

December 31, 2014

RECEIVED

JAN 15 2014

PUBLIC SERVICE
COMMISSION

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

Re: Pendleton County Water District PSC Application

Dear Mr. Derouen:

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

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

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

Thank you for your assistance and if you need any additional information or documentation, please let us know.

Sincerely,

Rubin & Hays

By


W. Randall Jones

WRJ:jlm
Enclosures

cc: Ms. Jaclyn Thompson, Pendleton County Water District
Ms. Kristen Millard, Raymond James and Associates

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

RECEIVED

JAN 14

PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE APPLICATION OF PENDLETON COUNTY)
 WATER DISTRICT TO ISSUE SECURITIES IN)
 THE APPROXIMATE PRINCIPAL AMOUNT OF)
 \$1,210,000 FOR THE PURPOSE OF REFUNDING) CASE NO. 2014 - _____
 CERTAIN OUTSTANDING REVENUE BONDS OF)
 THE DISTRICT PURSUANT TO THE PROVISIONS)
 OF KRS 278.300 AND 807 KAR 5:001)

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

APPLICATION

The Applicant, Pendleton County Water District (the "District"), files this Application pursuant to KRS 278.300, 807 KAR 5:001, and all other applicable laws and regulations, and requests that the Kentucky Public Service Commission (the "Commission") enter an Order authorizing the District to issue certain securities in the approximate principal amount of \$1,210,000 (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 Pendleton County, which Order is on file in the County Court Order Books in the office of the Clerk of Pendleton 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:

Pendleton County Water District
c/o Mr. L.R. Faulkner, Jr., Chairman
P.O. Box 232
Falmouth, Kentucky 41040
Telephone: (859) 654-6964
Fax: (859) 654-7032
Email: jthompson@pcwater.org

4. A general description of the District's water system property, together with a statement of the original cost, is contained in the District's Annual Report for 2013 which is on file with the Commission. The Annual Report is incorporated herein by reference.

5. The District proposes to borrow funds from the Kentucky Rural Water Finance Corporation ("KRWFC") pursuant to an Assistance Agreement (the "KRWFC Loan"), in the estimated principal amount of \$1,210,000 (subject to adjustment of up to 10%) for the purpose of refunding the outstanding revenue bonds designated as (i) Pendleton County Water District Waterworks Revenue Bonds, Series 1997, dated March 25, 1998, in the original principal amount of \$747,000, bearing interest at the rate of 5.125% per annum (the "1997 Bonds"); and (ii) Pendleton County Water District Waterworks Revenue Bonds, Series 2004, dated January 28, 2005, in the original principal amount of \$596,000, bearing interest at the rate of 4.50% per annum (the "2004

Bonds") (hereinafter, the 1997 Bonds and the 2004 Bonds shall be collectively referred to as the "Prior Bonds"). The Prior Bonds are held by the U.S. Department of Agriculture, acting through Rural Development.

6. The estimated debt service for the KRWFC Loan is shown in **Exhibit A** which is attached hereto and incorporated herein by reference. The debt service schedule and estimated interest rates are subject to change because of market conditions. The final terms and details of the KRWFC Loan may vary from the present assumptions based upon market conditions and other business judgment factors.

7. The KRWFC Loan will provide the District with the funds necessary to (i) refund the Prior Bonds; and (iii) pay the fees and expenses incident to the issuance of the KRWFC Loan.

8. The Sources and Uses of Funds to be obtained from the issuance of the KRWFC Loan are detailed as **Exhibit B**, which is attached hereto and incorporated herein by reference.

9. It is anticipated that the proposed refinancing will result in a net present value cashflow savings of approximately \$90,825.25. These savings are shown on the Debt Service Comparison, which is attached hereto and incorporated herein by reference as **Exhibit C**.

10. The final principal amount of the KRWFC Loan will be adjusted based upon final interest rates which will be known on or about the date of sale of the proposed KRWFC Loan. Final financial figures will be submitted to the Commission in a timely manner. The Applicant will not issue the securities if interest rates in the bond market shift to a point where the Applicant will not achieve any debt service savings.

11. The Debt Service Schedule of the outstanding Prior Bonds being refunded is set forth in **Exhibit D**.

12. The District represents that the KRWFC Loan is in the public interest and is intended to accomplish the purpose of strengthening the financial condition of the District by producing substantial debt service savings. This is a lawful object within the corporate purposes of the District's utility operations. The KRWFC Loan is necessary, appropriate for, and consistent with the proper performance by the District of its service to the public and will not impair its ability to perform that service.

13. The District represents that it will, as soon as reasonably possible after the closing of the KRWFC Loan, file with the Commission a statement setting forth the date of issuance of the KRWFC Loan, the price paid, the fees and expenses incurred in the issuance of the KRWFC Loan, and the terms and interest rates of the KRWFC Loan.

14. The detailed Statement of Revenues, Expenses and Changes in Net Position, Statement of Net Position and Statement of Cash Flows for the twelve month period ending on December 31, 2013 are attached hereto and incorporated herein by reference as **Exhibit E** respectively.

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

- (i) Section 12(1)(b): The District states that it had less than \$5,000,000 in gross annual revenue in the immediate past calendar year and that no material changes to the District's financial condition have occurred since the end of the twelve (12) month period contained in the District's most recent annual report on file with the Commission.

- (ii) Section 12(2)(a), (b) and (c) Stock: The District does not have any authorized, issued or outstanding stock as of the date hereof.
 - (iii) Section 12(2)(d) Mortgages: The District does not have any outstanding mortgages as of the date hereof.
 - (iv) Section 12(2)(e), (f) and (g) Indebtedness: The information concerning the outstanding indebtedness of the District is contained in the 2013 Annual Report on file with this Commission.
 - (v) Section 12(2)(h) Dividends: The District has no outstanding stock and therefore pays on dividends.
 - (vi) Section 12(2)(i) Financial Statements: See paragraph #14 above.
16. Pursuant to 807 KAR 5:001, Section 18, the District hereby responds as follows:
- (i) Section 18(1)(a): The District has complied with the requirements of 807 KAR 5:001, Section 14.
 - (ii) Section 18(1)(b): A general description of the District's property, its field of operation and a statement of original cost of said property and the cost to the District is contained in the District's 2013 Annual Report on file with this Commission.
 - (iii) Section 18(1)(c): The District is not issuing any stock as part of this financing. The information concerning the proposed KRWFC Loan is contained in this Application. The KRWFC Loan will be secured by and payable from the gross revenues of the District's water system.

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

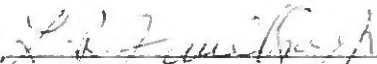
17. No rate adjustment will be necessary.

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


1. Authorize the issuance of the securities requested in the Application;
2. Due to the volatility of the present bond market and in order to achieve substantial interest cost savings to the District by taking full advantage of current low interest rates, the District requests that the Commission issued its Order on or before **January 29, 2015**; and
3. Process this Application without a formal hearing in order to save time and expense.

The District will promptly respond to any information requests by the Commission's staff.

Pendleton County Water District

By 
L.R. Faulkner, Jr., Chairman
P.O. Box 232
Falmouth, Kentucky 41040
Phone: (859) 654-6964
Fax: (859) 654-7032
Email: jthompson@pcwater.org

Rubin & Hays

By 
W. Randall Jones
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
Phone: (502) 569-7525
Fax: (502) 569-7555
Counsel for Pendleton County Water District
wrjones@rubinhays.com

Preliminary

\$1,210,000

Pendleton County Water District
 Potential Refunding through the
 Kentucky Rural Water Finance Corporation

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
01/01/2015					
06/01/2015			23,557.33	23,557.33	
12/31/2015					23,557.33
02/01/2016	25,000.00	2.75%	22,200.63	47,200.63	
05/31/2016			21,863.13	21,863.13	
12/31/2016					69,063.76
01/31/2017	35,000.00	2.750%	21,863.13	56,863.13	
06/01/2017			21,478.13	21,478.13	
12/31/2017					81,341.79
02/01/2018	35,000.00	2.750%	21,478.13	56,456.13	
06/01/2018			21,111.13	21,111.13	
12/31/2018					102,511.26
02/01/2019	35,000.00	2.750%	21,111.13	56,053.13	
06/01/2019			20,580.61	20,580.61	
12/31/2019					123,131.76
02/01/2020	35,000.00	3.000%	20,480.61	55,580.61	
06/01/2020			19,968.13	19,968.13	
12/31/2020					143,100.76
02/01/2021	35,000.00	3.800%	19,968.13	54,968.13	
06/01/2021			19,353.13	19,353.13	
12/31/2021					162,453.86
02/01/2022	35,000.00	3.800%	19,353.13	54,303.13	
06/01/2022			18,738.13	18,738.13	
12/31/2022					181,191.96
02/01/2023	40,000.00	3.700%	18,638.13	58,638.13	
06/01/2023			17,978.13	17,978.13	
12/31/2023					199,170.06
02/01/2024	40,000.00	3.600%	17,890.13	57,890.13	
06/01/2024			17,178.13	17,178.13	
12/31/2024					216,348.16
02/01/2025	40,000.00	3.550%	17,178.13	57,178.13	
06/01/2025			16,468.13	16,468.13	
12/31/2025					232,816.26
02/01/2026	40,000.00	3.510%	16,468.13	56,468.13	
06/01/2026			15,758.13	15,758.13	
12/31/2026					248,574.36
02/01/2027	40,000.00	3.500%	15,758.13	56,258.13	
06/01/2027			14,936.88	14,936.88	
12/31/2027					263,511.21
02/01/2028	40,000.00	3.500%	14,936.88	56,172.88	
06/01/2028			14,138.13	14,138.13	
12/31/2028					277,649.31
02/01/2029	40,000.00	3.500%	14,138.13	56,138.13	
06/01/2029			13,339.38	13,339.38	
12/31/2029					290,988.63
02/01/2030	55,000.00	3.500%	13,339.38	68,339.38	
06/01/2030			12,561.13	12,561.13	
12/31/2030					303,549.71
02/01/2031	55,000.00	3.610%	12,363.13	67,363.13	
06/01/2031			11,579.38	11,579.38	
12/31/2031					315,129.09
02/01/2032	60,000.00	3.660%	11,579.38	71,948.38	
06/01/2032			10,764.38	10,764.38	
12/31/2032					325,893.47
02/01/2033	60,000.00	3.700%	10,764.38	70,764.38	
06/01/2033			9,914.38	9,914.38	
12/31/2033					335,807.85
02/01/2034	60,000.00	3.750%	9,914.38	69,914.38	
06/01/2034			9,029.38	9,029.38	
12/31/2034					344,837.23
02/01/2035	65,000.00	3.850%	9,029.38	74,029.38	
06/01/2035			8,178.13	8,178.13	
12/31/2035					353,015.36
02/01/2036	70,000.00	3.950%	8,178.13	72,178.13	
06/01/2036			7,319.13	7,319.13	
12/31/2036					360,334.49
02/01/2037	75,000.00	3.910%	7,319.13	82,499.13	
06/01/2037			6,454.38	6,454.38	
12/31/2037					366,788.87
02/01/2038	25,000.00	4.000%	6,454.38	31,454.38	
06/01/2038			5,614.38	5,614.38	
12/31/2038					372,403.25
02/01/2039	25,000.00	4.100%	5,614.38	27,028.76	
06/01/2039			4,800.00	4,800.00	
12/31/2039					377,203.25
02/01/2040	25,000.00	4.125%	4,800.00	29,800.00	
06/01/2040			4,062.20	4,062.20	
12/31/2040					381,265.45
02/01/2041	25,000.00	4.150%	4,062.20	27,386.20	
06/01/2041			3,367.50	3,367.50	
12/31/2041					384,632.95
02/01/2042	30,000.00	4.150%	3,367.50	33,367.50	
06/01/2042			2,745.00	2,745.00	
12/31/2042					387,377.95
02/01/2043	30,000.00	4.150%	2,745.00	32,745.00	
06/01/2043			2,225.50	2,225.50	
12/31/2043					389,602.95
02/01/2044	30,000.00	4.150%	2,225.50	30,470.50	
12/31/2044					389,602.95
Total	\$1,210,000.00		\$710,313.20	\$1,920,313.20	

Yield Statistics

Bond Year (2024)		\$18,501.27
Average Yr		5.365 Year
Average Coupon		3.8715371%
Net Interest Cost (NIC)		3.9061405%
True Interest Cost (TIC)		3.9165341%
Bond Yield for Arbitrage Purposes		3.7794388%
All Inclusive Cost (AIC)		4.1386874%
IRS Form 8038		
Net Interest Cost		3.8417639%
Weighted Average Maturity		15.204 Years

Preliminary

\$1,210,000

Pendleton County Water District
Potential Refunding through the
Kentucky Rural Water Finance Corporation

Total Issue Sources And Uses

Dated 01/20/2015 | Delivered 01/20/2015

	Series1997	Series 2007	Issue Summary
Sources Of Funds			
Par Amount of Bonds	\$660,000.00	\$550,000.00	\$1,210,000.00
Reoffering Premium	2,856.55	-	2,856.55
Transfers from Prior Issue Debt Service Funds	3,735.47	-	3,735.47
Total Sources	\$666,592.02	\$550,000.00	\$1,216,592.02
Uses Of Funds			
Original Issue Discount (OID)	-	621.90	621.90
Total Underwriter's Discount (1.500%)	9,900.00	8,250.00	18,150.00
Costs of Issuance	11,263.64	9,386.36	20,650.00
Deposit to Current Refunding Fund	644,967.93	530,256.38	1,175,224.31
Rounding Amount	460.45	1,485.36	1,945.81
Total Uses	\$666,592.02	\$550,000.00	\$1,216,592.02

Preliminary

\$1,210,000

Pendleton County Water District
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
12/31/2015	23,557.33	450.00	24,007.33	56,728.12	32,720.79
12/31/2016	69,063.76	450.00	69,513.76	77,313.12	7,799.36
12/31/2017	73,321.26	450.00	73,771.26	78,245.00	4,473.74
12/31/2018	72,511.26	450.00	72,961.26	78,103.12	5,141.86
<u>12/31/2019</u>	<u>76,633.76</u>	<u>450.00</u>	<u>77,083.76</u>	<u>78,887.50</u>	<u>1,803.74</u>
12/31/2020	75,548.76	450.00	75,998.76	78,598.12	2,599.36
12/31/2021	74,271.26	450.00	74,721.26	79,735.00	5,013.74
12/31/2022	72,941.26	450.00	73,391.26	79,272.50	5,881.24
12/31/2023	76,536.26	450.00	76,986.26	80,236.26	3,250.00
<u>12/31/2024</u>	<u>75,076.26</u>	<u>450.00</u>	<u>75,526.26</u>	<u>80,100.62</u>	<u>4,574.36</u>
12/31/2025	73,646.26	450.00	74,096.26	80,865.62	6,769.36
12/31/2026	72,226.26	450.00	72,676.26	80,531.26	7,855.00
12/31/2027	75,695.01	450.00	76,145.01	81,597.50	5,452.49
12/31/2028	74,075.01	450.00	74,525.01	82,516.26	7,991.25
<u>12/31/2029</u>	<u>72,477.51</u>	<u>450.00</u>	<u>72,927.51</u>	<u>82,310.00</u>	<u>9,382.49</u>
12/31/2030	80,702.51	450.00	81,152.51	82,978.76	1,826.25
12/31/2031	78,722.51	450.00	79,172.51	84,000.00	4,827.49
12/31/2032	81,623.76	450.00	82,073.76	84,848.12	2,774.36
12/31/2033	79,418.76	450.00	79,868.76	85,523.12	5,654.36
<u>12/31/2034</u>	<u>77,183.76</u>	<u>450.00</u>	<u>77,633.76</u>	<u>86,525.00</u>	<u>8,891.24</u>
12/31/2035	79,807.51	450.00	80,257.51	86,850.62	6,593.11
12/31/2036	82,173.76	450.00	82,623.76	87,474.38	4,850.62
12/31/2037	84,310.01	450.00	84,760.01	88,399.38	3,639.37
12/31/2038	32,328.76	450.00	32,778.76	32,100.00	(678.76)
<u>12/31/2039</u>	<u>31,316.26</u>	<u>450.00</u>	<u>31,766.26</u>	<u>32,975.00</u>	<u>1,208.74</u>
12/31/2040	30,288.13	450.00	30,738.13	32,782.50	2,044.37
12/31/2041	29,253.75	450.00	29,703.75	31,567.50	1,863.75
12/31/2042	33,112.50	450.00	33,562.50	31,330.00	(2,232.50)
12/31/2043	31,867.50	450.00	32,317.50	31,047.50	(1,270.00)
<u>12/31/2044</u>	<u>30,622.50</u>	<u>450.00</u>	<u>31,072.50</u>	<u>31,697.50</u>	<u>625.00</u>
Total	\$1,920,313.20	\$13,500.00	\$1,933,813.20	\$2,085,139.38	\$151,326.18

PV Analysis Summary (Net to Net)

Net PV Cashflow Savings	151,326.18
Gross PV Debt Service Savings	98,746.42
Effects of changes in Expenses	(7,921.17)
Net PV Cashflow Savings @ 4.139%(AIC)	90,825.25
Transfers from Prior Issue Debt Service Fund	(3,735.47)
Contingency or Rounding Amount	1,945.81
Net Present Value Benefit	\$89,035.59
Net PV Benefit / \$1,169,500 Refunded Principa	7.613%
Net Future Value Benefit	\$149,536.52
Net PV Benefit / \$1,210,000 Refunding Principa	7.358%
Average Annual Cash Flow Savings	5,044.21

Refunding Bond Information

Refunding Dated Date	1/20/2015
Refunding Delivery Date	1/20/2015

Preliminary

\$747,000

Pendleton County Water District

Series 1997

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2015	12,000.00	5.125%	32,825.62	44,825.62
12/31/2016	12,500.00	5.125%	32,210.62	44,710.62
12/31/2017	13,500.00	5.125%	31,570.00	45,070.00
12/31/2018	14,500.00	5.125%	30,878.12	45,378.12
<u>12/31/2019</u>	<u>15,500.00</u>	<u>5.125%</u>	<u>30,135.00</u>	<u>45,635.00</u>
12/31/2020	16,500.00	5.125%	29,340.62	45,840.62
12/31/2021	18,000.00	5.125%	28,495.00	46,495.00
12/31/2022	19,000.00	5.125%	27,572.50	46,572.50
12/31/2023	20,500.00	5.125%	26,598.76	47,098.76
<u>12/31/2024</u>	<u>22,000.00</u>	<u>5.125%</u>	<u>25,548.12</u>	<u>47,548.12</u>
<u>12/31/2025</u>	<u>23,500.00</u>	<u>5.125%</u>	<u>24,420.62</u>	<u>47,920.62</u>
12/31/2026	25,000.00	5.125%	23,216.26	48,216.26
12/31/2027	27,000.00	5.125%	21,935.00	48,935.00
12/31/2028	29,000.00	5.125%	20,551.26	49,551.26
<u>12/31/2029</u>	<u>31,000.00</u>	<u>5.125%</u>	<u>19,065.00</u>	<u>50,065.00</u>
12/31/2030	33,000.00	5.125%	17,476.26	50,476.26
12/31/2031	35,500.00	5.125%	15,785.00	51,285.00
12/31/2032	38,000.00	5.125%	13,965.62	51,965.62
12/31/2033	40,500.00	5.125%	12,018.12	52,518.12
<u>12/31/2034</u>	<u>43,500.00</u>	<u>5.125%</u>	<u>9,942.50</u>	<u>53,442.50</u>
12/31/2035	47,000.00	5.125%	7,713.12	54,713.12
12/31/2036	50,000.00	5.125%	5,304.38	55,304.38
12/31/2037	53,500.00	5.125%	2,741.88	56,241.88
Total	\$640,500.00	-	\$489,309.38	\$1,129,809.38

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	1/20/2015
Average Life	14.770 Years
Average Coupon	5.1250001%
Weighted Average Maturity (Par Basis)	14.770 Years

Refunding Bond Information

Refunding Dated Date	1/20/2015
Refunding Delivery Date	1/20/2015

Raymond James

Preliminary

\$596,000

Pendleton County Water District

Series 2007

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2015	-	-	11,902.50	11,902.50
12/31/2016	9,000.00	-	23,602.50	32,602.50
12/31/2017	10,000.00	-	23,175.00	33,175.00
12/31/2018	10,000.00	-	22,725.00	32,725.00
12/31/2019	11,000.00	-	22,252.50	33,252.50
12/31/2020	11,000.00	-	21,757.50	32,757.50
12/31/2021	12,000.00	-	21,240.00	33,240.00
12/31/2022	12,000.00	-	20,700.00	32,700.00
12/31/2023	13,000.00	-	20,137.50	33,137.50
12/31/2024	13,000.00	-	19,552.50	32,552.50
12/31/2025	14,000.00	-	18,945.00	32,945.00
12/31/2026	14,000.00	-	18,315.00	32,315.00
12/31/2027	15,000.00	-	17,662.50	32,662.50
12/31/2028	16,000.00	-	16,965.00	32,965.00
12/31/2029	16,000.00	-	16,245.00	32,245.00
12/31/2030	17,000.00	-	15,502.50	32,502.50
12/31/2031	18,000.00	-	14,715.00	32,715.00
12/31/2032	19,000.00	-	13,882.50	32,882.50
12/31/2033	20,000.00	-	13,005.00	33,005.00
12/31/2034	21,000.00	-	12,082.50	33,082.50
12/31/2035	21,000.00	-	11,137.50	32,137.50
12/31/2036	22,000.00	-	10,170.00	32,170.00
12/31/2037	23,000.00	-	9,157.50	32,157.50
12/31/2038	24,000.00	-	8,100.00	32,100.00
12/31/2039	26,000.00	-	6,975.00	32,975.00
12/31/2040	27,000.00	-	5,782.50	32,782.50
12/31/2041	27,000.00	-	4,567.50	31,567.50
12/31/2042	28,000.00	-	3,330.00	31,330.00
12/31/2043	29,000.00	-	2,047.50	31,047.50
12/31/2044	31,000.00	4.500%	697.50	31,697.50
Total	\$529,000.00	-	\$426,330.00	\$955,330.00

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	1/20/2015
Average Life	17.856 Years
Average Coupon	4.5000000%
Weighted Average Maturity (Par Basis)	17.856 Years

Refunding Bond Information

Refunding Dated Date	1/20/2015
Refunding Delivery Date	1/20/2015

Raymond James

PENDLETON COUNTY WATER DISTRICT STATEMENTS OF NET POSITION December 31, 2013 and 2012
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ASSETS	2013	<i>(Restated)</i> 2012
Current Assets		
Cash and cash equivalents	\$ 191,644	\$ 161,819
Accounts receivable	150,525	138,580
Inventories	42,788	41,511
Prepays	21,667	18,901
Accrued interest income	307	366
Total Current Assets	<u>406,931</u>	<u>361,177</u>
Restricted Assets		
Improvement, repair, and replacement	1,070,806	945,964
Depreciation reserve	203,164	201,566
Bond sinking fund	57,284	56,793
Customer deposits	37,180	36,627
Total Restricted Assets	<u>1,368,434</u>	<u>1,240,950</u>
Capital Assets		
Land, building, transmission system, equipment, and vehicles	13,028,193	12,921,573
Less: accumulated depreciation	<u>(4,174,499)</u>	<u>(3,977,215)</u>
Total Capital Assets, net of depreciation	<u>8,853,694</u>	<u>8,944,358</u>
TOTAL ASSETS	<u>10,629,059</u>	<u>10,546,485</u>
LIABILITIES		
Current Liabilities		
Accounts payable	58,980	59,834
Accrued and withheld liabilities	52,803	20,723
Developer refunds - current portion	-	99,288
Total Current Liabilities	<u>111,783</u>	<u>179,845</u>
Current Liabilities Payable From Restricted Assets		
Revenue bonds - current portion	55,000	49,500
Lease obligation - current portion	7,000	7,000
Customer deposits	35,021	34,345
Accrued interest payable	22,324	25,745
Total Current Liabilities Payable From Restricted Assets	<u>119,345</u>	<u>116,590</u>
Long-Term Liabilities		
Bonds	1,626,500	1,695,500
Capital lease payable	26,000	33,000
Unamortized premium on debt	22,535	-
Total Long-Term Liabilities	<u>1,675,035</u>	<u>1,728,500</u>
TOTAL LIABILITIES	<u>1,906,163</u>	<u>2,024,935</u>
NET POSITION		
Invested in capital assets, net of related debt	7,116,659	7,060,070
Restricted	229,092	223,000
Unrestricted	1,377,145	1,238,480
TOTAL NET POSITION	<u>\$ 8,722,896</u>	<u>\$ 8,521,550</u>

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

PENDLETON COUNTY WATER DISTRICT STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION For the Years Ended December 31, 2013 and 2012

	<u>2013</u>	<i>(Restated)</i> <u>2012</u>
OPERATING REVENUES		
Water revenue	\$ 1,317,913	\$ 1,234,459
Other service revenues	22,182	31,074
TOTAL OPERATING REVENUES	<u>1,340,095</u>	<u>1,265,533</u>
OPERATING EXPENSES		
Water purchased	390,515	387,265
Operations, maintenance, and administrative expenses	639,203	623,658
Depreciation	221,788	221,979
TOTAL OPERATING EXPENSES	<u>1,251,506</u>	<u>1,232,902</u>
OPERATING PROFIT	<u>88,589</u>	<u>32,631</u>
NON-OPERATING INCOME (EXPENSE)		
Investment income	6,973	8,782
Gain on disposal of assets	218	-
Interest on long-term obligations	(80,443)	(86,074)
Debt issuance cost	(9,908)	-
Amortization of bond premium	1,690	-
NET NON-OPERATING EXPENSES	<u>(81,470)</u>	<u>(77,292)</u>
NET INCOME (LOSS)	7,119	(44,661)
CAPITAL CONTRIBUTIONS	<u>194,227</u>	<u>56,856</u>
CHANGE IN NET POSITION	201,346	12,195
NET POSITION, JANUARY 1	8,521,550	8,525,857
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>(16,502)</u>
NET POSITION, DECEMBER 31	<u>\$ 8,722,896</u>	<u>\$ 8,521,550</u>

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

PENDLETON COUNTY WATER DISTRICT STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2013 and 2012
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	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	\$ 1,328,150	\$ 1,244,176
Paid to suppliers for goods and services	(675,608)	(605,104)
Paid to or on behalf of employees for services	(326,927)	(406,622)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>325,615</u>	<u>232,450</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition and construction of fixed assets	(131,616)	(123,077)
Proceeds from sale of fixed assets	710	-
Interest received on investments	7,032	8,691
NET CASH USED BY INVESTING ACTIVITIES	<u>(123,874)</u>	<u>(114,386)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on long term debt	(56,500)	(53,500)
Interest paid on long term debt	(83,547)	(86,767)
Contributed capital received	28,323	33,106
Grant proceeds	66,616	23,750
Decrease in restricted cash	(127,484)	(94,254)
Increase in customer deposits	676	587
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(171,916)</u>	<u>(177,078)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	29,825	(59,014)
CASH AND CASH EQUIVALENTS-BEGINNING OF YEAR	<u>161,819</u>	<u>220,833</u>
CASH AND CASH EQUIVALENTS-END OF YEAR	<u>\$ 191,644</u>	<u>\$ 161,819</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 88,589	\$ 32,631
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	221,788	221,979
Change in operating assets and liabilities		
Increase in receivables	(11,945)	(21,357)
Increase in inventories	(1,277)	(8,168)
Increase in prepaid assets	(2,766)	(259)
Increase (Decrease) in accounts payable	(854)	6,381
Increase in other accrued liabilities	32,080	1,243
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 325,615</u>	<u>\$ 232,450</u>
SUPPLEMENTAL INFORMATION		
Interest paid	<u>\$ (83,547)</u>	<u>\$ (86,767)</u>

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