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CHARLES S. MUSSON
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CHRISTIAN L. JUCKETT

PARALEGAL
MARY M. EMBRY

March 26, 2004

RECEIVED

MAR 30 2004

PUBLIC SERVICE
COMMISSION

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

Case 2004-00113

Re: Green River Valley Water District PSC Application

Dear Mr. Dorman:

Enclosed please find the original and ten (10) copies of the Application of the Green River Valley 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. David Paige, Green River Valley Water District
Ms. Kristen Curtis, Morgan Keegan

RECEIVED

MAR 26 2004

PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF:

THE APPLICATION OF GREEN RIVER VALLEY)
 WATER DISTRICT TO ISSUE SECURITIES)
 IN THE APPROXIMATE PRINCIPAL AMOUNT)
 OF \$3,567,000 FOR THE PURPOSE OF REFUNDING) CASE NO. 2004-00113
 CERTAIN OUTSTANDING REVENUE BONDS OF)
 THE DISTRICT PURSUANT TO THE PROVISIONS)
 OF KRS 278.300 AND 807 KAR 5:001)

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

APPLICATION

The Applicant, Green River Valley 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 \$3,567,000 (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 Hart County, which Order is on file in the County Court Order Books in the office of the Clerk of Hart 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 River Valley Water District
c/o Mr. David Paige, Manager
P.O. Box 399
Cave City, Kentucky 42127
Telephone: (270) 773-2135

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 \$3,567,000 (subject to adjustment of up to 10%) for the purpose of refunding the outstanding revenue bonds designated as the (i) Green River Valley Water District Water System Revenue Bonds, Series of 1974B, dated April 1, 1974, in the original principal amount of \$790,000 (the "1974 Bonds"); (ii) Green River Valley Water District Water System Revenue Bonds, Series of 1984, dated February 15, 1985, in the original principal amount of \$584,000 (the "1984 Bonds"); (iii) Green River Valley Water District Water System Revenue Bonds, Series of 1988A, dated January 10, 1989, in the original principal amount of \$218,000 (the "1988 Bonds"); (iv) Green River Valley Water District Water System Revenue Bonds, Series of 1989, dated October 23, 1990, in the original principal amount of \$1,360,000 (the "1989 Bonds"); and (v) Green River Valley Water

District Water System Revenue Bonds, Series of 1992, dated June 23, 1993, in the original principal amount of \$1,250,000 (the "1992 Bonds") (hereinafter the 1974 Bonds, 1984 Bonds, 1988 Bonds, 1989 Bonds and 1992 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, with the exception of the 1974 Bonds which are held by the Department of Housing and Urban Development and bear interest at the rate of 6.00% 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 \$558,455.09, which represents a net present value savings of \$210,766.63. 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 June 30, 2003 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 June 30, 2003. The financial data filed with this Application is for the twelve (12) month period ending June 30, 2003. 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 2003 Audit in lieu of more recent financial data, there being no material change in the data since June 30, 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 

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Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
Phone: (502) 569-7525
Fax: (502) 569-7555
Counsel for Green River Valley
Water District

STATE OF KENTUCKY)
) SS
 COUNTY OF HART)

The affiant, Daniel T. Curd, being first duly sworn, states: That he is the Chairman of the Green River Valley 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 March, 2004.



 Daniel T. Curd, Chairman

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by Daniel T. Curd, Chairman of the Green River Valley Water District, on this the 24 day of March, 2004.

My Commission expires: NOV. 17, 2007.



 NOTARY PUBLIC

\$3,567,000

Green River Valley Water District
Kentucky Rural Water Finance Corporation

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
12/30/2004	-	-	43,259.42	43,259.42
12/30/2005	183,000.00	2.280%	127,692.06	310,692.06
12/30/2006	182,000.00	2.400%	123,421.86	305,421.86
12/30/2007	183,000.00	2.405%	119,037.28	302,037.28
12/30/2008	190,000.00	2.530%	114,433.20	304,433.20
12/30/2009	194,000.00	2.780%	109,333.10	303,333.10
12/30/2010	198,000.00	3.155%	103,513.05	301,513.05
12/30/2011	202,000.00	3.330%	97,026.30	299,026.30
12/30/2012	107,000.00	3.530%	91,774.45	198,774.45
12/30/2013	110,000.00	4.030%	87,669.40	197,669.40
12/30/2014	114,000.00	4.030%	83,155.80	197,155.80
12/30/2015	120,000.00	4.030%	78,440.70	198,440.70
12/30/2016	124,000.00	4.030%	73,524.10	197,524.10
12/30/2017	130,000.00	4.030%	68,406.00	198,406.00
12/30/2018	135,000.00	4.030%	63,066.25	198,066.25
12/30/2019	140,000.00	4.155%	57,437.50	197,437.50
12/30/2020	146,000.00	4.155%	51,495.85	197,495.85
12/30/2021	152,000.00	4.280%	45,209.90	197,209.90
12/30/2022	159,000.00	4.280%	38,554.50	197,554.50
12/30/2023	164,000.00	4.405%	31,539.80	195,539.80
12/30/2024	138,000.00	4.405%	24,888.25	162,888.25
12/30/2025	143,000.00	4.405%	18,699.23	161,699.23
12/30/2026	151,000.00	4.405%	12,223.88	163,223.88
12/30/2027	152,000.00	4.405%	5,550.30	157,550.30
12/30/2028	50,000.00	4.405%	1,101.25	51,101.25
Total	\$3,567,000.00	-	\$1,670,453.43	\$5,237,453.43

Yield Statistics

Accrued Interest from 04/01/2004 to 04/27/2004	9,372.87
Bond Year Dollars	\$40,986.50
Average Life	11.490 Years
Average Coupon	4.0756186%
Net Interest Cost (NIC)	4.1393830%
True Interest Cost (TIC)	4.1150865%
Bond Yield for Arbitrage Purposes	4.2670154%
All Inclusive Cost (AIC)	4.3871179%

IRS Form 8038

Net Interest Cost	4.1351005%
Weighted Average Maturity	11.275 Years

\$3,567,000

Green River Valley Water District
Kentucky Rural Water Finance Corporation

Sources & Uses

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

SOURCES OF FUNDS

Par Amount of Bonds	\$3,567,000.00
Accrued Interest from 04/01/2004 to 04/27/2004	9,296.25

TOTAL SOURCES **\$3,576,296.25**

USES OF FUNDS

Original Issue Discount (OID)	1,370.01
Total Underwriter's Discount (0.709%)	25,289.49
Costs of Issuance	58,820.44
Gross Bond Insurance Premium (29.0 bp)	15,153.00
Deposit to Debt Service Fund	9,296.25
Deposit to Current Refunding Fund	3,459,256.30
Rounding Amount	7,110.76

TOTAL USES **\$3,576,296.25**

\$3,567,000

Green River Valley 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	43,259.42	-	43,259.42	88,959.26	45,699.84
12/30/2005	310,692.06	450.00	311,142.06	309,924.26	(1,217.80)
12/30/2006	305,421.86	450.00	305,871.86	307,480.00	1,608.14
12/30/2007	302,037.28	450.00	302,487.28	305,490.00	3,002.72
12/30/2008	304,433.20	450.00	304,883.20	307,055.00	2,171.80
12/30/2009	303,333.10	450.00	303,783.10	305,150.00	1,366.90
12/30/2010	301,513.05	450.00	301,963.05	303,825.00	1,861.95
12/30/2011	299,026.30	450.00	299,476.30	302,050.00	2,573.70
12/30/2012	198,774.45	450.00	199,224.45	199,925.00	700.55
12/30/2013	197,669.40	450.00	198,119.40	199,575.00	1,455.60
12/30/2014	197,155.80	450.00	197,605.80	199,025.00	1,419.20
12/30/2015	198,440.70	450.00	198,890.70	200,225.00	1,334.30
12/30/2016	197,524.10	450.00	197,974.10	199,175.00	1,200.90
12/30/2017	198,406.00	450.00	198,856.00	199,875.00	1,019.00
12/30/2018	198,066.25	450.00	198,516.25	200,275.00	1,758.75
12/30/2019	197,437.50	450.00	197,887.50	198,425.00	537.50
12/30/2020	197,495.85	450.00	197,945.85	198,325.00	379.15
12/30/2021	197,209.90	450.00	197,659.90	198,900.00	1,240.10
12/30/2022	197,554.50	450.00	198,004.50	198,150.00	145.50
12/30/2023	195,539.80	450.00	195,989.80	198,075.00	2,085.20
12/30/2024	162,888.25	450.00	163,338.25	164,500.00	1,161.75
12/30/2025	161,699.23	450.00	162,149.23	164,450.00	2,300.77
12/30/2026	163,223.88	450.00	163,673.88	164,100.00	426.12
12/30/2027	157,550.30	450.00	158,000.30	163,450.00	5,449.70
12/30/2028	51,101.25	450.00	51,551.25	163,475.00	111,923.75
12/30/2029	-	-	-	150,475.00	150,475.00
12/30/2030	-	-	-	72,450.00	72,450.00
12/30/2031	-	-	-	72,175.00	72,175.00
12/30/2032	-	-	-	71,750.00	71,750.00
Total	\$5,237,453.43	\$10,800.00	\$5,248,253.43	\$5,806,708.52	\$558,455.09

\$3,567,000

Green River Valley Water District
Kentucky Rural Water Finance Corporation

Debt Service Comparison

Part 2 of 2

PV Analysis Summary (Net to Net)

Gross Debt Service Savings	558,455.09
Accrued Interest Credit to Debt Service Fund	9,296.25
Contingency or Rounding Amount	7,110.76
Net Benefit	\$574,862.10
Net Present Value Benefit	\$210,766.63
Net PV Benefit / \$3,437,770 Refunded Principal	6.131%
Net PV Benefit / \$3,567,000 Refunding Principal	5.909%

Refunding Bond Information

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

\$620,000
Kentucky Rural Water Finance Corporation
Green River Valley 1974 B
Flexible Term Loan Program
PRIOR ORIGINAL DEBT SERVICE

Date	Principal	Coupon	Interest	Total P+I
12/30/2003	-	-	18,600.00	18,600.00
12/30/2004	17,000.00	-	36,690.00	53,690.00
12/30/2005	74,000.00	-	33,960.00	107,960.00
12/30/2006	77,000.00	-	29,430.00	106,430.00
12/30/2007	81,000.00	-	24,690.00	105,690.00
12/30/2008	86,000.00	-	19,680.00	105,680.00
12/30/2009	90,000.00	-	14,400.00	104,400.00
12/30/2010	95,000.00	-	8,850.00	103,850.00
12/30/2011	100,000.00	-	3,000.00	103,000.00
Total	620,000.00	-	189,300.00	809,300.00

YIELD STATISTICS

Average Life..... 3.954 Years
 Weighted Average Maturity (Par Basis)..... 3.882 Years
 Average Coupon..... 6.3793646%

REFUNDING BOND INFORMATION

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

\$431,000
Kentucky Rural Water Finance Corporation
Green River Valley 1984
Flexible Term Loan Program
PRIOR ORIGINAL DEBT SERVICE

Date	Principal	Coupon	Interest	Total P+I
12/30/2003	-	-	10,775.00	10,775.00
12/30/2004	13,000.00	-	21,225.00	34,225.00
12/30/2005	14,000.00	-	20,550.00	34,550.00
12/30/2006	15,000.00	-	19,825.00	34,825.00
12/30/2007	15,000.00	-	19,075.00	34,075.00
12/30/2008	16,000.00	-	18,300.00	34,300.00
12/30/2009	17,000.00	-	17,475.00	34,475.00
12/30/2010	18,000.00	-	16,600.00	34,600.00
12/30/2011	18,000.00	-	15,700.00	33,700.00
12/30/2012	19,000.00	-	14,775.00	33,775.00
12/30/2013	20,000.00	-	13,800.00	33,800.00
12/30/2014	21,000.00	-	12,775.00	33,775.00
12/30/2015	22,000.00	-	11,700.00	33,700.00
12/30/2016	23,000.00	-	10,575.00	33,575.00
12/30/2017	25,000.00	-	9,375.00	34,375.00
12/30/2018	26,000.00	-	8,100.00	34,100.00
12/30/2019	27,000.00	-	6,775.00	33,775.00
12/30/2020	28,000.00	-	5,400.00	33,400.00
12/30/2021	30,000.00	-	3,950.00	33,950.00
12/30/2022	31,000.00	-	2,425.00	33,425.00
12/30/2023	33,000.00	-	825.00	33,825.00
Total	431,000.00	-	260,000.00	691,000.00

YIELD STATISTICS

Average Life.....	11.159 Years
Weighted Average Maturity (Par Basis).....	11.087 Years
Average Coupon.....	5.1120163%

REFUNDING BOND INFORMATION

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

\$183,000
Kentucky Rural Water Finance Corporation
Green River Valley 1988
Flexible Term Loan Program
PRIOR ORIGINAL DEBT SERVICE

Date	Principal	Coupon	Interest	Total P+I
12/30/2003	-	-	4,575.00	4,575.00
12/30/2004	4,000.00	-	9,050.00	13,050.00
12/30/2005	4,000.00	-	8,850.00	12,850.00
12/30/2006	4,000.00	-	8,650.00	12,650.00
12/30/2007	4,000.00	-	8,450.00	12,450.00
12/30/2008	5,000.00	-	8,225.00	13,225.00
12/30/2009	5,000.00	-	7,975.00	12,975.00
12/30/2010	5,000.00	-	7,725.00	12,725.00
12/30/2011	5,000.00	-	7,475.00	12,475.00
12/30/2012	6,000.00	-	7,200.00	13,200.00
12/30/2013	6,000.00	-	6,900.00	12,900.00
12/30/2014	6,000.00	-	6,600.00	12,600.00
12/30/2015	7,000.00	-	6,275.00	13,275.00
12/30/2016	7,000.00	-	5,925.00	12,925.00
12/30/2017	7,000.00	-	5,575.00	12,575.00
12/30/2018	8,000.00	-	5,200.00	13,200.00
12/30/2019	8,000.00	-	4,800.00	12,800.00
12/30/2020	8,000.00	-	4,400.00	12,400.00
12/30/2021	9,000.00	-	3,975.00	12,975.00
12/30/2022	9,000.00	-	3,525.00	12,525.00
12/30/2023	10,000.00	-	3,050.00	13,050.00
12/30/2024	10,000.00	-	2,550.00	12,550.00
12/30/2025	11,000.00	-	2,025.00	13,025.00
12/30/2026	11,000.00	-	1,475.00	12,475.00
12/30/2027	12,000.00	-	900.00	12,900.00
12/30/2028	12,000.00	-	300.00	12,300.00
Total	183,000.00	-	141,650.00	324,650.00

YIELD STATISTICS

Average Life.....	14.554 Years
Weighted Average Maturity (Par Basis).....	14.482 Years
Average Coupon.....	5.0858843%

REFUNDING BOND INFORMATION

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

\$1,157,000
Kentucky Rural Water Finance Corporation
Green River Valley 1989
Flexible Term Loan Program
PRIOR ORIGINAL DEBT SERVICE

Date	Principal	Coupon	Interest	Total P+I
12/30/2003	-	-	28,925.00	28,925.00
12/30/2004	23,000.00	-	57,275.00	80,275.00
12/30/2005	24,000.00	-	56,100.00	80,100.00
12/30/2006	25,000.00	-	54,875.00	79,875.00
12/30/2007	26,000.00	-	53,600.00	79,600.00
12/30/2008	28,000.00	-	52,250.00	80,250.00
12/30/2009	29,000.00	-	50,825.00	79,825.00
12/30/2010	30,000.00	-	49,350.00	79,350.00
12/30/2011	32,000.00	-	47,800.00	79,800.00
12/30/2012	33,000.00	-	46,175.00	79,175.00
12/30/2013	35,000.00	-	44,475.00	79,475.00
12/30/2014	37,000.00	-	42,675.00	79,675.00
12/30/2015	39,000.00	-	40,775.00	79,775.00
12/30/2016	41,000.00	-	38,775.00	79,775.00
12/30/2017	43,000.00	-	36,675.00	79,675.00
12/30/2018	45,000.00	-	34,475.00	79,475.00
12/30/2019	47,000.00	-	32,175.00	79,175.00
12/30/2020	49,000.00	-	29,775.00	78,775.00
12/30/2021	52,000.00	-	27,250.00	79,250.00
12/30/2022	54,000.00	-	24,600.00	78,600.00
12/30/2023	57,000.00	-	21,825.00	78,825.00
12/30/2024	60,000.00	-	18,900.00	78,900.00
12/30/2025	63,000.00	-	15,825.00	78,825.00
12/30/2026	66,000.00	-	12,600.00	78,600.00
12/30/2027	69,000.00	-	9,225.00	78,225.00
12/30/2028	73,000.00	-	5,675.00	78,675.00
12/30/2029	77,000.00	-	1,925.00	78,925.00
Total	1,157,000.00	-	934,800.00	2,091,800.00

YIELD STATISTICS

Average Life.....	15.216 Years
Weighted Average Maturity (Par Basis).....	15.144 Years
Average Coupon.....	5.0821477%

REFUNDING BOND INFORMATION

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

\$1,122,000
Kentucky Rural Water Finance Corporation
Green River Valley 1992
Flexible Term Loan Program
PRIOR ORIGINAL DEBT SERVICE

Date	Principal	Coupon	Interest	Total P+i
12/30/2003	-	-	28,050.00	28,050.00
12/30/2004	18,000.00	-	55,650.00	73,650.00
12/30/2005	19,000.00	-	54,725.00	73,725.00
12/30/2006	20,000.00	-	53,750.00	73,750.00
12/30/2007	21,000.00	-	52,725.00	73,725.00
12/30/2008	22,000.00	-	51,650.00	73,650.00
12/30/2009	23,000.00	-	50,525.00	73,525.00
12/30/2010	24,000.00	-	49,350.00	73,350.00
12/30/2011	25,000.00	-	48,125.00	73,125.00
12/30/2012	27,000.00	-	46,825.00	73,825.00
12/30/2013	28,000.00	-	45,450.00	73,450.00
12/30/2014	29,000.00	-	44,025.00	73,025.00
12/30/2015	31,000.00	-	42,525.00	73,525.00
12/30/2016	32,000.00	-	40,950.00	72,950.00
12/30/2017	34,000.00	-	39,300.00	73,300.00
12/30/2018	36,000.00	-	37,550.00	73,550.00
12/30/2019	37,000.00	-	35,725.00	72,725.00
12/30/2020	40,000.00	-	33,800.00	73,800.00
12/30/2021	41,000.00	-	31,775.00	72,775.00
12/30/2022	44,000.00	-	29,650.00	73,650.00
12/30/2023	45,000.00	-	27,425.00	72,425.00
12/30/2024	48,000.00	-	25,100.00	73,100.00
12/30/2025	50,000.00	-	22,650.00	72,650.00
12/30/2026	53,000.00	-	20,075.00	73,075.00
12/30/2027	55,000.00	-	17,375.00	72,375.00
12/30/2028	58,000.00	-	14,550.00	72,550.00
12/30/2029	61,000.00	-	11,575.00	72,575.00
12/30/2030	64,000.00	-	8,450.00	72,450.00
12/30/2031	67,000.00	-	5,175.00	72,175.00
12/30/2032	70,000.00	-	1,750.00	71,750.00
Total	1,122,000.00	-	1,026,250.00	2,148,250.00

YIELD STATISTICS

Average Life.....	17.325 Years
Weighted Average Maturity (Par Basis).....	17.253 Years
Average Coupon.....	5.0721493%

REFUNDING BOND INFORMATION

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

GREEN RIVER VALLEY WATER DISTRICT
STATEMENTS OF REVENUES AND EXPENSES
For the Years Ended June 30, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Operating revenue:		
Metered water sales:		
Residential	\$ 1,421,291	\$ 1,383,553
Commercial	<u>131,033</u>	<u>117,596</u>
	<u>1,552,324</u>	<u>1,501,149</u>
Wholesale water sales:		
Horse Cave	154,959	138,055
Cave City	135,198	135,986
Munfordville	82,710	79,709
Larue County	94,101	88,957
Bonnieville	29,754	27,678
Green-Taylor	<u>60,002</u>	<u>61,161</u>
	<u>556,724</u>	<u>531,546</u>
Other operating revenues:		
Cash water sales	1,523	1,331
Revenues from maintenance and contract work, net of expenses of \$57,868 (2003) and \$66,852 (2002)	109,601	103,328
Forfeited discounts	47,447	49,372
Miscellaneous	<u>31,784</u>	<u>44,932</u>
	<u>190,355</u>	<u>198,963</u>
Total operating revenues	<u>2,299,403</u>	<u>2,231,658</u>
Operating expenses:		
Source of supply and pumping expenses:		
Operations	240,198	204,654
Maintenance	18,999	49,445
Water treatment expenses:		
Operations	292,934	281,873
Transmission and distribution:		
Operations	66,468	55,910
Maintenance	384,093	269,145
Customer accounts expenses	249,319	235,833
Administrative and general expenses	401,949	375,802
Depreciation	443,765	440,440
Amortization	11,426	17,076
Taxes other than income	<u>50,970</u>	<u>47,225</u>
Total operating expenses	<u>2,160,121</u>	<u>1,977,403</u>
Operating income	<u>139,282</u>	<u>254,255</u>

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

GREEN RIVER VALLEY WATER DISTRICT
STATEMENTS OF REVENUES AND EXPENSES, CONCLUDED
For the Years Ended June 30, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Other income (expense):		
Interest income	\$ 27,365	\$ 33,292
Interest on long-term debt	<u>(378,199)</u>	<u>(391,058)</u>
Total other income (expense)	<u>(350,834)</u>	<u>(357,766)</u>
Net income	<u>\$ (211,552)</u>	<u>\$ (103,511)</u>

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

**GREEN RIVER VALLEY WATER DISTRICT
BALANCE SHEETS
June 30, 2003 and 2002**

ASSETS

	<u>2003</u>	<u>2002</u>
Utility plant:		
Utility plant in service	\$ 17,913,602	\$ 17,796,558
Construction in progress	<u>1,248,978</u>	<u>276,203</u>
	19,162,580	18,072,761
Less accumulated depreciation	<u>7,340,321</u>	<u>6,896,555</u>
Utility plant, net	<u>11,822,259</u>	<u>11,176,206</u>
Special funds:		
Revenue fund:		
Cash	205,100	236,593
Accounts receivable	<u>189,475</u>	<u>204,591</u>
	<u>394,575</u>	<u>441,184</u>
Depreciation funds:		
Cash and temporary cash investments	43,100	556,095
Certificates of deposit	<u>586,000</u>	<u>310,000</u>
	<u>629,100</u>	<u>866,095</u>
Construction fund:		
Cash	62,528	20,821
Bond proceeds held by K.R.W.F.C.	314,289	-
Accrued interest	<u>2,738</u>	<u>2,738</u>
	<u>379,555</u>	<u>23,559</u>
Bond and interest funds:		
Cash and temporary cash investments	<u>462,182</u>	<u>418,293</u>
Total special funds	<u>1,865,412</u>	<u>1,749,131</u>
Operating fund:		
Cash	105,590	61,291
Plant materials and supplies, at cost (first-in, first-out)	122,724	117,046
Prepaid insurance	<u>21,685</u>	<u>16,199</u>
Total operating fund	<u>249,999</u>	<u>194,536</u>
Deferred charges:		
Debt discount and costs, net of amortization of \$113,602 (2003) and \$108,957 (2002)	80,369	66,014
Other deferred charges, net of amortization of \$61,223 (2003) and \$ 54,441 (2002)	<u>-</u>	<u>6,782</u>
	<u>\$ 14,018,039</u>	<u>\$ 13,192,669</u>

LIABILITIES AND EQUITY

	<u>2003</u>	<u>2002</u>
Current liabilities (payable from operating fund assets):		
Serial water revenue bonds, due within one year	\$ 256,500	\$ 206,500
Accounts payable	129,411	159,513
Note payable	18,000	38,000
Accrued interest	93,148	95,882
Customer deposits	<u>25,065</u>	<u>16,730</u>
Total current liabilities	<u>522,124</u>	<u>516,625</u>
Current liabilities (payable from construction fund assets):		
Construction accounts payable	<u>271,663</u>	<u>100,584</u>
	<u>271,663</u>	<u>100,584</u>
 Long-term debt:		
Serial water revenue bonds, due after one year	<u>7,772,000</u>	<u>7,522,000</u>
Total liabilities	<u>8,565,787</u>	<u>8,139,209</u>
 Equity:		
Contributions in aid of construction	<u>6,029,665</u>	<u>5,419,321</u>
Retained earnings (deficit):		
Reserved for bond and interest retirement	122,503	121,433
Unreserved	<u>(699,916)</u>	<u>(487,294)</u>
	<u>(577,413)</u>	<u>(365,861)</u>
Total equity	<u>5,452,252</u>	<u>5,053,460</u>
	<u>\$ 14,018,039</u>	<u>\$ 13,192,669</u>

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

GREEN RIVER VALLEY WATER DISTRICT
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Cash flows from operating activities:		
Operating income (loss)	\$ 139,282	\$ 254,255
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	455,191	457,516
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	15,116	22,696
(Increase) decrease in prepaid insurance	(5,486)	(3,758)
(Increase) decrease in inventories	(5,678)	(2,423)
(Increase) decrease in accrued interest receivable	-	2,612
Increase (decrease) in accounts payable	140,977	57,032
Increase (decrease) in customer deposits	8,335	2,833
Increase (decrease) in accrued interest payable	<u>(2,734)</u>	<u>(2,364)</u>
Net cash provided by operating activities	<u>745,003</u>	<u>788,399</u>
Cash flows from capital and related financing activities:		
Proceeds from notes payable	-	38,000
Payments on notes payable	(20,000)	-
Proceeds from issuance of revenue bonds	537,178	-
Bond proceeds held by K.R.W.F.C.	(332,467)	-
Acquisition and construction of capital assets	(1,089,817)	(595,900)
Principal paid on revenue bonds	(219,000)	(206,500)
Interest paid on debt	(378,199)	(391,058)
Grant proceeds received	502,378	-
Reimbursements by property owners	107,966	304,292
Bond issuance costs	<u>(19,000)</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(910,961)</u>	<u>(851,166)</u>
Cash flows from investing activities:		
Purchase of investments	(276,000)	-
Interest on investments	<u>27,365</u>	<u>33,292</u>
Net cash provided (used) by investing activities	<u>(248,635)</u>	<u>33,292</u>
Net increase (decrease) in cash and cash equivalents	(414,593)	(29,475)
Cash and cash equivalents, beginning of year	<u>1,293,093</u>	<u>1,322,568</u>
Cash and cash equivalents, end of year	<u>\$ 878,500</u>	<u>\$ 1,293,093</u>

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