

Rubin & Hays

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

PARALEGAL
MARY M. EMBRY

March 26, 2004

Mr. Thomas Dorman, Executive Director
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

Case 2004-00110

RECEIVED

MAR 26 2004

PUBLIC SERVICE
COMMISSION

Re: Green-Taylor Water District PSC Application

Dear Mr. Dorman:

Enclosed please find the original and ten (10) copies of the Application of the Green-Taylor 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. **Due to the extreme volatility of the financial markets and the fact that this refunding is interest rate sensitive, we request that the Commission process the Application in an expedited manner and issue an Order on or before April 27, 2004 (the date set for closing the securities).**

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. Roger Moss, Green-Taylor Water District
Ms. Kristen Curtis, Morgan Keegan

COMMONWEALTH OF KENTUCKY

RECEIVED

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

MAR 26 2004

PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE APPLICATION OF GREEN-TAYLOR)
WATER DISTRICT TO ISSUE SECURITIES)
IN THE APPROXIMATE PRINCIPAL AMOUNT)
OF \$2,610,000 FOR THE PURPOSE OF REFUNDING) CASE NO. 2004-00110
CERTAIN OUTSTANDING REVENUE BONDS OF)
THE DISTRICT PURSUANT TO THE PROVISIONS)
OF KRS 278.300 AND 807 KAR 5:001)

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

APPLICATION

The Applicant, Green-Taylor 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 \$2,610,000 (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 Green County, which Order is on file in the County Court Order Books in the office of the Clerk of Green 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:

Green-Taylor Water District
c/o Mr. Roger Moss, Manager
P.O. Box 168
Greensburg, Kentucky 42743
Telephone: (270) 932-4947

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 2002 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 "2004 Loan"), in the estimated principal amount of \$2,610,000 (subject to adjustment of up to 10%) for the purpose of refunding the outstanding revenue bonds designated as the (i) Green-Taylor Water District Waterworks Revenue Bonds of 1987, dated October 22, 1987, in the original principal amount of \$1,598,000 (the "1987 Bonds"); (ii) Green-Taylor Water District Waterworks Revenue Bonds of 1989, dated July 6, 1989, in the original principal amount of \$171,000 (the "1989 Bonds"); (iii) Green-Taylor Water District Waterworks Revenue Bonds of 1990, dated February 13, 1991, in the original principal amount of \$726,000 (the "1990 Bonds"); and (iv) Green-Taylor Water District Waterworks Revenue Bonds of 1993, dated December 9, 1993, in the original principal amount of \$416,000 (the "1993 Bonds") (hereinafter the 1987 Bonds, 1989 Bonds, 1990 Bonds

and 1993 Bonds shall be collectively referred to as the "Prior Bonds"). Said Prior Bonds are currently held by the U.S. Department of Agriculture, acting through Rural Development ("RD") and all bear interest at the rate of 5.00% per annum.

6. The estimated debt service for the 2004 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 2004 Loan may vary from the present assumptions based upon market conditions and other business judgment factors.

7. The 2004 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 2004 Loan.

8. The Sources and Uses of Funds to be obtained from the issuance of the 2004 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 total gross savings of approximately \$382,765.30, which represents a net present value savings of \$124,790.17. 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 2004 Loan will be adjusted, based upon final interest rates which will be known on or about March 24, 2004, 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 2004 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 2004 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 2004 Loan, file with the Commission a statement setting forth the date of issuance of the 2004 Loan, the price paid, the fees and expenses incurred in the issuance of the 2004 Loan, and the terms and interest rates of the 2004 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, 2002 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 2002 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 2004 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, 2002. The financial data filed with this Application is for the twelve (12) month period ending December 31, 2002. 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 2004 Loan while more current financial data is compiled. Also, the refunding of the Prior Bonds will save the District significant revenues thus improving the District's financial position.

18. No rate adjustment will be necessary.

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

1. Authorize the issuance of the securities requested in the Application prior to the closing date of **April 27, 2004**;
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 2002 Annual Report and 2002 Audit in lieu of more recent financial data, there being no material change in the data in 2003 and due to the volatility of the present bond market; and
3. Process this Application without a formal hearing in order to save time and expense. The District will promptly respond to any inquiries or information requests by the Commission's staff.

RUBIN & HAYS

By 

W. Randall Jones
Kentucky Home Trust Building
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Louisville, Kentucky 40202
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Fax: (502) 569-7555
Counsel for Green-Taylor
Water District

STATE OF KENTUCKY)
) SS
COUNTY OF GREEN)

The affiant, William M. Netherland, being first duly sworn, states: That he is the Chairman of the Green-Taylor 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.

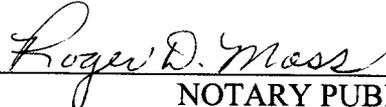
IN TESTIMONY WHEREOF, witness the signature of the undersigned on the 23 day of March, 2004.



William M. Netherland, Chairman

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by William M. Netherland, Chairman of the Green-Taylor Water District, on this the 23 day of March, 2004.

My Commission expires: May 8 - 2007.



NOTARY PUBLIC

\$2,610,000

Green Taylor Water District
Kentucky Rural Water Finance Corporation

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
12/30/2004	-	-	34,012.20	34,012.20
12/30/2005	70,000.00	2.280%	101,238.60	171,238.60
12/30/2006	68,000.00	2.400%	99,624.60	167,624.60
12/30/2007	70,000.00	2.405%	97,966.85	167,966.85
12/30/2008	72,000.00	2.530%	96,214.30	168,214.30
12/30/2009	79,000.00	2.780%	94,205.40	173,205.40
12/30/2010	79,000.00	3.155%	91,861.08	170,861.08
12/30/2011	84,000.00	3.330%	89,216.26	173,216.26
12/30/2012	88,000.00	3.530%	86,264.46	174,264.46
12/30/2013	92,000.00	4.030%	82,857.46	174,857.46
12/30/2014	98,000.00	4.030%	79,028.96	177,028.96
12/30/2015	101,000.00	4.030%	75,019.11	176,019.11
12/30/2016	109,000.00	4.030%	70,787.61	179,787.61
12/30/2017	113,000.00	4.030%	66,314.31	179,314.31
12/30/2018	120,000.00	4.030%	61,619.36	181,619.36
12/30/2019	126,000.00	4.155%	56,583.71	182,583.71
12/30/2020	134,000.00	4.155%	51,182.21	185,182.21
12/30/2021	142,000.00	4.280%	45,359.56	187,359.56
12/30/2022	150,000.00	4.280%	39,110.76	189,110.76
12/30/2023	155,000.00	4.405%	32,486.88	187,486.88
12/30/2024	165,000.00	4.405%	25,438.88	190,438.88
12/30/2025	173,000.00	4.405%	17,994.43	190,994.43
12/30/2026	184,000.00	4.405%	10,131.50	194,131.50
12/30/2027	138,000.00	4.405%	3,039.45	141,039.45
Total	\$2,610,000.00	-	\$1,507,557.94	\$4,117,557.94

Yield Statistics

Accrued Interest from 04/01/2004 to 04/27/2004	7,369.31
Bond Year Dollars	\$36,054.00
Average Life	13.814 Years
Average Coupon	4.1813889%
Net Interest Cost (NIC)	4.2735249%
True Interest Cost (TIC)	4.2800961%
Bond Yield for Arbitrage Purposes	4.2670154%
All Inclusive Cost (AIC)	4.5274253%

IRS Form 8038

Net Interest Cost	4.2928948%
Weighted Average Maturity	13.602 Years

\$2,610,000

Green Taylor Water District
Kentucky Rural Water Finance Corporation

Sources & Uses

Dated 04/01/2004 | Delivered 04/27/2004

SOURCES OF FUNDS

Par Amount of Bonds	\$2,610,000.00
Accrued Interest from 04/01/2004 to 04/27/2004	7,313.01
Transfers from Prior Issue Debt Service Funds	42,968.31

TOTAL SOURCES **\$2,660,281.32**

USES OF FUNDS

Original Issue Discount (OID)	15,127.64
Total Underwriter's Discount (0.709%)	18,504.46
Costs of Issuance	43,716.84
Gross Bond Insurance Premium (29.0 bp)	11,909.57
Deposit to Debt Service Fund	7,313.01
Deposit to Current Refunding Fund	2,562,407.67
Rounding Amount	1,302.13

TOTAL USES **\$2,660,281.32**

\$2,610,000

Green Taylor Water District
Kentucky Rural Water Finance Corporation

Debt Service Comparison

Part 1 of 2

Date	Total P+I	Expenses	Net New D/S	Old Net D/S	Savings
12/30/2004	34,012.20	-	34,012.20	63,044.62	29,032.42
12/30/2005	171,238.60	450.00	171,688.60	170,728.62	(959.98)
12/30/2006	167,624.60	450.00	168,074.60	170,112.50	2,037.90
12/30/2007	167,966.85	450.00	168,416.85	170,175.00	1,758.15
12/30/2008	168,214.30	450.00	168,664.30	171,087.50	2,423.20
12/30/2009	173,205.40	450.00	173,655.40	173,287.50	(367.90)
12/30/2010	170,861.08	450.00	171,311.08	172,800.00	1,488.92
12/30/2011	173,216.26	450.00	173,666.26	174,137.50	471.24
12/30/2012	174,264.46	450.00	174,714.46	175,250.00	535.54
12/30/2013	174,857.46	450.00	175,307.46	175,650.00	342.54
12/30/2014	177,028.96	450.00	177,478.96	177,800.00	321.04
12/30/2015	176,019.11	450.00	176,469.11	178,675.00	2,205.89
12/30/2016	179,787.61	450.00	180,237.61	180,275.00	37.39
12/30/2017	179,314.31	450.00	179,764.31	180,600.00	835.69
12/30/2018	181,619.36	450.00	182,069.36	182,625.00	555.64
12/30/2019	182,583.71	450.00	183,033.71	183,812.50	778.79
12/30/2020	185,182.21	450.00	185,632.21	184,675.00	(957.21)
12/30/2021	187,359.56	450.00	187,809.56	187,650.00	(159.56)
12/30/2022	189,110.76	450.00	189,560.76	189,687.50	126.74
12/30/2023	187,486.88	450.00	187,936.88	190,325.00	2,388.12
12/30/2024	190,438.88	450.00	190,888.88	194,000.00	3,111.12
12/30/2025	190,994.43	450.00	191,444.43	195,662.50	4,218.07
12/30/2026	194,131.50	450.00	194,581.50	198,312.50	3,731.00
12/30/2027	141,039.45	450.00	141,489.45	206,262.50	64,773.05
12/30/2028	-	-	-	75,887.50	75,887.50
12/30/2029	-	-	-	75,050.00	75,050.00
12/30/2030	-	-	-	65,312.50	65,312.50
12/30/2031	-	-	-	24,212.50	24,212.50
12/30/2032	-	-	-	23,575.00	23,575.00
Total	\$4,117,557.94	\$10,350.00	\$4,127,907.94	\$4,510,673.24	\$382,765.30

\$2,610,000

Green Taylor Water District
Kentucky Rural Water Finance Corporation

Debt Service Comparison

Part 2 of 2

PV Analysis Summary (Net to Net)

Gross Debt Service Savings	382,765.30
Accrued Interest Credit to Debt Service Fund	7,313.01
Transfers from Prior Issue Debt Service Fund	(42,968.31)
Contingency or Rounding Amount	1,302.13
Net Benefit	\$348,412.13
Net Present Value Benefit	\$124,790.17
Net PV Benefit / \$2,521,784 Refunded Principal	4.948%
Net PV Benefit / \$2,610,000 Refunding Principal	4.781%

Refunding Bond Information

Refunding Dated Date	4/01/2004
Refunding Delivery Date	4/27/2004

\$1,394,000
Green Taylor Water District
Series 1987

PRIOR ORIGINAL DEBT SERVICE

Date	Principal	Coupon	Interest	Total P+I
12/30/2003	-	-	-	-
12/30/2004	-	-	69,700.00	69,700.00
12/30/2005	24,000.00	-	69,100.00	93,100.00
12/30/2006	25,000.00	-	67,875.00	92,875.00
12/30/2007	27,000.00	-	66,575.00	93,575.00
12/30/2008	29,000.00	-	65,175.00	94,175.00
12/30/2009	32,000.00	-	63,650.00	95,650.00
12/30/2010	34,000.00	-	62,000.00	96,000.00
12/30/2011	37,000.00	-	60,225.00	97,225.00
12/30/2012	40,000.00	-	58,300.00	98,300.00
12/30/2013	43,000.00	-	56,225.00	99,225.00
12/30/2014	46,000.00	-	54,000.00	100,000.00
12/30/2015	50,000.00	-	51,600.00	101,600.00
12/30/2016	54,000.00	-	49,000.00	103,000.00
12/30/2017	58,000.00	-	46,200.00	104,200.00
12/30/2018	62,000.00	-	43,200.00	105,200.00
12/30/2019	67,000.00	-	39,975.00	106,975.00
12/30/2020	72,000.00	-	36,500.00	108,500.00
12/30/2021	78,000.00	-	32,750.00	110,750.00
12/30/2022	84,000.00	-	28,700.00	112,700.00
12/30/2023	90,000.00	-	24,350.00	114,350.00
12/30/2024	97,000.00	-	19,675.00	116,675.00
12/30/2025	105,000.00	-	14,625.00	119,625.00
12/30/2026	113,000.00	-	9,175.00	122,175.00
12/30/2027	127,000.00	-	3,175.00	130,175.00
Total	1,394,000.00	-	1,091,750.00	2,485,750.00

YIELD STATISTICS

Average Life.....	14.914 Years
Weighted Average Maturity (Par Basis).....	14.841 Years
Average Coupon.....	5.0000000%

REFUNDING BOND INFORMATION

Refunding Dated Date.....	4/01/2004
Refunding Delivery Date.....	4/27/2004

Morgan Keegan & Co., Inc.
Kentucky Public Finance

File = SERIES 2004 B Grouped.SF-SINGLE PURPOSE
3/22/2004 12:36 PM

\$142,000
Green Taylor Water District
Series 1989

PRIOR ORIGINAL DEBT SERVICE

Date	Principal	Coupon	Interest	Total P+I
12/30/2003	-	-	-	-
12/30/2004	-	-	7,100.00	7,100.00
12/30/2005	3,000.00	-	7,025.00	10,025.00
12/30/2006	3,000.00	-	6,875.00	9,875.00
12/30/2007	3,000.00	-	6,725.00	9,725.00
12/30/2008	3,000.00	-	6,575.00	9,575.00
12/30/2009	4,000.00	-	6,400.00	10,400.00
12/30/2010	4,000.00	-	6,200.00	10,200.00
12/30/2011	4,000.00	-	6,000.00	10,000.00
12/30/2012	4,000.00	-	5,800.00	9,800.00
12/30/2013	4,000.00	-	5,600.00	9,600.00
12/30/2014	5,000.00	-	5,375.00	10,375.00
12/30/2015	5,000.00	-	5,125.00	10,125.00
12/30/2016	5,000.00	-	4,875.00	9,875.00
12/30/2017	5,000.00	-	4,625.00	9,625.00
12/30/2018	6,000.00	-	4,350.00	10,350.00
12/30/2019	6,000.00	-	4,050.00	10,050.00
12/30/2020	6,000.00	-	3,750.00	9,750.00
12/30/2021	6,000.00	-	3,450.00	9,450.00
12/30/2022	7,000.00	-	3,125.00	10,125.00
12/30/2023	7,000.00	-	2,775.00	9,775.00
12/30/2024	8,000.00	-	2,400.00	10,400.00
12/30/2025	8,000.00	-	2,000.00	10,000.00
12/30/2026	8,000.00	-	1,600.00	9,600.00
12/30/2027	9,000.00	-	1,175.00	10,175.00
12/30/2028	9,000.00	-	725.00	9,725.00
12/30/2029	10,000.00	-	250.00	10,250.00
Total	142,000.00	-	113,950.00	255,950.00

YIELD STATISTICS

Average Life.....	15.299 Years
Weighted Average Maturity (Par Basis).....	15.227 Years
Average Coupon.....	5.0000000%

REFUNDING BOND INFORMATION

Refunding Dated Date.....	4/01/2004
Refunding Delivery Date.....	4/27/2004

\$618,000
Green Taylor Water District
Series 1990

PRIOR ORIGINAL DEBT SERVICE

Date	Principal	Coupon	Interest	Total P+I
12/30/2003	-	-	-	-
12/30/2004	-	-	30,900.00	30,900.00
12/30/2005	12,000.00	-	30,600.00	42,600.00
12/30/2006	13,000.00	-	29,975.00	42,975.00
12/30/2007	13,000.00	-	29,325.00	42,325.00
12/30/2008	14,000.00	-	28,650.00	42,650.00
12/30/2009	15,000.00	-	27,925.00	42,925.00
12/30/2010	15,000.00	-	27,175.00	42,175.00
12/30/2011	16,000.00	-	26,400.00	42,400.00
12/30/2012	17,000.00	-	25,575.00	42,575.00
12/30/2013	18,000.00	-	24,700.00	42,700.00
12/30/2014	19,000.00	-	23,775.00	42,775.00
12/30/2015	20,000.00	-	22,800.00	42,800.00
12/30/2016	21,000.00	-	21,775.00	42,775.00
12/30/2017	22,000.00	-	20,700.00	42,700.00
12/30/2018	23,000.00	-	19,575.00	42,575.00
12/30/2019	24,000.00	-	18,400.00	42,400.00
12/30/2020	25,000.00	-	17,175.00	42,175.00
12/30/2021	27,000.00	-	15,875.00	42,875.00
12/30/2022	28,000.00	-	14,500.00	42,500.00
12/30/2023	29,000.00	-	13,075.00	42,075.00
12/30/2024	31,000.00	-	11,575.00	42,575.00
12/30/2025	32,000.00	-	10,000.00	42,000.00
12/30/2026	34,000.00	-	8,350.00	42,350.00
12/30/2027	35,000.00	-	6,625.00	41,625.00
12/30/2028	37,000.00	-	4,825.00	41,825.00
12/30/2029	38,000.00	-	2,950.00	40,950.00
12/30/2030	40,000.00	-	1,000.00	41,000.00
Total	618,000.00	-	514,200.00	1,132,200.00

YIELD STATISTICS

Average Life.....	15.891 Years
Weighted Average Maturity (Par Basis).....	15.819 Years
Average Coupon.....	5.0000000%

REFUNDING BOND INFORMATION

Refunding Dated Date.....	4/01/2004
Refunding Delivery Date.....	4/27/2004

\$367,500
Green Taylor Water District
Series 1993

PRIOR ORIGINAL DEBT SERVICE

Date	Principal	Coupon	Interest	Total P+i
12/30/2003	-	-	-	-
12/30/2004	-	-	18,375.00	18,375.00
12/30/2005	6,500.00	-	18,212.50	24,712.50
12/30/2006	6,500.00	-	17,887.50	24,387.50
12/30/2007	7,000.00	-	17,550.00	24,550.00
12/30/2008	7,500.00	-	17,187.50	24,687.50
12/30/2009	7,500.00	-	16,812.50	24,312.50
12/30/2010	8,000.00	-	16,425.00	24,425.00
12/30/2011	8,500.00	-	16,012.50	24,512.50
12/30/2012	9,000.00	-	15,575.00	24,575.00
12/30/2013	9,000.00	-	15,125.00	24,125.00
12/30/2014	10,000.00	-	14,650.00	24,650.00
12/30/2015	10,000.00	-	14,150.00	24,150.00
12/30/2016	11,000.00	-	13,625.00	24,625.00
12/30/2017	11,000.00	-	13,075.00	24,075.00
12/30/2018	12,000.00	-	12,500.00	24,500.00
12/30/2019	12,500.00	-	11,887.50	24,387.50
12/30/2020	13,000.00	-	11,250.00	24,250.00
12/30/2021	14,000.00	-	10,575.00	24,575.00
12/30/2022	14,500.00	-	9,862.50	24,362.50
12/30/2023	15,000.00	-	9,125.00	24,125.00
12/30/2024	16,000.00	-	8,350.00	24,350.00
12/30/2025	16,500.00	-	7,537.50	24,037.50
12/30/2026	17,500.00	-	6,687.50	24,187.50
12/30/2027	18,500.00	-	5,787.50	24,287.50
12/30/2028	19,500.00	-	4,837.50	24,337.50
12/30/2029	20,000.00	-	3,850.00	23,850.00
12/30/2030	21,500.00	-	2,812.50	24,312.50
12/30/2031	22,500.00	-	1,712.50	24,212.50
12/30/2032	23,000.00	-	575.00	23,575.00
Total	367,500.00	-	332,012.50	699,512.50

YIELD STATISTICS

Average Life.....	17.319 Years
Weighted Average Maturity (Par Basis).....	17.246 Years
Average Coupon.....	5.0000000%

REFUNDING BOND INFORMATION

Refunding Dated Date.....	4/01/2004
Refunding Delivery Date.....	4/27/2004

GREEN-TAYLOR WATER DISTRICT
Greensburg, Kentucky
BALANCE SHEETS
December 31, 2002 and 2001

ASSETS

	<u>2002</u>	<u>2001</u>
CURRENT ASSETS:		
Cash	\$ 106,257	\$ 214,938
Accounts Receivable - Trade	274,147	255,245
Interest Receivable	431	877
Inventory	51,924	36,449
Prepaid Expenses	<u>9,732</u>	<u>7,796</u>
Total Current Assets	442,491	515,305
RESTRICTED ASSETS:		
Cash Reserve:		
Sinking Fund	98,091	53,161
Depreciation Reserve	354,266	339,362
Other	<u>27,346</u>	<u>17,952</u>
Total Restricted Assets	479,703	410,475
PROPERTY, PLANT & EQUIPMENT:		
Land and Land Rights	37,701	37,701
Buildings	128,697	128,697
Utility Plant	10,360,980	10,360,980
Service Equipment	264,348	268,020
Office Furniture and Equipment	68,588	65,775
Construction in Progress	<u>424,479</u>	<u>255,245</u>
	11,284,793	11,116,418
Less Accumulated Depreciation	<u>2,370,713</u>	<u>2,216,226</u>
Net Property, Plant & Equipment	8,914,080	8,900,192
OTHER ASSETS:		
Unamortized Bond Costs	<u>33,926</u>	<u>35,127</u>
Total Assets	<u>\$ 9,870,200</u>	<u>\$ 9,861,099</u>

GREEN-TAYLOR WATER DISTRICT
Greensburg, Kentucky
BALANCE SHEETS
December 31, 2002 and 2001

LIABILITIES AND EQUITY

	<u>2002</u>	<u>2001</u>
CURRENT LIABILITIES:		
Accounts Payable - Trade	\$ 85,796	\$ 84,766
Accrued and Withheld Taxes	3,571	4,096
Accrued and Withheld Retirement	2,681	1,619
Customer Deposits	66,343	57,071
Sewer Collections	8,280	7,340
School & Sales Tax Payable	3,552	3,486
Note Payable - Current Portion	31,632	47,934
Accrued Wages	<u>1,908</u>	<u>681</u>
Total Current Liabilities	203,763	206,993
LONG TERM LIABILITIES (Excluding Current Portion):		
Note Payable	33,393	144,128
Revenue Bonds Payable	<u>4,367,500</u>	<u>4,465,000</u>
Total Long-Term Liabilities	4,400,893	4,609,128
EQUITY:		
Contributions in Aid to Construction	5,215,152	5,215,152
Retained Earnings (Deficit)	<u>50,392</u>	<u>(170,174)</u>
Total Equity	<u>5,265,544</u>	<u>5,044,978</u>
Total Liabilities and Equity	<u>\$ 9,870,200</u>	<u>\$ 9,861,099</u>

The accompanying notes are an integral part of these financial statements

GREEN-TAYLOR WATER DISTRICT
Greensburg, Kentucky
STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN RETAINED EARNINGS
For the Years Ended December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
OPERATING REVENUES:		
Water Sales	\$ 1,492,747	\$ 1,455,257
Connection Fees	70,574	72,253
Penalties	34,518	21,229
Miscellaneous	12,513	15,290
Sewer Collection Charge	<u>9,762</u>	<u>9,137</u>
Total Operating Revenues	1,620,114	1,573,166
OPERATING EXPENSES:		
Purchased Water	501,483	493,442
Salaries	261,351	257,256
Depreciation	196,671	180,203
Insurance	106,636	96,728
Utilities and Telephone	48,425	42,839
Contract Labor	0	32,087
Repairs and Maintenance	43,007	24,186
Transportation	16,938	20,029
Payroll Taxes	18,821	18,504
Retirement	14,554	16,872
Maintenance of Meters & Mains	44,504	24,096
Office Supplies	25,547	11,008
Miscellaneous	23,221	8,835
Professional Fees	9,195	7,800
Uniforms	5,273	4,649
Water Analysis	5,106	4,491
P.S.C. Assessment	2,965	2,847
Amortization	1,201	1,080
Advertising	1,634	614
Supplies	2,657	533
Continuing Education	<u>625</u>	<u>420</u>
Total Operating Expenses	<u>1,329,814</u>	<u>1,248,519</u>
Operating Margin	290,300	324,647
NONOPERATING REVENUES (EXPENSES):		
Interest Income	20,521	28,498
Grant Fees	136,500	
Interest Expense	<u>(226,755)</u>	<u>(216,044)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(69,734)</u>	<u>(187,546)</u>
Excess Revenues or (Expenses)	220,566	137,101
Retained Earnings - Beginning of Year	<u>(170,174)</u>	<u>(307,275)</u>
Retained Earnings - End of Year	<u>\$ 50,392</u>	<u>\$ (170,174)</u>

The accompanying notes are an integral part of these financial statements

GREEN-TAYLOR WATER DISTRICT
Greensburg, Kentucky
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Cash Flows From Operating Activities:		
Operating Margin	\$ 290,300	\$ 324,647
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	196,671	180,203
(Increase) Decrease in Accounts Receivable - Trade	(18,902)	(11,168)
(Increase) Decrease in Interest Receivable	446	(85)
(Increase) Decrease in Inventory	(15,475)	(1,344)
(Increase) Decrease in Prepaid Expenses	(1,936)	7,061
(Increase) Decrease in Un-amortized Bond Costs	1,201	(4,031)
(Decrease) Increase in Accounts Payable - Trade	1,030	(30,027)
(Decrease) Increase in Accrued and Withheld Taxes	(525)	2,218
(Decrease) Increase in Accrued and Withheld Retirement	1,062	(1,565)
Increase (Decrease) in Accrued Wages	1,227	681
(Decrease) Increase in Customer Deposits	9,272	9,526
(Decrease) Increase in Sewer Collections Payable	940	(11,529)
Increase in School Tax Payable	66	112
(Decrease) in Deferred Revenue	<u>0</u>	<u>(14,000)</u>
Total Adjustments	<u>175,077</u>	<u>126,052</u>
Net Cash Provided by Operating Activities	465,377	450,699
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(210,560)	(448,240)
Principal Paid on Revenue Bonds	(97,500)	(92,500)
Grant Income	136,500	351,111
Interest Paid on Revenue Bonds	(218,500)	(211,480)
Other Interest Paid	(8,254)	(4,564)
Principal Paid on Long - Term Borrowings	<u>(127,037)</u>	<u>(34,855)</u>
Net Cash Used by Capital and Related Financing Activities	(525,351)	(440,528)
Cash Flows from Investing Activities:		
Interest Income	<u>20,521</u>	<u>28,498</u>
Net Cash Used by Investing Activities	<u>20,521</u>	<u>28,498</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(39,453)	38,669
Cash and Cash Equivalents - Beginning of Year	<u>325,413</u>	<u>286,744</u>
Cash and Cash Equivalents - End of Year	<u>\$ 285,960</u>	<u>\$ 325,413</u>
Supplemental Disclosure of Cash Flow Information		
Cash Payments for:		
Interest	\$ 226,755	\$ 216,044

The accompanying notes are an integral part of these financial statements