

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF:

**ELECTRONIC APPLICATION OF LAUREL)
COUNTY WATER DISTRICT No. 2 TO ISSUE)
SECURITIES IN THE APPROXIMATE PRINCIPAL)
AMOUNT OF \$6,105,000 FOR THE PURPOSE)
OF REFUNDING CERTAIN OUTSTANDING) CASE NO. 2020 - 00157
OBLIGATIONS OF THE DISTRICT PURSUANT)
TO THE PROVISIONS OF KRS 278.300 AND)
807 KAR 5:001)**

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

APPLICATION

The Applicant, Laurel County Water District No. 2 (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 \$6,105,000 (subject to adjustment of up to 10%), for the purpose of refunding certain outstanding 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 and email address of the District is as follows:

Laurel County Water District No. 2
c/o Ms. Wanda Smith, Office Manager
3910 South Laurel Road
London, Kentucky 40744
Telephone: (606) 878-2494
Fax: (606) 878-2448
email: wandas@laurelwater.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 2018 which is on file with the Commission. The Annual Report is incorporated herein by reference.

5. The District proposes to borrow funds from KRWFC pursuant to an Assistance Agreement (the "KRWFC Loan"), in the estimated principal amount of \$6,105,000 (subject to adjustment of up to 10%) for the purpose of (a) refunding certain outstanding revenue bonds of the District designated as (i) Laurel County Water District No. 2 Waterworks Revenue Bonds, Series 1997, dated June 12, 1998, in the original authorized principal amount of \$545,000, bearing interest at the rate of 4.50% per annum (the "1997 Bonds") currently held by the United States Department of Agriculture, acting through Rural Development ("RD"); and (ii) Laurel County Water District No. 2 Waterworks Revenue Bonds, Series 2010A, dated February 9, 2012, in the original authorized

principal amount of \$6,065,000, bearing interest at the rate of 4.125% per annum (the "2010 Bonds") currently held by RD (hereinafter the 1997 Bonds and the 2010 Bonds shall be collectively referred to as the "Prior Bonds"); and (b) paying the costs of issuance of the KRWFC Loan.

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 of the KRWFC Loan vary from the present assumptions based upon market conditions and other judgment factors.

7. The KRWFC Loan will provide the District with the funds necessary to (i) refund the Prior Bonds; and (ii) pay the costs of 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 refunding of the Prior Bonds will result in a net present value cash flow savings of approximately \$515,414.63. 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 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 Schedules of the outstanding Prior Bonds are 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 Statements of Revenues, Expenses and Changes in Fund Net Position, Statements of Net Position, and Statements of Cash Flows for the twelve month periods ending on December 31, 2017 and 2018 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 2018 Annual Report on file with this Commission.
- (v) Section 12(2)(h) Dividends: The District has no outstanding stock and therefore pays no 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 2018 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 and pay the costs of issuance thereof.
 - (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 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 (see **Exhibit "F"** attached hereto).
 - (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.

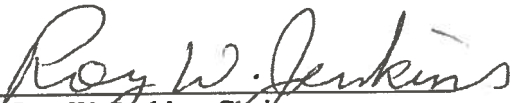
WHEREFORE, the District respectfully requests that the Commission take the following

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 as soon as possible; 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.

Laurel County Water District No. 2

By 
Roy W. Jenkins, Chairman
3910 South Laurel Road
London, Kentucky 40744
Phone: (606) 878-2494
Fax: (606) 878-2448
Email: wandas@laurelwater.com

Rubin & Hays

By 
W. Randall Jones
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
Phone: (502) 569-7534
Email: wrjones@rubinhays.com
Counsel for Applicant

STATE OF KENTUCKY)
) SS
COUNTY OF LAUREL)

The affiant, Roy W. Jenkins, being first duly sworn, states: That he is the Chairman of the Laurel County Water District No. 2, 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.

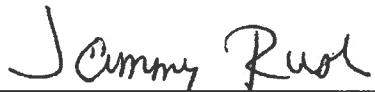
IN TESTIMONY WHEREOF, witness the signature of the undersigned on the 20th day of May, 2020.



Roy W. Jenkins, Chairman

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by Roy W. Jenkins, Chairman of the Laurel County Water District No. 2, on this the 20th day of May, 2020.

My Commission expires: 10-31-20.



NOTARY PUBLIC
567837

Notary Public ID Number

EXHIBIT A

Debt Service Schedule

Preliminary

\$6,105,000

Laurel County Water District #2
Potential Refunding through the
Kentucky Rural Water Finance Corporation

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
05/30/2020	-	-	-	-	-
02/01/2021	90,000.00	3.000%	132,785.98	222,785.98	-
08/01/2021	-	-	97,826.25	97,826.25	-
12/31/2021	-	-	-	-	320,612.23
02/01/2022	135,000.00	3.000%	97,826.25	232,826.25	-
08/01/2022	-	-	95,801.25	95,801.25	-
12/31/2022	-	-	-	-	328,627.50
02/01/2023	140,000.00	3.000%	95,801.25	235,801.25	-
08/01/2023	-	-	93,701.25	93,701.25	-
12/31/2023	-	-	-	-	329,502.50
02/01/2024	145,000.00	3.000%	93,701.25	238,701.25	-
08/01/2024	-	-	91,526.25	91,526.25	-
12/31/2024	-	-	-	-	330,227.50
02/01/2025	145,000.00	2.800%	91,526.25	236,526.25	-
08/01/2025	-	-	89,496.25	89,496.25	-
12/31/2025	-	-	-	-	326,022.50
02/01/2026	150,000.00	2.800%	89,496.25	239,496.25	-
08/01/2026	-	-	87,396.25	87,396.25	-
12/31/2026	-	-	-	-	326,892.50
02/01/2027	155,000.00	3.350%	87,396.25	242,396.25	-
08/01/2027	-	-	84,800.00	84,800.00	-
12/31/2027	-	-	-	-	327,196.25
02/01/2028	165,000.00	3.350%	84,800.00	249,800.00	-
08/01/2028	-	-	82,036.25	82,036.25	-
12/31/2028	-	-	-	-	331,836.25
02/01/2029	170,000.00	3.200%	82,036.25	252,036.25	-
08/01/2029	-	-	79,316.25	79,316.25	-
12/31/2029	-	-	-	-	331,352.50
02/01/2030	175,000.00	3.100%	79,316.25	254,316.25	-
08/01/2030	-	-	76,603.75	76,603.75	-
12/31/2030	-	-	-	-	330,920.00
02/01/2031	175,000.00	3.100%	76,603.75	251,603.75	-
08/01/2031	-	-	73,891.25	73,891.25	-
12/31/2031	-	-	-	-	325,495.00
02/01/2032	180,000.00	3.150%	73,891.25	253,891.25	-
08/01/2032	-	-	71,056.25	71,056.25	-
12/31/2032	-	-	-	-	324,947.50
02/01/2033	190,000.00	3.150%	71,056.25	261,056.25	-
08/01/2033	-	-	68,063.75	68,063.75	-
12/31/2033	-	-	-	-	329,120.00
02/01/2034	190,000.00	3.150%	68,063.75	258,063.75	-
08/01/2034	-	-	65,071.25	65,071.25	-
12/31/2034	-	-	-	-	323,135.00
02/01/2035	200,000.00	3.050%	65,071.25	265,071.25	-
08/01/2035	-	-	62,021.25	62,021.25	-
12/31/2035	-	-	-	-	327,092.50
02/01/2036	210,000.00	3.050%	62,021.25	272,021.25	-
08/01/2036	-	-	58,818.75	58,818.75	-
12/31/2036	-	-	-	-	330,840.00
02/01/2037	185,000.00	3.150%	58,818.75	243,818.75	-
08/01/2037	-	-	55,905.00	55,905.00	-
12/31/2037	-	-	-	-	299,723.75
02/01/2038	190,000.00	3.150%	55,905.00	245,905.00	-
08/01/2038	-	-	52,912.50	52,912.50	-
12/31/2038	-	-	-	-	298,817.50
02/01/2039	195,000.00	3.200%	52,912.50	247,912.50	-
08/01/2039	-	-	49,792.50	49,792.50	-

12/31/2039	-	-	-	-	297,705.00
02/01/2040	200,000.00	3.250%	49,792.50	249,792.50	-
08/01/2040	-	-	46,542.50	46,542.50	-
12/31/2040	-	-	-	-	296,335.00
02/01/2041	210,000.00	3.300%	46,542.50	256,542.50	-
08/01/2041	-	-	43,077.50	43,077.50	-
12/31/2041	-	-	-	-	299,620.00
02/01/2042	215,000.00	3.350%	43,077.50	258,077.50	-
08/01/2042	-	-	39,476.25	39,476.25	-
12/31/2042	-	-	-	-	297,553.75
02/01/2043	220,000.00	3.400%	39,476.25	259,476.25	-
08/01/2043	-	-	35,736.25	35,736.25	-
12/31/2043	-	-	-	-	295,212.50
02/01/2044	230,000.00	3.400%	35,736.25	265,736.25	-
08/01/2044	-	-	31,826.25	31,826.25	-
12/31/2044	-	-	-	-	297,562.50
02/01/2045	240,000.00	3.450%	31,826.25	271,826.25	-
08/01/2045	-	-	27,686.25	27,686.25	-
12/31/2045	-	-	-	-	299,512.50
02/01/2046	245,000.00	3.450%	27,686.25	272,686.25	-
08/01/2046	-	-	23,460.00	23,460.00	-
12/31/2046	-	-	-	-	296,146.25
02/01/2047	255,000.00	3.450%	23,460.00	278,460.00	-
08/01/2047	-	-	19,061.25	19,061.25	-
12/31/2047	-	-	-	-	297,521.25
02/01/2048	265,000.00	3.450%	19,061.25	284,061.25	-
08/01/2048	-	-	14,490.00	14,490.00	-
12/31/2048	-	-	-	-	298,551.25
02/01/2049	270,000.00	3.450%	14,490.00	284,490.00	-
08/01/2049	-	-	9,832.50	9,832.50	-
12/31/2049	-	-	-	-	294,322.50
02/01/2050	280,000.00	3.450%	9,832.50	289,832.50	-
08/01/2050	-	-	5,002.50	5,002.50	-
12/31/2050	-	-	-	-	294,835.00
02/01/2051	290,000.00	3.450%	5,002.50	295,002.50	-
12/31/2051	-	-	-	-	295,002.50
Total	\$6,105,000.00	-	\$3,597,240.98	\$9,702,240.98	-

Yield Statistics

Bond Year Dollars	\$108,111.96
Average Life	17.709 Years
Average Coupon	3.3273294%
Net Interest Cost (NIC)	3.4246645%
True Interest Cost (TIC)	3.4506447%
Bond Yield for Arbitrage Purposes	3.3104537%
All Inclusive Cost (AIC)	3.5983383%

IRS Form 8038

Net Interest Cost	3.3582695%
Weighted Average Maturity	17.533 Years

Laurel WD #2 4.14.20 | Issue Summary | 4/14/2020 | 11:31 AM

Raymond James

EXHIBIT B

Sources and Uses of Funds

Preliminary

\$6,105,000

Laurel County Water District #2
Potential Refunding through the
Kentucky Rural Water Finance Corporation

Total Issue Sources And Uses

Dated 05/30/2020 | Delivered 05/30/2020

	Ref of 1998	Ref of 2002	Issue Summary
Sources Of Funds			
Par Amount of Bonds	\$355,000.00	\$5,750,000.00	\$6,105,000.00
Reoffering Premium	8,426.60	-	8,426.60
Transfers from Prior Issue Debt Service Funds	10,484.17	107,102.92	117,587.09
Total Sources	\$373,910.77	\$5,857,102.92	\$6,231,013.69
Uses Of Funds			
Original Issue Discount (OID)	-	6,819.95	6,819.95
Total Underwriter's Discount (1.750%)	6,212.50	100,625.00	106,837.50
Costs of Issuance	5,883.52	95,296.48	101,180.00
Deposit to Current Refunding Fund	361,102.56	5,653,908.34	6,015,010.90
Rounding Amount	712.19	453.15	1,165.34
Total Uses	\$373,910.77	\$5,857,102.92	\$6,231,013.69

Raymond James

EXHIBIT C

Debt Service Comparison

Preliminary

\$6,105,000

Laurel County Water District #2
Potential Refunding through the
Kentucky Rural Water Finance Corporation

Debt Service Comparison

Date	Total P+I	Expenses	Net New D/S	Old Net D/S	Savings
12/31/2020	-	-	-	122,630.63	122,630.63
12/31/2021	320,612.23	450.00	321,062.23	350,515.01	29,452.78
12/31/2022	328,627.50	450.00	329,077.50	350,917.51	21,840.01
12/31/2023	329,502.50	450.00	329,952.50	349,641.88	19,689.38
12/31/2024	330,227.50	450.00	330,677.50	350,667.50	19,990.00
12/31/2025	326,022.50	450.00	326,472.50	349,973.75	23,501.25
12/31/2026	326,892.50	450.00	327,342.50	349,581.25	22,238.75
12/31/2027	327,196.25	450.00	327,646.25	349,958.13	22,311.88
12/31/2028	331,836.25	450.00	332,286.25	350,083.76	17,797.51
12/31/2029	331,352.50	450.00	331,802.50	349,469.38	17,666.88
12/31/2030	330,920.00	450.00	331,370.00	349,115.00	17,745.00
12/31/2031	325,495.00	450.00	325,945.00	348,509.38	22,564.38
12/31/2032	324,947.50	450.00	325,397.50	349,120.63	23,723.13
12/31/2033	329,120.00	450.00	329,570.00	348,928.13	19,358.13
12/31/2034	323,135.00	450.00	323,585.00	348,443.13	24,858.13
12/31/2035	327,092.50	450.00	327,542.50	348,154.38	20,611.88
12/31/2036	330,840.00	450.00	331,290.00	348,041.26	16,751.26
12/31/2037	299,723.75	450.00	300,173.75	317,291.88	17,118.13
12/31/2038	298,817.50	450.00	299,267.50	316,928.75	17,661.25
12/31/2039	297,705.00	450.00	298,155.00	317,256.25	19,101.25
12/31/2040	296,335.00	450.00	296,785.00	317,253.75	20,468.75
12/31/2041	299,620.00	450.00	300,070.00	316,921.25	16,851.25
12/31/2042	297,553.75	450.00	298,003.75	316,258.75	18,255.00
12/31/2043	295,212.50	450.00	295,662.50	316,245.63	20,583.13
12/31/2044	297,562.50	450.00	298,012.50	315,861.26	17,848.76
12/31/2045	299,512.50	450.00	299,962.50	316,085.01	16,122.51
12/31/2046	296,146.25	450.00	296,596.25	315,896.26	19,300.01
12/31/2047	297,521.25	450.00	297,971.25	315,295.01	17,323.76
12/31/2048	298,551.25	450.00	299,001.25	315,260.63	16,259.38
12/31/2049	294,322.50	450.00	294,772.50	314,772.50	20,000.00
12/31/2050	294,835.00	450.00	295,285.00	314,810.00	19,525.00
12/31/2051	295,002.50	450.00	295,452.50	314,352.50	18,900.00
TOTAL	\$9,702,240.98	\$13,950.00	\$9,716,190.98	\$10,454,240.14	\$738,049.16

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	523,804.45
Effects of changes in Expenses	(8,389.82)
Net PV Cashflow Savings @ 3.598%(AIC)	515,414.63
Transfers from Prior Issue Debt Service Fund	(117,587.09)
Contingency or Rounding Amount	1,165.34
Net Benefit	621,627.41
Net Present Value Benefit	\$398,992.88
Net PV Benefit / \$5,913,500 Refunded Principal	6.747%
Net PV Benefit / \$6,105,000 Refunding Principal	6.536%

Refunding Bond Information

Refunding Dated Date	5/30/2020
Refunding Delivery Date	5/30/2020

EXHIBIT D

Prior Bonds Debt Service

Preliminary

\$354,500

Laurel County Water District #2

USDA -RD Loan #6 Series 1998

Debt Service To Maturity And To Call

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
05/30/2020	354,500.00	6,602.56	361,102.56	-	-	-	-
07/01/2020	-	-	-	-	-	7,976.25	7,976.25
01/01/2021	-	-	-	15,500.00	4.500%	7,976.25	23,476.25
07/01/2021	-	-	-	-	-	7,627.50	7,627.50
01/01/2022	-	-	-	16,500.00	4.500%	7,627.50	24,127.50
07/01/2022	-	-	-	-	-	7,256.25	7,256.25
01/01/2023	-	-	-	17,000.00	4.500%	7,256.25	24,256.25
07/01/2023	-	-	-	-	-	6,873.75	6,873.75
01/01/2024	-	-	-	18,000.00	4.500%	6,873.75	24,873.75
07/01/2024	-	-	-	-	-	6,468.75	6,468.75
01/01/2025	-	-	-	18,500.00	4.500%	6,468.75	24,968.75
07/01/2025	-	-	-	-	-	6,052.50	6,052.50
01/01/2026	-	-	-	19,500.00	4.500%	6,052.50	25,552.50
07/01/2026	-	-	-	-	-	5,613.75	5,613.75
01/01/2027	-	-	-	20,500.00	4.500%	5,613.75	26,113.75
07/01/2027	-	-	-	-	-	5,152.50	5,152.50
01/01/2028	-	-	-	21,500.00	4.500%	5,152.50	26,652.50
07/01/2028	-	-	-	-	-	4,668.75	4,668.75
01/01/2029	-	-	-	22,000.00	4.500%	4,668.75	26,668.75
07/01/2029	-	-	-	-	-	4,173.75	4,173.75
01/01/2030	-	-	-	23,000.00	4.500%	4,173.75	27,173.75
07/01/2030	-	-	-	-	-	3,656.25	3,656.25
01/01/2031	-	-	-	24,000.00	4.500%	3,656.25	27,656.25
07/01/2031	-	-	-	-	-	3,116.25	3,116.25
01/01/2032	-	-	-	25,500.00	4.500%	3,116.25	28,616.25
07/01/2032	-	-	-	-	-	2,542.50	2,542.50
01/01/2033	-	-	-	26,500.00	4.500%	2,542.50	29,042.50
07/01/2033	-	-	-	-	-	1,946.25	1,946.25
01/01/2034	-	-	-	27,500.00	4.500%	1,946.25	29,446.25
07/01/2034	-	-	-	-	-	1,327.50	1,327.50
01/01/2035	-	-	-	29,000.00	4.500%	1,327.50	30,327.50
07/01/2035	-	-	-	-	-	675.00	675.00
01/01/2036	-	-	-	30,000.00	4.500%	675.00	30,675.00
Total	\$354,500.00	\$6,602.56	\$361,102.56	\$354,500.00	-	\$150,255.00	\$504,755.00

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	5/30/2020
Average Life	9.005 Years
Average Coupon	4.5000001%
Weighted Average Maturity (Par Basis)	9.005 Years
Weighted Average Maturity (Original Price Basis)	9.005 Years

Refunding Bond Information

Refunding Dated Date	5/30/2020
Refunding Delivery Date	5/30/2020

Laurel WD #2 - 1998 | SINGLE PURPOSE | 4/14/2020 | 11:31 AM

Raymond James

Preliminary

\$5,559,000

Laurel County Water District #2

USDA -RD Loan #7 Series 2002

Debt Service To Maturity And To Call

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
05/30/2020	5,559,000.00	94,908.34	5,653,908.34	-	-	-	-
07/01/2020	-	-	-	-	-	114,654.38	114,654.38
01/01/2021	-	-	-	92,000.00	4.125%	114,654.38	206,654.38
07/01/2021	-	-	-	-	-	112,756.88	112,756.88
01/01/2022	-	-	-	96,000.00	4.125%	112,756.88	208,756.88
07/01/2022	-	-	-	-	-	110,776.88	110,776.88
01/01/2023	-	-	-	99,000.00	4.125%	110,776.88	209,776.88
07/01/2023	-	-	-	-	-	108,735.00	108,735.00
01/01/2024	-	-	-	104,000.00	4.125%	108,735.00	212,735.00
07/01/2024	-	-	-	-	-	106,590.00	106,590.00
01/01/2025	-	-	-	108,000.00	4.125%	106,590.00	214,590.00
07/01/2025	-	-	-	-	-	104,362.50	104,362.50
01/01/2026	-	-	-	112,000.00	4.125%	104,362.50	216,362.50
07/01/2026	-	-	-	-	-	102,052.50	102,052.50
01/01/2027	-	-	-	117,000.00	4.125%	102,052.50	219,052.50
07/01/2027	-	-	-	-	-	99,639.38	99,639.38
01/01/2028	-	-	-	122,000.00	4.125%	99,639.38	221,639.38
07/01/2028	-	-	-	-	-	97,123.13	97,123.13
01/01/2029	-	-	-	127,000.00	4.125%	97,123.13	224,123.13
07/01/2029	-	-	-	-	-	94,503.75	94,503.75
01/01/2030	-	-	-	132,000.00	4.125%	94,503.75	226,503.75
07/01/2030	-	-	-	-	-	91,781.25	91,781.25
01/01/2031	-	-	-	137,000.00	4.125%	91,781.25	228,781.25
07/01/2031	-	-	-	-	-	88,955.63	88,955.63
01/01/2032	-	-	-	143,000.00	4.125%	88,955.63	231,955.63
07/01/2032	-	-	-	-	-	86,006.25	86,006.25
01/01/2033	-	-	-	149,000.00	4.125%	86,006.25	235,006.25
07/01/2033	-	-	-	-	-	82,933.13	82,933.13
01/01/2034	-	-	-	155,000.00	4.125%	82,933.13	237,933.13
07/01/2034	-	-	-	-	-	79,736.25	79,736.25
01/01/2035	-	-	-	161,000.00	4.125%	79,736.25	240,736.25
07/01/2035	-	-	-	-	-	76,415.63	76,415.63
01/01/2036	-	-	-	168,000.00	4.125%	76,415.63	244,415.63
07/01/2036	-	-	-	-	-	72,950.63	72,950.63
01/01/2037	-	-	-	175,000.00	4.125%	72,950.63	247,950.63
07/01/2037	-	-	-	-	-	69,341.25	69,341.25
01/01/2038	-	-	-	182,000.00	4.125%	69,341.25	251,341.25
07/01/2038	-	-	-	-	-	65,587.50	65,587.50
01/01/2039	-	-	-	190,000.00	4.125%	65,587.50	255,587.50
07/01/2039	-	-	-	-	-	61,668.75	61,668.75
01/01/2040	-	-	-	198,000.00	4.125%	61,668.75	259,668.75
07/01/2040	-	-	-	-	-	57,585.00	57,585.00
01/01/2041	-	-	-	206,000.00	4.125%	57,585.00	263,585.00
07/01/2041	-	-	-	-	-	53,336.25	53,336.25
01/01/2042	-	-	-	214,000.00	4.125%	53,336.25	267,336.25
07/01/2042	-	-	-	-	-	48,922.50	48,922.50
01/01/2043	-	-	-	223,000.00	4.125%	48,922.50	271,922.50
07/01/2043	-	-	-	-	-	44,323.13	44,323.13
01/01/2044	-	-	-	232,000.00	4.125%	44,323.13	276,323.13
07/01/2044	-	-	-	-	-	39,538.13	39,538.13
01/01/2045	-	-	-	242,000.00	4.125%	39,538.13	281,538.13
07/01/2045	-	-	-	-	-	34,546.88	34,546.88
01/01/2046	-	-	-	252,000.00	4.125%	34,546.88	286,546.88
07/01/2046	-	-	-	-	-	29,349.38	29,349.38
01/01/2047	-	-	-	262,000.00	4.125%	29,349.38	291,349.38
07/01/2047	-	-	-	-	-	23,945.63	23,945.63
01/01/2048	-	-	-	273,000.00	4.125%	23,945.63	296,945.63

07/01/2048	-	-	-	-	-	18,315.00	18,315.00
01/01/2049	-	-	-	284,000.00	4.125%	18,315.00	302,315.00
07/01/2049	-	-	-	-	-	12,457.50	12,457.50
01/01/2050	-	-	-	296,000.00	4.125%	12,457.50	308,457.50
07/01/2050	-	-	-	-	-	6,352.50	6,352.50
01/01/2051	-	-	-	308,000.00	4.125%	6,352.50	314,352.50
Total	\$5,559,000.00	\$94,908.34	\$5,653,908.34	\$5,559,000.00	-	\$4,390,485.14	\$9,949,485.14

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	5/30/2020
Average Life	18.733 Years
Average Coupon	4.1250001%
Weighted Average Maturity (Par Basis)	18.733 Years
Weighted Average Maturity (Original Price Basis)	18.733 Years

Refunding Bond Information

Refunding Dated Date	5/30/2020
Refunding Delivery Date	5/30/2020

Laurel WD #2 - 2002 | SINGLE PURPOSE | 4/14/2020 | 11:31 AM

Raymond James

EXHIBIT E

Financial Statements

Laurel County Water District No. 2
 Statements of Net Position
 December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 858,667	\$ 1,255,972
Receivables, less allowance	207,587	210,810
Unbilled accounts receivable	124,062	122,586
Grants receivable	58,838	-
Inventories	108,576	112,984
Prepaid expenses	14,020	6,753
Other current assets	38	38
Total Current Assets	<u>1,371,788</u>	<u>1,709,143</u>
Noncurrent Assets		
Restricted Assets		
Customer deposits	99,377	95,354
Grant monies	149,270	157,733
Depreciation reserves - cash	626,628	579,174
Depreciation reserves - certificates of deposit	125,100	125,100
Bond and interest funds	179,715	196,704
Plant escrow	125	31,543
Total Restricted Assets	<u>1,180,215</u>	<u>1,185,608</u>
Capital Assets, Net of Depreciation	<u>16,196,090</u>	<u>13,885,216</u>
Total Noncurrent Assets	<u>17,376,305</u>	<u>15,070,824</u>
Total Assets	<u>18,748,093</u>	<u>16,779,967</u>
Deferred Outflows of Resources		
Bond issuance costs, net of amortization	4,912	5,194
Differences between expected and actual experience related to pensions	60,204	1,826
Net differences between projected and actual earnings on pension plan investments	-	18,214
Changes of assumptions related to pensions	180,387	271,719
Changes of assumptions related to OPEB	107,458	110,046
Changes in proportion and differences between employer pension contributions and proportionate share of contributions	218,656	71,998
Changes in proportion and differences between employer OPEB contributions and proportionate share of contributions	70,406	-
Pension contributions subsequent to measurement date	60,789	54,338
OPEB contributions subsequent to measurement date	19,713	17,637
Total Deferred Outflows of Resources	<u>722,525</u>	<u>550,972</u>

Laurel County Water District No. 2
Statements of Net Position (Cont'd)
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Liabilities		
Current Liabilities		
Accounts payable	64,723	59,700
Accounts payable - construction	97,196	31,427
Accrued interest payable	175	226
Accrued salaries and taxes payable	32,909	25,988
Current portion of notes payable and long-term debt	169,879	154,687
Other current liabilities	59,112	55,802
Total Current Liabilities	<u>423,994</u>	<u>327,830</u>
Noncurrent Liabilities		
Customer deposits	95,735	92,130
Net pension liability	1,845,789	1,472,516
Net OPEB liability	538,059	505,742
Notes payable and long-term debt, less current portion	9,431,018	8,254,896
Total Noncurrent Liabilities	<u>11,910,601</u>	<u>10,325,284</u>
Total Liabilities	<u>12,334,595</u>	<u>10,653,114</u>
Deferred Inflows of Resources		
Differences between expected and actual experience related to pensions	27,018	37,379
Differences between expected and actual experience related to OPEB	62,704	1,405
Net differences between projected and actual earnings on pension plan investments	22,132	23,901
Net differences between projected and actual earnings on OPEB plan investments	37,062	-
Changes of assumptions related to OPEB	1,243	-
Changes in proportion and differences between employer contributions and proportionate share of pension contributions	4,960	17,056
Changes in proportion and differences between employer contributions and proportionate share of OPEB contributions	951	1,174
Total Deferred Inflows of Resources	<u>156,070</u>	<u>80,915</u>
Net Position		
Net investment in capital assets	6,595,193	5,475,633
Restricted	1,180,215	1,185,608
Unrestricted (as restated)	(795,455)	(64,331)
Total Net Position	<u>\$ 6,979,953</u>	<u>\$ 6,596,910</u>

Laurel County Water District No. 2
 Statements of Revenues, Expenses and Changes in Net Position
 For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating Revenues		
Water sales	\$ 2,315,469	\$ 2,276,435
Service charges	109,614	108,299
Tap fees	26,445	19,666
Penalties	46,674	46,298
Other revenues	13,904	7,323
	<u>2,512,106</u>	<u>2,458,021</u>
Total Operating Revenues		
Operating Expenses		
Salaries and wages	846,896	779,117
Employee benefits	880,391	712,615
Purchased water	15	799
Purchased power	153,454	149,329
Utilities	17,070	16,013
Chemicals	64,926	48,973
Materials and supplies	68,172	83,527
Contracted services	73,890	68,586
Vehicle and equipment expenses	26,701	28,841
Insurance	22,420	22,333
Bad debt expense, net of recoveries	25,259	15,217
Depreciation	452,493	439,850
Amortization	282	2,018
Other operating expenses	88,067	86,279
	<u>2,720,036</u>	<u>2,453,497</u>
Total Operating Expenses		
Operating Income (Loss)	<u>(207,930)</u>	<u>4,524</u>
Non-operating Revenues (Expenses)		
Interest income	3,192	3,122
Grant revenue	891,712	-
Rental income	14,665	15,062
Gain (loss) on disposition of equipment	13,179	2,800
Interest expense	(331,775)	(325,823)
	<u>590,973</u>	<u>(304,839)</u>
Total Non-operating Revenues (Expenses)		
Change in Net Position	383,043	(300,315)
Beginning Net Position (as previously reported)	6,596,910	7,301,764
Prior period adjustment	-	(404,539)
Beginning Net Position (as restated)	<u>6,596,910</u>	<u>6,897,225</u>
Net Position, End of Year	<u>\$ 6,979,953</u>	<u>\$ 6,596,910</u>

Laurel County Water District No. 2
 Statements of Cash Flows
 For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities		
Receipts from customers	\$ 2,478,295	\$ 2,443,221
Receipts from other activities	13,904	7,323
Payments to employees	(1,411,456)	(1,320,134)
Payments to suppliers	(421,225)	(409,771)
Payments for other activities	<u>(88,067)</u>	<u>(86,279)</u>
Net Cash Provided by Operating Activities	<u>571,451</u>	<u>634,360</u>
Cash Flows From Capital and Related Financing Activities		
Purchases of property, plant and equipment	(2,697,598)	(439,380)
Proceeds from sales of property, plant and equipment	13,179	2,800
Proceeds from debt	1,365,000	9,075
Principal payments on debt	(173,686)	(198,349)
Interest payments on debt	(331,775)	(325,823)
Federal and state grants	832,874	-
Other receipts	<u>14,665</u>	<u>15,062</u>
Net Cash Used by Capital and Related Financing Activities	<u>(977,341)</u>	<u>(936,615)</u>
Cash Flows From Investing Activities		
Interest on certificates of deposits	<u>3,192</u>	<u>3,122</u>
Net Cash Provided by Investing Activities	<u>3,192</u>	<u>3,122</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(402,698)	(299,133)
Cash and Cash Equivalents at Beginning of Year	<u>2,316,480</u>	<u>2,615,613</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,913,782</u>	<u>\$ 2,316,480</u>
Reconciliation of cash per Statements of Net Position to cash per Statements of Cash Flows:		
Cash and cash equivalents	\$ 858,667	\$ 1,255,972
Restricted cash and cash equivalents:		
Customer deposits	99,377	95,354
Grant monies	149,270	157,733
Depreciation reserves-cash	626,628	579,174
Plant escrow	125	31,543
Bond and interest funds	<u>179,715</u>	<u>196,704</u>
Cash and Equivalents per Statements of Cash Flows	<u>\$ 1,913,782</u>	<u>\$ 2,316,480</u>

See accompanying notes to financial statements.

Laurel County Water District No. 2
 Statements of Cash Flows (Continued)
 For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating income (loss)	\$ (207,930)	\$ 4,524
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation and amortization	452,775	441,868
(Increase) decrease in operating assets		
Accounts receivable	1,747	2,400
Inventory	4,408	(2,461)
Prepaid expenses	(7,267)	(5,067)
Deferred pension & OPEB outflows	(171,835)	(197,470)
Increase (decrease) in operating liabilities		
Accounts payable	5,023	10,945
Accrued expenses	10,180	3,722
Customer deposits	3,605	5,340
Deferred pension & OPEB inflows	75,155	25,283
Net pension & OPEB liabilities	<u>405,590</u>	<u>345,276</u>
Net Cash Provided by Operating Activities	<u>\$ 571,451</u>	<u>\$ 634,360</u>

See accompanying notes to financial statements.

EXHIBIT F

Notification to State Local Debt Officer

Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202-1410
Telephone (502) 569-7525 Telefax (502) 569-7555 www.rubinhays.com

CHARLES S. MUSSON
W. RANDALL JONES
CHRISTIAN L. JUCKETT
NICHOLAS J. LOCOCO

June 5, 2020

Honorable Dennis Keene
Commissioner and State Local Debt Officer
100 Airport Road, Third Floor
Frankfort, Kentucky 40601

Re: Laurel County Water District No. 2
Notice of Intent to Issue Securities

Dear Commissioner Keene:

Pursuant to the regulations of the Kentucky Public Service Commission, specifically 807 KAR 5:001: Section 18(1)(g), please be advised that the Laurel County Water District No. 2 (the "District") hereby notifies the State Local Debt Officer that the District intends on issuing securities in the form of a loan from the Kentucky Rural Water Finance Corporation ("KRWFC") for the purpose of refinancing certain outstanding indebtedness of the District in order to achieve substantial interest cost savings for the District.

We will file the appropriate documents with your office in accordance with the requirements of KRS 65.117 once the securities are issued.

Very truly yours,

Rubin & Hays

By



W. Randall Jones

WRJ:jlm
Enclosures