%	21,945.00	34,945.00
12/31/2019	14,000.00	4.750%	21,327.50	35,327.50
12/31/2020	14,500.00	4.750%	20,662.50	35,162.50
12/31/2021	15,500.00	4.750%	19,973.76	35,473.76
12/31/2022	16,500.00	4.750%	19,237.50	35,737.50
12/31/2023	17,000.00	4.750%	18,453.76	35,453.76
12/31/2024	18,500.00	4.750%	17,646.26	36,146.26
12/31/2025	19,000.00	4.750%	16,767.50	35,767.50
12/31/2026	20,500.00	4.750%	15,865.00	36,365.00
12/31/2027	21,500.00	4.750%	14,891.26	36,391.26
12/31/2028	22,500.00	4.750%	13,870.00	36,370.00
12/31/2029	24,000.00	4.750%	12,801.26	36,801.26
12/31/2030	25,000.00	4.750%	11,661.26	36,661.26
12/31/2031	27,000.00	4.750%	10,473.76	37,473.76
12/31/2032	28,000.00	4.750%	9,191.26	37,191.26
12/31/2033	30,000.00	4.750%	7,861.26	37,861.26
12/31/2034	31,500.00	4.750%	6,436.26	37,936.26
12/31/2035	33,000.00	4.750%	4,940.00	37,940.00
12/31/2036	35,000.00	4.750%	3,372.50	38,372.50
12/31/2037	36,000.00	4.750%	1,710.00	37,710.00
<b>Total</b>	<b>\$527,500.00</b>	<b>-</b>	<b>\$399,629.51</b>	<b>\$927,129.51</b>

### Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	9/12/2012
Average Life	15.502 Years
Average Coupon	4.7500016%
Weighted Average Maturity (Par Basis)	15.502 Years

### Refunding Bond Information

Refunding Dated Date	9/12/2012
Refunding Delivery Date	9/12/2012

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**Raymond James I Morgan Keegan**

Public Finance

**\$201,200**

Larue County Water District

Series 1997 B

## Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2012	4,000.00	4.750%	4,778.50	8,778.50
12/31/2013	4,100.00	4.750%	9,367.00	13,467.00
12/31/2014	4,400.00	4.750%	9,172.26	13,572.26
12/31/2015	4,500.00	4.750%	8,963.26	13,463.26
12/31/2016	4,800.00	4.750%	8,749.50	13,549.50
12/31/2017	5,000.00	4.750%	8,521.50	13,521.50
12/31/2018	5,300.00	4.750%	8,284.00	13,584.00
12/31/2019	5,500.00	4.750%	8,032.26	13,532.26
12/31/2020	5,800.00	4.750%	7,771.00	13,571.00
12/31/2021	6,100.00	4.750%	7,495.50	13,595.50
12/31/2022	6,400.00	4.750%	7,205.76	13,605.76
12/31/2023	6,700.00	4.750%	6,901.76	13,601.76
12/31/2024	7,100.00	4.750%	6,583.50	13,683.50
12/31/2025	7,400.00	4.750%	6,246.26	13,646.26
12/31/2026	7,800.00	4.750%	5,894.76	13,694.76
12/31/2027	8,200.00	4.750%	5,524.26	13,724.26
12/31/2028	8,600.00	4.750%	5,134.76	13,734.76
12/31/2029	9,000.00	4.750%	4,726.26	13,726.26
12/31/2030	9,500.00	4.750%	4,298.76	13,798.76
12/31/2031	9,900.00	4.750%	3,847.50	13,747.50
12/31/2032	10,500.00	4.750%	3,377.26	13,877.26
12/31/2033	10,900.00	4.750%	2,878.50	13,778.50
12/31/2034	11,500.00	4.750%	2,360.76	13,860.76
12/31/2035	12,100.00	4.750%	1,814.50	13,914.50
12/31/2036	12,700.00	4.750%	1,239.76	13,939.76
12/31/2037	13,400.00	4.750%	636.50	14,036.50
<b>Total</b>	<b>\$201,200.00</b>	-	<b>\$149,805.64</b>	<b>\$351,005.64</b>

### Yield Statistics

Base date for Avg Life & Avg Coupon Calculation	9/12/2012
Average Life	15.228 Years
Average Coupon	4.7500046%
Weighted Average Maturity (Par Basis)	15.228 Years

### Refunding Bond Information

Refunding Dated Date	9/12/2012
Refunding Delivery Date	9/12/2012

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**Raymond James | Morgan Keegan**

**\$982,000**

Larue County Water District

Series 2000

## Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2012	16,000.00	4.750%	23,322.50	39,322.50
12/31/2013	17,000.00	4.750%	45,885.00	62,885.00
12/31/2014	18,000.00	4.750%	45,077.50	63,077.50
12/31/2015	19,000.00	4.750%	44,222.50	63,222.50
12/31/2016	20,000.00	4.750%	43,320.00	63,320.00
12/31/2017	21,000.00	4.750%	42,370.00	63,370.00
12/31/2018	22,000.00	4.750%	41,372.50	63,372.50
12/31/2019	23,000.00	4.750%	40,327.50	63,327.50
12/31/2020	24,000.00	4.750%	39,235.00	63,235.00
12/31/2021	25,000.00	4.750%	38,095.00	63,095.00
12/31/2022	26,000.00	4.750%	36,907.50	62,907.50
12/31/2023	27,000.00	4.750%	35,672.50	62,672.50
12/31/2024	29,000.00	4.750%	34,390.00	63,390.00
12/31/2025	30,000.00	4.750%	33,012.50	63,012.50
12/31/2026	31,000.00	4.750%	31,587.50	62,587.50
12/31/2027	33,000.00	4.750%	30,115.00	63,115.00
12/31/2028	34,000.00	4.750%	28,547.50	62,547.50
12/31/2029	36,000.00	4.750%	26,932.50	62,932.50
12/31/2030	38,000.00	4.750%	25,222.50	63,222.50
12/31/2031	40,000.00	4.750%	23,417.50	63,417.50
12/31/2032	41,000.00	4.750%	21,517.50	62,517.50
12/31/2033	44,000.00	4.750%	19,570.00	63,570.00
12/31/2034	45,000.00	4.750%	17,480.00	62,480.00
12/31/2035	48,000.00	4.750%	15,342.50	63,342.50
12/31/2036	50,000.00	4.750%	13,062.50	63,062.50
12/31/2037	52,000.00	4.750%	10,687.50	62,687.50
12/31/2038	55,000.00	4.750%	8,217.50	63,217.50
12/31/2039	57,000.00	4.750%	5,605.00	62,605.00
12/31/2040	61,000.00	4.750%	2,897.50	63,897.50
<b>Total</b>	<b>\$982,000.00</b>	<b>-</b>	<b>\$823,412.50</b>	<b>\$1,805,412.50</b>

### Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	9/12/2012
Average Life	17.206 Years
Average Coupon	4.750000%
Weighted Average Maturity (Par Basis)	17.206 Years

### Refunding Bond Information

Refunding Dated Date	9/12/2012
Refunding Delivery Date	9/12/2012

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**Raymond James | Morgan Keegan**



LARUE COUNTY WATER DISTRICT NO. 1

STATEMENTS OF NET ASSETS

DECEMBER 31, 2011 AND 2010

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 175,029	\$ 178,959
Unrestricted investments	176,163	173,294
Accounts receivable, net	82,814	86,411
Unbilled receivables	45,124	46,494
Grant receivable	5,078	-
Prepaid insurance	9,955	9,955
Materials and supplies	18,644	16,394
<b>TOTAL CURRENT ASSETS</b>	<b>512,807</b>	<b>511,507</b>
<b>NONCURRENT ASSETS:</b>		
Restricted cash and cash equivalents	515,424	362,859
Restricted investments	900,110	886,620
Capital assets, net of depreciation	8,573,824	8,730,364
Unamortized discount and expense	33,283	34,788
<b>TOTAL NONCURRENT ASSETS</b>	<b>10,022,641</b>	<b>10,014,631</b>
<b>TOTAL ASSETS</b>	<b>10,535,448</b>	<b>10,526,138</b>
 <b><u>LIABILITIES</u></b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	28,616	29,650
Accrued taxes	16,497	12,029
Accrued vacation	13,381	13,381
Accrued interest	38,394	39,433
Customer deposits	18,276	16,357
Bonds payable	69,500	65,700
<b>TOTAL CURRENT LIABILITIES</b>	<b>184,664</b>	<b>176,550</b>
<b>NONCURRENT LIABILITIES:</b>		
Customer deposits	103,565	92,692
Bonds payable	3,094,700	3,164,200
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>3,198,265</b>	<b>3,256,892</b>
<b>TOTAL LIABILITIES</b>	<b>3,382,929</b>	<b>3,433,442</b>
 <b><u>NET ASSETS</u></b>		
Invested in capital assets, net of related debt	5,442,907	5,535,252
Restricted for debt service	105,622	103,411
Unrestricted	1,603,990	1,454,033
	<u>7,152,519</u>	<u>7,092,696</u>

See accompanying notes to financial statements.

LARUE COUNTY WATER DISTRICT NO. 1

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES:		
Water sales	\$ 1,186,597	\$ 1,142,554
Other operating income	<u>22,382</u>	<u>29,355</u>
TOTAL OPERATING REVENUES	1,208,979	1,171,909
OPERATING EXPENSES:		
Water purchased	375,295	340,453
Power purchased	22,948	22,351
Meter labor and expense	204,956	180,269
Repairs and maintenance	46,540	47,425
General and administrative expenses	205,047	196,151
Depreciation	<u>288,101</u>	<u>292,847</u>
TOTAL OPERATING EXPENSES	<u>1,142,887</u>	<u>1,079,496</u>
OPERATING INCOME	66,092	92,413
NON-OPERATING REVENUES (EXPENSES):		
Interest income	20,161	18,815
Interest expense on long-term debt	(154,594)	(158,136)
Amortization of bond discount and expense	<u>(1,505)</u>	<u>(1,505)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	(135,938)	(140,826)
CAPITAL CONTRIBUTIONS	<u>129,669</u>	<u>140,233</u>
CHANGE IN NET ASSETS	59,823	91,820
NET ASSETS, beginning of year	<u>7,092,696</u>	<u>7,000,876</u>
NET ASSETS, end of year	<u>\$ 7,152,519</u>	<u>\$ 7,092,696</u>

See accompanying notes to financial statements.



LARUE COUNTY WATER DISTRICT NO. 1

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	\$ 1,208,979	\$ 1,171,903
Payments to suppliers	(530,650)	(485,281)
Payments to employees	(305,193)	(276,862)
	<u>373,136</u>	<u>409,760</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Principal payments on bonds	(65,700)	(62,100)
Acquisition and construction of property	(131,561)	(157,828)
Capital contributions	124,591	140,233
Interest on long-term debt	(155,634)	(158,636)
State grant	<u>-</u>	<u>-</u>
	<u>(228,304)</u>	<u>(238,331)</u>
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	(16,358)	(675,248)
Interest income	20,161	18,815
	<u>3,803</u>	<u>(656,433)</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>		
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>148,635</b>	<b>(485,004)</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b><u>541,818</u></b>	<b><u>1,026,822</u></b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b><u>\$ 690,453</u></b>	<b><u>\$ 541,818</u></b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION:</b>		
Interest paid during the year	<u>\$ 155,634</u>	<u>\$ 158,636</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income	\$ 66,092	\$ 92,413
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	288,101	292,847
(Increase) decrease in accounts receivable	3,597	(2,228)
Decrease in unbilled receivables	1,370	1,390
(Increase) in inventory	(2,250)	-
Increase (decrease) in accounts payable	(1,034)	4,737
Increase in customer deposits	12,792	11,970
Increase in accrued taxes payable	4,468	7,903
Increase in accrued vacation	<u>-</u>	<u>728</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>\$ 373,136</u></b>	<b><u>\$ 409,760</u></b>

See accompanying notes to financial statements.