

Rubin & Hays

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

December 16, 2014

RECEIVED

DEC 17 2014

PUBLIC SERVICE
COMMISSION

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

Re: East Laurel Water District PSC Application

Dear Mr. Derouen:

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

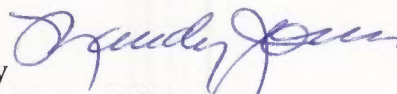
This Application requests approval of the issuance of securities for the purpose of refunding certain high interest Bonds of the District held by USDA, Rural Development.

Please be advised that the District is requesting the Commission to expedite this Application and issue the approving Order on or before January 29, 2015 due to the fact that an upward shift in the current interest rate market could negate any interest cost savings to the District.

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:jl
Enclosures

cc: Mr. Dewayne Lewis, East Laurel Water District
Ms. Kristen Millard, Raymond James and Associates

COMMONWEALTH OF KENTUCKY

RECEIVED

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY 7 2014

PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE APPLICATION OF EAST LAUREL)
 WATER DISTRICT TO ISSUE SECURITIES IN)
 THE APPROXIMATE PRINCIPAL AMOUNT OF)
 \$1,675,000 FOR THE PURPOSE OF REFUNDING) CASE NO. 2014 - _____
 CERTAIN OUTSTANDING REVENUE BONDS OF)
 THE DISTRICT PURSUANT TO THE PROVISIONS)
 OF KRS 278.300 AND 807 KAR 5:001)

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

APPLICATION

The Applicant, East Laurel 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 \$1,675,000 (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 Laurel County, which Order is on file in the County Court Order Books in the office of the Clerk of Laurel 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:

East Laurel Water District
c/o Mr. Dewayne Lewis, Manager - dewaynelewis@woodcreekwater.org
P.O. Box 726
London, Kentucky 40743
Telephone: (606) 878-9420
www.eastlaurelwaterdistrict.com

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 2013 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 \$1,675,000 (subject to adjustment of up to 10%) for the purpose of refunding the outstanding revenue bonds designated as (i) East Laurel Water District Waterworks Revenue Bonds of 1977, dated October 14, 1977, in the original principal amount of \$315,000, bearing interest at the rate of 5.00% per annum (the "1977 Bonds"); (ii) East Laurel Water District Waterworks Revenue Bonds, Series 1993, dated November 5, 1993, in the original principal amount of \$537,000, bearing interest at the rate of 5.00% per annum (the "1993 Bonds"); and (iii) East Laurel Water District Waterworks Revenue Bonds, Series 1999, dated September 3, 1999, in the

original principal amount of \$1,502,000, bearing interest at the rate of 4.50% per annum (the "1999 Bonds") (hereinafter, the 1977 Bonds, the 1993 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 cashflow savings of approximately \$200,124.09. 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, Expenses and Changes in Net Position, Statement of Net Position and Statement of Cash Flows for the twelve month period ending on December 31, 2013 are attached hereto and incorporated herein by reference as **Exhibit E** respectively.

15. Pursuant to 807 KAR 5:001, Section 12 - Financial Exhibit; the District hereby responds as follows:

- (i) Section 12(1)(b): The District states that it had less than \$5,000,000 in gross annual revenue in the immediate past calendar year and that no material changes to the District's financial condition have occurred since the end of

the twelve (12) month period contained in the District's most recent annual report on file with the Commission.

- (ii) Section 12(2)(a), (b) and (c) Stock: The District does not have any authorized, issued or outstanding stock as of the date hereof.
- (iii) Section 12(2)(d) Mortgages: The District does not have any outstanding mortgages as of the date hereof.
- (iv) Section 12(2)(e), (f) and (g) Indebtedness: The information concerning the outstanding indebtedness of the District is contained in the 2013 Annual Report on file with this Commission.
- (v) Section 12(2)(h) Dividends: The District has no outstanding stock and therefore pays on dividends.
- (vi) Section 12(2)(i) Financial Statements: See paragraph #14 above.

16. Pursuant to 807 KAR 5:001, Section 18, the District hereby responds as follows:

- (i) Section 18(1)(a): The District has complied with the requirements of 807 KAR 5:001, Section 14.
- (ii) Section 18(1)(b): A general description of the District's property, its field of operation and a statement of original cost of said property and the cost to the District is contained in the District's 2013 Annual Report on file with this Commission.
- (iii) Section 18(1)(c): The District is not issuing any stock as part of this financing. The information concerning the proposed KRWFC Loan is

contained in this Application. The KRWFC Loan will be secured by and payable from the gross revenues of the District's water system.

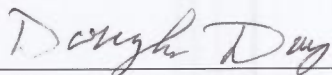
- (iv) Section 18(1)(d): The proceeds of the KRWFC Loan are being used to refund the outstanding Prior Bonds.
- (v) Section 18(1)(e): No property is being acquired with the proceeds of the KRWFC Loan.
- (vi) Section 18(1)(f): The details of the refunding of the Prior Bonds are contained in this Application and the Exhibits hereto.
- (vii) Section 18(1)(g): Written notification of the proposed issuance of the KRWFC Loan is being provided to the State Local Debt Officer.
- (viii) Section 18(2)(a): See paragraph #15 above.
- (ix) Section 18(2)(b): The District does not have any outstanding trust deeds or mortgages.
- (x) Section 18(2)(c): No property is being acquired with the proceeds of the KRWFC Loan.

17. No rate adjustment will be necessary.

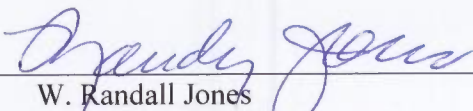
WHEREFORE, the District respectfully requests that the Commission take the following actions:

1. Authorize the issuance of the securities requested in the Application;
 2. Due to the volatility of the present bond market and in order to achieve substantial interest cost savings to the District by taking full advantage of current low interest rates, the District requests that the Commission issued its Order on or before **January 29, 2015**; 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.

East Laurel Water District

By 
Douglas Day, Chairman
P.O. Box 726
London, Kentucky 40743
Phone: (606) 878-9420
Fax: (606) 878-9425
Email: dewaynelewis@woodcreekwater.org

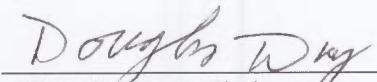
Rubin & Hays

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 East Laurel Water District
wrjones@rubinhays.com

STATE OF KENTUCKY)
) SS
COUNTY OF LAUREL)

The affiant, Douglas Day, being first duly sworn, states: That he is the Chairman of the East Laurel 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 12 day of December, 2014.



Douglas Day, Chairman

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by Douglas Day, Chairman of the East Laurel Water District, on this the 12 day of December, 2014.

My Commission expires: 10-20-2015.



NOTARY PUBLIC

Preliminary

\$1,675,000

East Laurel Water District
 Kentucky Rural Water Finance Corporation
 Flexible Term Finance Program

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
12/04/2014	-	-	-	-	-
08/01/2015	-	-	38,247.85	38,247.85	-
12/31/2015	-	-	-	-	38,247.85
02/01/2016	80,000.00	2.800%	29,049.00	109,049.00	-
08/01/2016	-	-	27,929.00	27,929.00	-
12/31/2016	-	-	-	-	136,978.00
02/01/2017	80,000.00	2.650%	27,929.00	107,929.00	-
08/01/2017	-	-	26,869.00	26,869.00	-
12/31/2017	-	-	-	-	134,798.00
02/01/2018	55,000.00	2.700%	26,869.00	81,869.00	-
08/01/2018	-	-	26,126.50	26,126.50	-
12/31/2018	-	-	-	-	107,995.50
02/01/2019	55,000.00	2.700%	26,126.50	81,126.50	-
08/01/2019	-	-	25,384.00	25,384.00	-
12/31/2019	-	-	-	-	106,510.50
02/01/2020	55,000.00	2.950%	25,384.00	80,384.00	-
08/01/2020	-	-	24,572.75	24,572.75	-
12/31/2020	-	-	-	-	104,956.75
02/01/2021	60,000.00	3.080%	24,572.75	84,572.75	-
08/01/2021	-	-	23,648.75	23,648.75	-
12/31/2021	-	-	-	-	108,221.50
02/01/2022	60,000.00	3.750%	23,648.75	83,648.75	-
08/01/2022	-	-	22,523.75	22,523.75	-
12/31/2022	-	-	-	-	106,172.50
02/01/2023	65,000.00	3.650%	22,523.75	87,523.75	-
08/01/2023	-	-	21,337.50	21,337.50	-
12/31/2023	-	-	-	-	108,861.25
02/01/2024	65,000.00	3.550%	21,337.50	86,337.50	-
08/01/2024	-	-	20,183.75	20,183.75	-
12/31/2024	-	-	-	-	106,521.25
02/01/2025	70,000.00	3.500%	20,183.75	90,183.75	-
08/01/2025	-	-	18,958.75	18,958.75	-
12/31/2025	-	-	-	-	109,142.50
02/01/2026	70,000.00	3.500%	18,958.75	88,958.75	-
08/01/2026	-	-	17,733.75	17,733.75	-
12/31/2026	-	-	-	-	106,692.50
02/01/2027	75,000.00	3.550%	17,733.75	92,733.75	-
08/01/2027	-	-	16,402.50	16,402.50	-
12/31/2027	-	-	-	-	109,136.25
02/01/2028	75,000.00	3.500%	16,402.50	91,402.50	-
08/01/2028	-	-	15,090.00	15,090.00	-
12/31/2028	-	-	-	-	106,492.50
02/01/2029	80,000.00	3.500%	15,090.00	95,090.00	-
08/01/2029	-	-	13,690.00	13,690.00	-
12/31/2029	-	-	-	-	108,780.00
02/01/2030	80,000.00	3.450%	13,690.00	93,690.00	-
08/01/2030	-	-	12,310.00	12,310.00	-
12/31/2030	-	-	-	-	106,000.00
02/01/2031	85,000.00	3.550%	12,310.00	97,310.00	-
08/01/2031	-	-	10,801.25	10,801.25	-
12/31/2031	-	-	-	-	108,111.25
02/01/2032	85,000.00	3.600%	10,801.25	95,801.25	-
08/01/2032	-	-	9,271.25	9,271.25	-
12/31/2032	-	-	-	-	105,072.50
02/01/2033	85,000.00	3.650%	9,271.25	94,271.25	-
08/01/2033	-	-	7,720.00	7,720.00	-
12/31/2033	-	-	-	-	101,991.25
02/01/2034	60,000.00	3.750%	7,720.00	67,720.00	-
08/01/2034	-	-	6,595.00	6,595.00	-
12/31/2034	-	-	-	-	74,315.00
02/01/2035	60,000.00	3.800%	6,595.00	66,595.00	-
08/01/2035	-	-	5,455.00	5,455.00	-
12/31/2035	-	-	-	-	72,050.00
02/01/2036	65,000.00	3.900%	5,455.00	70,455.00	-
08/01/2036	-	-	4,187.50	4,187.50	-
12/31/2036	-	-	-	-	74,642.50
02/01/2037	65,000.00	3.900%	4,187.50	69,187.50	-
08/01/2037	-	-	2,920.00	2,920.00	-
12/31/2037	-	-	-	-	72,107.50
02/01/2038	70,000.00	3.950%	2,920.00	72,920.00	-
08/01/2038	-	-	1,537.50	1,537.50	-
12/31/2038	-	-	-	-	74,457.50
02/01/2039	75,000.00	4.100%	1,537.50	76,537.50	-
12/31/2039	-	-	-	-	76,537.50
Total	\$1,675,000.00	-	\$789,791.85	\$2,464,791.85	-

Yield Statistics

Bond Year Dollars	\$21,595.21
Average Life	12.893 Years
Average Coupon	3.6572551%
Net Interest Cost (NIC)	3.7212889%
True Interest Cost (TIC)	3.7183909%
Bond Yield for Arbitrage Purposes	3.4079481%
All Inclusive Cost (AIC)	3.9077977%
IRS Form 8038	
Net Interest Cost	3.6174509%
Weighted Average Maturity	12.762 Years

Raymond James

Public Finance

Preliminary

\$1,675,000

East Laurel Water District
Kentucky Rural Water Finance Corporation
Flexible Term Finance Program

Sources & Uses

Dated 12/04/2014 | Delivered 12/04/2014

Sources Of Funds

Par Amount of Bonds	\$1,675,000.00
Reoffering Premium	11,296.75
Transfers from Prior Issue Debt Service Funds	93,579.16

Total Sources **\$1,779,875.91**

Uses Of Funds

Total Underwriter's Discount (1.500%)	25,125.00
Costs of Issuance	30,125.00
Deposit to Current Refunding Fund	1,721,273.25
Rounding Amount	3,352.66

Total Uses **\$1,779,875.91**

Preliminary

\$1,675,000

East Laurel Water District
Kentucky Rural Water Finance Corporation
Flexible Term Finance Program

Debt Service Comparison

Date	Total P+I	Net New D/S	Old Net D/S	Savings
12/31/2014	-	-	-	-
12/31/2015	38,247.85	38,247.85	143,196.25	104,948.40
12/31/2016	136,978.00	136,978.00	141,961.25	4,983.25
12/31/2017	134,798.00	134,798.00	142,095.00	7,297.00
12/31/2018	107,995.50	107,995.50	113,786.25	5,790.75
12/31/2019	106,510.50	106,510.50	112,596.25	6,085.75
12/31/2020	104,956.75	104,956.75	112,825.00	7,868.25
12/31/2021	108,221.50	108,221.50	112,936.25	4,714.75
12/31/2022	106,172.50	106,172.50	113,418.75	7,246.25
12/31/2023	108,861.25	108,861.25	113,272.50	4,411.25
12/31/2024	106,521.25	106,521.25	112,522.50	6,001.25
12/31/2025	109,142.50	109,142.50	113,143.75	4,001.25
12/31/2026	106,692.50	106,692.50	112,136.25	5,443.75
12/31/2027	109,136.25	109,136.25	112,988.75	3,852.50
12/31/2028	106,492.50	106,492.50	112,676.25	6,183.75
12/31/2029	108,780.00	108,780.00	112,712.50	3,932.50
12/31/2030	106,000.00	106,000.00	112,097.50	6,097.50
12/31/2031	108,111.25	108,111.25	112,806.25	4,695.00
12/31/2032	105,072.50	105,072.50	112,327.50	7,255.00
12/31/2033	101,991.25	101,991.25	110,711.25	8,720.00
12/31/2034	74,315.00	74,315.00	81,196.25	6,881.25
12/31/2035	72,050.00	72,050.00	80,782.50	8,732.50
12/31/2036	74,642.50	74,642.50	80,745.00	6,102.50
12/31/2037	72,107.50	72,107.50	80,572.50	8,465.00
12/31/2038	74,457.50	74,457.50	80,753.75	6,296.25
12/31/2039	76,537.50	76,537.50	80,777.50	4,240.00
Total	\$2,464,791.85	\$2,464,791.85	\$2,715,037.50	\$250,245.65

PV Analysis Summary (Net to Net)

Net FV Cashflow Savings	250,245.65
Gross PV Debt Service Savings	200,124.09
Net PV Cashflow Savings @ 3.908%(AIC)	200,124.09
Transfers from Prior Issue Debt Service Fund	(93,579.16)
Contingency or Rounding Amount	3,352.66
Net Present Value Benefit	\$109,897.59
Net PV Benefit / \$1,688,000 Refunded Principal	6.511%
Net Future Value Benefit	\$160,019.15
Net PV Benefit / \$1,675,000 Refunding Principal	6.561%
Average Annual Cash Flow Savings	10,009.83

Refunding Bond Information

Refunding Dated Date	12/04/2014
Refunding Delivery Date	12/04/2014

Raymond James

Preliminary

\$315,000

East Laurel Water District

Series 1977

Total Refunded Debt Service

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Total P+I</u>
12/31/2015	26,000.00	-	3,400.00	29,400.00
12/31/2016	27,000.00	-	2,075.00	29,075.00
12/31/2017	28,000.00	5.000%	700.00	28,700.00
Total	\$81,000.00	-	\$6,175.00	\$87,175.00

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	12/04/2014
Average Life	1.100 Years
Average Coupon	5.0000000%
Weighted Average Maturity (Par Basis)	1.100 Years

Refunding Bond Information

Refunding Dated Date	12/04/2014
Refunding Delivery Date	12/04/2014

Raymond James

Preliminary

\$537,000

East Laurel Water District

Series 1993

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2015	13,000.00	-	18,925.00	31,925.00
12/31/2016	13,000.00	-	18,275.00	31,275.00
12/31/2017	14,000.00	-	17,600.00	31,600.00
12/31/2018	15,000.00	-	16,875.00	31,875.00
12/31/2019	15,000.00	-	16,125.00	31,125.00
12/31/2020	16,000.00	-	15,350.00	31,350.00
12/31/2021	17,000.00	-	14,525.00	31,525.00
12/31/2022	18,000.00	-	13,650.00	31,650.00
12/31/2023	19,000.00	-	12,725.00	31,725.00
12/31/2024	19,000.00	-	11,775.00	30,775.00
12/31/2025	21,000.00	-	10,775.00	31,775.00
12/31/2026	21,000.00	-	9,725.00	30,725.00
12/31/2027	23,000.00	-	8,625.00	31,625.00
12/31/2028	24,000.00	-	7,450.00	31,450.00
12/31/2029	25,000.00	-	6,225.00	31,225.00
12/31/2030	26,000.00	-	4,950.00	30,950.00
12/31/2031	28,000.00	-	3,600.00	31,600.00
12/31/2032	29,000.00	-	2,175.00	31,175.00
12/31/2033	29,000.00	5.000%	725.00	29,725.00
Total	\$385,000.00	-	\$210,075.00	\$595,075.00

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	12/04/2014
Average Life	10.488 Years
Average Coupon	5.0000000%
Weighted Average Maturity (Par Basis)	10.488 Years

Refunding Bond Information

Refunding Dated Date	12/04/2014
Refunding Delivery Date	12/04/2014

Raymond James

Preliminary

\$1,502,500

East Laurel Water District

Series 1999 (ESTIMATED)

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2015	27,500.00	-	54,371.25	81,871.25
12/31/2016	28,500.00	-	53,111.25	81,611.25
12/31/2017	30,000.00	-	51,795.00	81,795.00
12/31/2018	31,500.00	-	50,411.25	81,911.25
12/31/2019	32,500.00	-	48,971.25	81,471.25
12/31/2020	34,000.00	-	47,475.00	81,475.00
12/31/2021	35,500.00	-	45,911.25	81,411.25
12/31/2022	37,500.00	-	44,268.75	81,768.75
12/31/2023	39,000.00	-	42,547.50	81,547.50
12/31/2024	41,000.00	-	40,747.50	81,747.50
12/31/2025	42,500.00	-	38,868.75	81,368.75
12/31/2026	44,500.00	-	36,911.25	81,411.25
12/31/2027	46,500.00	-	34,863.75	81,363.75
12/31/2028	48,500.00	-	32,726.25	81,226.25
12/31/2029	51,000.00	-	30,487.50	81,487.50
12/31/2030	53,000.00	-	28,147.50	81,147.50
12/31/2031	55,500.00	-	25,706.25	81,206.25
12/31/2032	58,000.00	-	23,152.50	81,152.50
12/31/2033	60,500.00	-	20,486.25	80,986.25
12/31/2034	63,500.00	-	17,696.25	81,196.25
12/31/2035	66,000.00	-	14,782.50	80,782.50
12/31/2036	69,000.00	-	11,745.00	80,745.00
12/31/2037	72,000.00	-	8,572.50	80,572.50
12/31/2038	75,500.00	-	5,253.75	80,753.75
12/31/2039	79,000.00	4.500%	1,777.50	80,777.50
Total	\$1,222,000.00	-	\$810,787.50	\$2,032,787.50

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	12/04/2014
Average Life	14.319 Years
Average Coupon	4.500000%
Weighted Average Maturity (Par Basis)	14.319 Years

Refunding Bond Information

Refunding Dated Date	12/04/2014
Refunding Delivery Date	12/04/2014

Raymond James

EAST LAUREL WATER DISTRICT
STATEMENTS OF NET POSITION
December 31, 2013 and 2012

DEFERRED OUTFLOW OF RESOURCES	<u>2013</u>	<u>2012</u>
Deferred savings from refunding bonds	\$ 1,868	\$ 2,076
Other deferred costs	337,075	347,925
Total deferred outflow of resources	<u>338,943</u>	<u>350,001</u>
Total assets and deferred outflow of resources	<u>\$ 6,825,788</u>	<u>\$ 7,023,995</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 177,763	\$ 193,313
Accrued expenses	5,659	5,821
Accrued interest	45,053	48,019
Current portion of long-term debt	77,500	73,500
Total current liabilities	<u>305,976</u>	<u>320,654</u>
Noncurrent liabilities		
Customer deposits	15,080	14,830
Unamortized premium on debt	1,196	1,325
Long-term debt	1,870,500	1,948,000
Total noncurrent liabilities	<u>1,886,776</u>	<u>1,964,155</u>
Total liabilities	<u>2,192,752</u>	<u>2,284,809</u>
NET POSITION		
Invested in capital assets net of related debt	3,187,576	3,275,336
Restricted for:		
Debt service	161,266	152,262
Other purposes	13,178	13,201
Unrestricted	1,271,016	1,298,387
Total net position	<u>\$ 4,633,036</u>	<u>\$ 4,739,185</u>

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

EAST LAUREL WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the years ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating revenues		
Water sales	\$ 2,208,293	\$ 2,348,544
Tap-on fees	26,640	29,150
Other	<u>70,420</u>	<u>59,629</u>
Total operating revenues	<u>2,305,352</u>	<u>2,437,324</u>
Operating expenses		
Purchased water and power	1,287,516	1,338,487
Water treatment	29,064	25,014
Transmission and distribution	376,919	395,539
Administration of customer accounts	296,015	302,952
Administration and general	98,155	103,728
Depreciation	<u>220,170</u>	<u>220,893</u>
Total operating expenses	<u>2,307,838</u>	<u>2,386,613</u>
Operating income (loss)	<u>(2,485)</u>	<u>50,710</u>
Nonoperating revenues (expenses)		
Interest income	1,474	1,963
Miscellaneous	(5,491)	(13,217)
Interest expense:		
Interest on long-term debt	(88,718)	(94,746)
Amortization	<u>(10,928)</u>	<u>(10,929)</u>
Total nonoperating revenues (expenses)	<u>(103,663)</u>	<u>(116,928)</u>
Change in net position	(106,149)	(66,218)
Net position as of January 1, 2013	<u>4,739,185</u>	<u>4,809,514</u>
Prior Period Restatement (See note 11)		<u>(4,111)</u>
Net position as of December 31, 2013	<u>\$ 4,633,036</u>	<u>\$ 4,739,185</u>

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

EAST LAUREL WATER DISTRICT
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Receipts from customers	\$ 2,306,914	\$ 2,432,008
Payment for goods and service	<u>(2,100,884)</u>	<u>(2,138,036)</u>
Net cash used in operating activities	<u>206,030</u>	<u>293,972</u>
Cash flows from capital and related activities		
Additions to capital assets	(58,990)	(122,114)
Principal payments on debt	(73,500)	(71,000)
Interest paid on debt	(91,685)	(94,911)
Miscellaneous nonoperating expense	<u>(5,652)</u>	<u>(13,216)</u>
Cash provided (used) in capital and related activities	<u>(229,827)</u>	<u>(301,241)</u>
Cash flows from investing activities		
Interest received on investments	<u>209</u>	<u>250</u>
Cash provided (used) in investing activities	<u>209</u>	<u>250</u>
Net increase in cash and cash equivalents	(23,587)	(7,019)
Cash and cash equivalents as of January 1, 2012	<u>374,554</u>	<u>381,573</u>
Cash and cash equivalents as of December 31, 2013	<u>\$ 350,967</u>	<u>\$ 374,554</u>
Reconciliation of change in net position to net cash used in operating activities		
Adjustments to reconcile change in net position to net cash used in operating activities:		
Operating income	\$ (2,485)	\$ 50,710
Depreciation	220,170	220,893
Changes in assets and liabilities:		
(Increase) Decrease in customer and other accounts receivable	1,561	(6,326)
Increase (Decrease) in customer and other accounts payable	(15,550)	27,685
Decrease (Increase) in prepaid expenses	2,084	(180)
Increase in customer deposits	<u>250</u>	<u>1,190</u>
Net cash provided by operating activities	<u>206,030</u>	<u>293,972</u>
Supplemental disclosures		
Interest paid	<u>88,718</u>	<u>94,746</u>
Reconciliation of Cash at End of Year		
Cash and cash equivalents	176,523	209,091
Restricted cash and cash equivalents	<u>174,444</u>	<u>165,463</u>
Total Cash at End of Year	<u>\$ 350,967</u>	<u>\$ 374,554</u>

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