

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

April 17, 2015

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

Re: Fleming County Water Association PSC Application

Dear Mr. Derouen:

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

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

Please be advised that the Association is requesting the Commission to expedite this Application and issue the approving Order on or before May 15, 2015 due to the fact that an upward shift in the current interest rate market could negate any interest cost savings to the Association.

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. Kevin Cornette, Fleming County Water Association
Ms. Kristen Millard, Raymond James and Associates

RECEIVED

APR 21 2015

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF:

THE APPLICATION OF THE FLEMING COUNTY)
 WATER ASSOCIATION, INC., TO)
 ISSUE SECURITIES IN THE APPROXIMATE)
 PRINCIPAL AMOUNT OF \$1,375,000 FOR)
 THE PURPOSE OF REFUNDING CERTAIN)
 OUTSTANDING INDEBTEDNESS OF THE) Case No. 2015 - _____
 ASSOCIATION PURSUANT TO THE PROVISIONS)
 OF KRS 278.300 AND 807 KAR 5:001)

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

APPLICATION

The Applicant, Fleming County Water Association, Inc. (the "Association"), 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 Association to issue certain securities in the approximate principal sum \$1,375,000 (subject to adjustment of up to 10%), for the purpose of refunding certain outstanding indebtedness of the Association. In support of this Application, and in compliance with the rules and regulations of the Commission, the Association states as follows:

1. The Association is a non-profit water association of Fleming County, created and existing under the provisions of Chapter 273 of the Kentucky Revised Statutes. The Association was incorporated in the Commonwealth of Kentucky on October 9, 1969 and is currently in good standing with the Kentucky Secretary of State. The Association is now, and has been since its

inception, regulated by the Commission, and all records and proceedings of the Commission with reference to the Association are incorporated in this Application by reference.

2. The governing body of the Association is its Board of Directors, with power to make contracts in furtherance of its lawful and proper purpose as provided for in KRS Chapter 273 and all applicable law and regulations.

3. The mailing address of the Association is as follows:

Fleming County Water Association, Inc.
c/o Mr. Kevin Cornette, Superintendent
P.O. Box 327
Flemingsburg, Kentucky 41041
Telephone: (606) 845-3981
Fax: (606) 845-3982
Email: kcornette@altiusbb.com

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

5. The Association proposes to borrow funds from the Kentucky Rural Water Finance Corporation ("KRWFC") pursuant to an assistance agreement in the estimated principal amount of \$1,375,000 (subject to adjustment of up to 10%) (the "KRWFC Loan") for the purpose of refunding the outstanding indebtedness of the Association designated as (i) Fleming County Water Association Promissory Note, dated October 13, 1994, in the original principal amount of \$185,600, bearing interest at the rate of 4.50% per annum (the "1994A Note"); (ii) Fleming County Water Association Promissory Note, dated October 13, 1994, in the original principal amount of \$700,000, bearing interest at the rate of 4.50% per annum (the "1994B Note"); (iii) Fleming County Water Association Promissory Note, dated November 22, 2000, in the original principal amount of \$267,980, bearing

interest at the rate of 4.50% per annum (the "2000 Note"); and (iv) Fleming County Water Association Promissory Note, dated August 18, 2004, in the original principal amount of \$532,120.25, bearing interest at the rate of 4.50% per annum (the "2004 Note") (hereinafter the 1994A Note, the 1994B Note, the 2000 Note and the 2004 Note shall be collectively referred to as the "Prior Loans"). All of said Prior Loans are currently held the United States Department of Agriculture, acting through Rural Development ("RD") .

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 rate 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 Association with the funds necessary to (i) refund the Prior Loans; and (iii) pay the costs, 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 generate a net present value cashflow savings of approximately \$107,444.07. 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 may be adjusted, based upon the final interest rate as of closing of the proposed KRWFC Loan. Final financial figures will be submitted to the Commission in a timely manner. The Association will not issue the securities if

interest rates in the financial markets shift to a point where the Association will not achieve any savings.

11. The Total Refunded Debt Schedule of the outstanding Prior Loans being refunded is set forth in **Exhibit D**.

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

13. The Association 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 costs and expenses incurred in the issuance of the KRWFC Loan, and the final terms and interest rates of the KRWFC Loan.

14. The detailed (i) Statement of Financial Position; (ii) Statement of Activities; and (iii) 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 Association hereby responds as follows:

- (i) Section 12(1)(b): The Association 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 Association's financial condition have occurred since the end

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

- (ii) Section 12(2)(a), (b) and (c) Stock: The Association does not have any authorized, issued or outstanding stock as of the date hereof.
- (iii) Section 12(2)(d) Mortgages: The Association's mortgages have previously been filed in **Case No. 2015-00006** and are incorporated herein by reference.
- (iv) Section 12(2)(e), (f) and (g) Indebtedness: The information concerning the outstanding indebtedness of the Association is contained in the 2013 Annual Report on file with this Commission.
- (v) Section 12(2)(h) Dividends: The Association 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 Association hereby responds as follows:

- (i) Section 18(1)(a): The Association has complied with the requirements of 807 KAR 5:001, Section 14.
- (ii) Section 18(1)(b): A general description of the Association's property, its field of operation and a statement of original cost of said property and the cost to the Association is contained in the Association's 2013 Annual Report on file with this Commission.
- (iii) Section 18(1)(c): The Association 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 Association's water system.

- (iv) Section 18(1)(d): The proceeds of the KRWFC Loan are being used to refund the outstanding Prior Loans.
- (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 Loans 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 Association does not have any outstanding trust deeds. The Association's mortgages have previously been filed in **Case No. 2015-00006** and are incorporated herein by reference.
- (x) Section 18(2)(c): No property is being acquired with the proceeds of the KRWFC Loan.

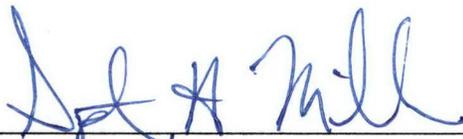
17. No rate adjustment will be necessary.

WHEREFORE, the Association 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 Association by taking full advantage of current low interest rates, the Association requests that the Commission issued its Order on or before **May 15, 2015**; and
3. Process this Application without a formal hearing in order to save time and expense.

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

Fleming County Water Association, Inc.

By 

President
P.O. Box 327
Flemingsburg, Kentucky 41041
Phone: (606) 845-3981
Fax: (606) 845-3982
Email: kcornette@altiusbb.com

Rubin & Hays

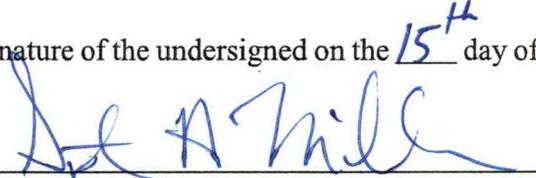
By 

W. Randall Jones
450 South Third Street
Louisville, Kentucky 40202
Phone: (502) 569-7525
Fax: (502) 569-7555
Email: wrrjones@rubinhays.com
Counsel for Fleming County Water
Association, Inc.

STATE OF KENTUCKY)
) SS
COUNTY OF FLEMING)

The affiant, Stephen H. Miller, being first duly sworn, states: That he is the President of the Fleming County Water Association, Inc., 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.

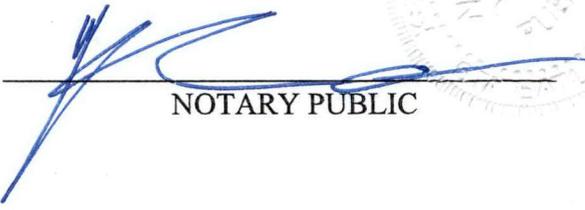
IN TESTIMONY WHEREOF, witness the signature of the undersigned on the 15th day of April, 2015.



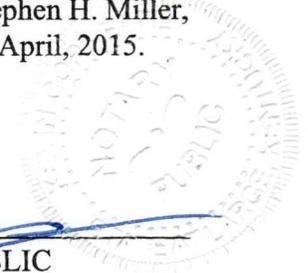
Stephen H. Miller, President

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by Stephen H. Miller, President of the Fleming County Water Association, Inc., on this the 15th day of April, 2015.

My Commission expires: 10-22-2017.



NOTARY PUBLIC



\$1,375,000

Kentucky Rural Water Finance Corporation
Taxable Public Projects Revenue Bond

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
04/23/2015			13,679.85	13,679.85	
08/01/2015					
12/31/2015					
02/01/2016	40,000.00	3.000%	25,126.25	65,126.25	13,679.85
06/01/2016			24,576.75	24,576.75	
12/31/2016					89,632.50
02/01/2017	40,000.00	3.000%	24,220.25	64,220.25	
06/01/2017			23,926.25	23,926.25	
12/31/2017					88,452.00
02/01/2018	40,000.00	3.000%	23,926.25	63,926.25	
06/01/2018			23,326.25	23,326.25	
12/31/2018					87,252.00
02/01/2019	40,000.00	3.000%	23,326.25	63,326.25	
06/01/2019			22,726.25	22,726.25	
12/31/2019					86,052.00
02/01/2020	40,000.00	3.000%	22,726.25	62,726.25	
06/01/2020			22,126.25	22,126.25	
12/31/2020					84,852.00
02/01/2021	45,000.00	3.000%	22,126.25	67,126.25	
06/01/2021			21,451.25	21,451.25	
12/31/2021					86,277.50
02/01/2022	45,000.00	3.000%	21,451.25	66,451.25	
06/01/2022			20,776.25	20,776.25	
12/31/2022					87,227.50
02/01/2023	50,000.00	3.000%	20,776.25	70,776.25	
06/01/2023			20,026.25	20,026.25	
12/31/2023					90,802.00
02/01/2024	55,000.00	3.000%	20,026.25	75,026.25	
06/01/2024			19,201.25	19,201.25	
12/31/2024					84,227.00
02/01/2025	55,000.00	3.000%	19,201.25	74,201.25	
06/01/2025			18,376.25	18,376.25	
12/31/2025					92,377.50
02/01/2026	55,000.00	3.850%	18,376.25	73,376.25	
06/01/2026			17,317.50	17,317.50	
12/31/2026					90,693.75
02/01/2027	65,000.00	3.850%	17,317.50	82,317.50	
06/01/2027			16,066.25	16,066.25	
12/31/2027					96,383.75
02/01/2028	65,000.00	3.850%	16,066.25	81,066.25	
06/01/2028			14,815.00	14,815.00	
12/31/2028					95,881.25
02/01/2029	65,000.00	3.850%	14,815.00	79,815.00	
06/01/2029			13,563.75	13,563.75	
12/31/2029					83,378.75
02/01/2030	65,000.00	3.850%	13,563.75	78,563.75	
06/01/2030			12,312.50	12,312.50	
12/31/2030					90,878.25
02/01/2031	70,000.00	3.850%	12,312.50	82,312.50	
06/01/2031			10,963.00	10,963.00	
12/31/2031					93,277.50
02/01/2032	75,000.00	3.850%	10,963.00	85,963.00	
06/01/2032			9,521.25	9,521.25	
12/31/2032					95,488.25
02/01/2033	75,000.00	3.850%	9,521.25	84,521.25	
06/01/2033			8,077.50	8,077.50	
12/31/2033					92,398.75
02/01/2034	75,000.00	3.850%	8,077.50	83,077.50	
06/01/2034			6,633.75	6,633.75	
12/31/2034					89,711.25
02/01/2035	80,000.00	3.850%	6,633.75	80,633.75	
06/01/2035			6,056.25	6,056.25	
12/31/2035					42,690.00
02/01/2036	80,000.00	4.250%	6,056.25	86,056.25	
06/01/2036			5,418.75	5,418.75	
12/31/2036					41,475.00
02/01/2037	80,000.00	4.250%	5,418.75	85,418.75	
06/01/2037			4,781.25	4,781.25	
12/31/2037					40,200.00
02/01/2038	85,000.00	4.250%	4,781.25	89,781.25	
06/01/2038			4,037.50	4,037.50	
12/31/2038					43,818.75
02/01/2039	80,000.00	4.250%	4,037.50	84,037.50	
06/01/2039			3,187.50	3,187.50	
12/31/2039					47,225.00
02/01/2040	80,000.00	4.250%	3,187.50	83,187.50	
06/01/2040			2,337.50	2,337.50	
12/31/2040					45,525.00
02/01/2041	25,000.00	4.250%	2,337.50	27,337.50	
06/01/2041			1,806.25	1,806.25	
12/31/2041					29,143.75
02/01/2042	25,000.00	4.250%	1,806.25	26,806.25	
06/01/2042			1,275.00	1,275.00	
12/31/2042					28,051.25
02/01/2043	30,000.00	4.250%	1,275.00	31,275.00	
06/01/2043			837.50	837.50	
12/31/2043					31,912.00
02/01/2044	30,000.00	4.250%	837.50	30,837.50	
12/31/2044					30,837.00
Total	\$1,375,000.00		\$749,351.10	\$2,124,351.10	

Yield Statistics

Bond Year Duration	519.291.81
Average Life	14.030 Years
Average Coupon	1.8842974%
Net Interest Cost (NIC)	1.8842974%
True Interest Cost (TIC)	1.8456826%
Bond Yield for Arbitrage Purposes	1.8456826%
All Inclusive Cost (AIC)	4.0389314%
IRS Form 8038	
Net Interest Cost	1.8842974%
Weighted Average Maturity	14.030 Years

Raymond James

Public Finance

\$1,375,000

Kentucky Rural Water Finance Corporation
Taxable Public Projects Revenue Bond

Total Issue Sources And Uses

Dated 04/23/2015 | Delivered 04/23/2015

	Series 1994	Series 1994 B	Series 2000	Series 2004	Issue Summary
Sources Of Funds					
Par Amount of Bonds	\$135,000.00	\$510,000.00	\$225,000.00	\$505,000.00	\$1,375,000.00
Transfers from Prior Issue Debt Service Funds	5,141.28	19,390.59	6,186.06	20,461.69	51,179.62
Total Sources	\$140,141.28	\$529,390.59	\$231,186.06	\$525,461.69	\$1,426,179.62
Uses Of Funds					
Costs of Issuance	2,607.96	9,852.27	4,346.59	9,755.68	26,562.50
Deposit to Current Refunding Fund	136,931.43	516,444.18	229,119.29	515,258.13	1,397,753.03
Rounding Amount	601.89	3,094.14	(2,279.82)	447.88	1,864.09
Total Uses	\$140,141.28	\$529,390.59	\$231,186.06	\$525,461.69	\$1,426,179.62

\$1,375,000

Kentucky Rural Water Finance Corporation
Taxable Public Projects Revenue Bond

Debt Service Comparison

Date	Total P+I	Net New D/S	Old Net D/S	Savings
12/31/2015	13,679.85	13,679.85	94,602.82	80,922.97
12/31/2016	89,652.50	89,652.50	94,602.82	4,950.32
12/31/2017	88,452.50	88,452.50	94,602.81	6,150.31
12/31/2018	87,252.50	87,252.50	94,602.80	7,350.30
12/31/2019	86,052.50	86,052.50	94,602.80	8,550.30
12/31/2020	84,852.50	84,852.50	94,602.80	9,750.30
12/31/2021	88,577.50	88,577.50	94,602.81	6,025.31
12/31/2022	87,227.50	87,227.50	94,602.81	7,375.31
12/31/2023	90,802.50	90,802.50	94,602.80	3,800.30
12/31/2024	94,227.50	94,227.50	94,602.81	375.31
12/31/2025	92,577.50	92,577.50	94,602.81	2,025.31
12/31/2026	90,693.75	90,693.75	94,602.80	3,909.05
12/31/2027	98,383.75	98,383.75	94,602.80	(3,780.95)
12/31/2028	95,881.25	95,881.25	94,602.81	(1,278.44)
12/31/2029	93,378.75	93,378.75	94,602.82	1,224.07
12/31/2030	90,876.25	90,876.25	94,602.80	3,726.55
12/31/2031	93,277.50	93,277.50	94,602.80	1,325.30
12/31/2032	95,486.25	95,486.25	94,602.82	(883.43)
12/31/2033	92,598.75	92,598.75	94,602.80	2,004.05
12/31/2034	89,711.25	89,711.25	94,602.80	4,891.55
12/31/2035	42,690.00	42,690.00	45,539.08	2,849.08
12/31/2036	41,475.00	41,475.00	45,539.07	4,064.07
12/31/2037	40,200.00	40,200.00	45,539.07	5,339.07
12/31/2038	43,818.75	43,818.75	45,539.08	1,720.33
12/31/2039	47,225.00	47,225.00	45,539.08	(1,685.92)
12/31/2040	45,525.00	45,525.00	45,539.07	14.07
12/31/2041	29,143.75	29,143.75	30,692.53	1,548.78
12/31/2042	28,081.25	28,081.25	30,692.53	2,611.28
12/31/2043	31,912.50	31,912.50	30,692.53	(1,219.97)
12/31/2044	30,637.50	30,637.50	30,692.53	55.03
Total	\$2,124,351.10	\$2,124,351.10	\$2,288,060.71	\$163,709.61

PV Analysis Summary (Net to Net)

Net FV Cashflow Savings	163,709.61
Gross PV Debt Service Savings	107,444.07
Net PV Cashflow Savings @ 4.037%(AIC)	107,444.07
Transfers from Prior Issue Debt Service Fund	(51,179.62)
Contingency or Rounding Amount	1,864.09
Net Present Value Benefit	\$58,128.54
Net PV Benefit / \$1,363,040 Refunded Principal	4.265%
Net Future Value Benefit	\$114,394.08
Net PV Benefit / \$1,375,000 Refunding Principal	4.228%
Average Annual Cash Flow Savings	5,456.99

Refunding Bond Information

Refunding Dated Date	4/23/2015
Refunding Delivery Date	4/23/2015

Raymond James

\$185,600

Fleming County Water Association

Series 1994

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2015	4,263.59	4.500%	6,018.96	10,282.55
12/31/2016	4,455.45	4.500%	5,827.10	10,282.55
12/31/2017	4,655.94	4.500%	5,626.61	10,282.55
12/31/2018	4,865.46	4.500%	5,417.09	10,282.55
12/31/2019	5,084.40	4.500%	5,198.14	10,282.54
12/31/2020	5,313.20	4.500%	4,969.35	10,282.55
12/31/2021	5,552.30	4.500%	4,730.25	10,282.55
12/31/2022	5,802.15	4.500%	4,480.40	10,282.55
12/31/2023	6,063.25	4.500%	4,219.30	10,282.55
12/31/2024	6,336.09	4.500%	3,946.46	10,282.55
12/31/2025	6,621.22	4.500%	3,661.33	10,282.55
12/31/2026	6,919.17	4.500%	3,363.38	10,282.55
12/31/2027	7,230.54	4.500%	3,052.01	10,282.55
12/31/2028	7,555.91	4.500%	2,726.64	10,282.55
12/31/2029	7,895.93	4.500%	2,386.62	10,282.55
12/31/2030	8,251.24	4.500%	2,031.31	10,282.55
12/31/2031	8,622.55	4.500%	1,660.00	10,282.55
12/31/2032	9,010.56	4.500%	1,271.99	10,282.55
12/31/2033	9,416.04	4.500%	866.51	10,282.55
12/31/2034	9,839.76	4.500%	442.79	10,282.55
Total	\$133,754.75	-	\$71,896.24	\$205,650.99

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	4/23/2015
Average Life	11.417 Years
Average Coupon	4.5000002%
Weighted Average Maturity (Par Basis)	11.417 Years

Refunding Bond Information

Refunding Dated Date	4/23/2015
Refunding Delivery Date	4/23/2015

\$700,000

Fleming County Water Association

Series 1994 B

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2015	16,080.34	4.500%	22,700.84	38,781.18
12/31/2016	16,803.96	4.500%	21,977.23	38,781.19
12/31/2017	17,560.13	4.500%	21,221.05	38,781.18
12/31/2018	18,350.34	4.500%	20,430.84	38,781.18
12/31/2019	19,176.11	4.500%	19,605.08	38,781.19
12/31/2020	20,039.03	4.500%	18,742.15	38,781.18
12/31/2021	20,940.79	4.500%	17,840.40	38,781.19
12/31/2022	21,883.12	4.500%	16,898.06	38,781.18
12/31/2023	22,867.86	4.500%	15,913.32	38,781.18
12/31/2024	23,896.92	4.500%	14,884.27	38,781.19
12/31/2025	24,972.28	4.500%	13,808.91	38,781.19
12/31/2026	26,096.03	4.500%	12,685.15	38,781.18
12/31/2027	27,270.35	4.500%	11,510.83	38,781.18
12/31/2028	28,497.52	4.500%	10,283.67	38,781.19
12/31/2029	29,779.91	4.500%	9,001.28	38,781.19
12/31/2030	31,120.00	4.500%	7,661.18	38,781.18
12/31/2031	32,520.40	4.500%	6,260.78	38,781.18
12/31/2032	33,983.82	4.500%	4,797.36	38,781.18
12/31/2033	35,513.09	4.500%	3,268.09	38,781.18
12/31/2034	37,111.18	4.500%	1,670.00	38,781.18
Total	\$504,463.18	-	\$271,160.49	\$775,623.67

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	4/23/2015
Average Life	11.417 Years
Average Coupon	4.4999998%
Weighted Average Maturity (Par Basis)	11.417 Years

Refunding Bond Information

Refunding Dated Date	4/23/2015
Refunding Delivery Date	4/23/2015

\$267,980

Fleming County Water Association

Series 2000

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2015	4,727.18	4.500%	10,119.37	14,846.55
12/31/2016	4,939.90	4.500%	9,906.64	14,846.54
12/31/2017	5,162.19	4.500%	9,684.35	14,846.54
12/31/2018	5,394.49	4.500%	9,452.05	14,846.54
12/31/2019	5,637.24	4.500%	9,209.30	14,846.54
12/31/2020	5,890.92	4.500%	8,955.62	14,846.54
12/31/2021	6,156.01	4.500%	8,690.53	14,846.54
12/31/2022	6,433.03	4.500%	8,413.51	14,846.54
12/31/2023	6,722.52	4.500%	8,124.02	14,846.54
12/31/2024	7,025.03	4.500%	7,821.51	14,846.54
12/31/2025	7,341.16	4.500%	7,505.38	14,846.54
12/31/2026	7,671.51	4.500%	7,175.03	14,846.54
12/31/2027	8,016.73	4.500%	6,829.81	14,846.54
12/31/2028	8,377.48	4.500%	6,469.06	14,846.54
12/31/2029	8,754.47	4.500%	6,092.07	14,846.54
12/31/2030	9,148.42	4.500%	5,698.12	14,846.54
12/31/2031	9,560.10	4.500%	5,286.44	14,846.54
12/31/2032	9,990.31	4.500%	4,856.24	14,846.55
12/31/2033	10,439.87	4.500%	4,406.67	14,846.54
12/31/2034	10,909.66	4.500%	3,936.88	14,846.54
12/31/2035	11,400.60	4.500%	3,445.95	14,846.55
12/31/2036	11,913.62	4.500%	2,932.92	14,846.54
12/31/2037	12,449.73	4.500%	2,396.81	14,846.54
12/31/2038	13,009.97	4.500%	1,836.57	14,846.54
12/31/2039	13,595.42	4.500%	1,251.12	14,846.54
12/31/2040	14,207.22	4.500%	639.32	14,846.54
Total	\$224,874.78	-	\$161,135.29	\$386,010.07

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	4/23/2015
Average Life	15.504 Years
Average Coupon	4.5000003%
Weighted Average Maturity (Par Basis)	15.504 Years

Refunding Bond Information

Refunding Dated Date	4/23/2015
Refunding Delivery Date	4/23/2015

\$554,000

Fleming County Water Association

Series 2000

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2015	8,194.91	4.500%	22,497.63	30,692.54
12/31/2016	8,563.68	4.500%	22,128.86	30,692.54
12/31/2017	8,949.05	4.500%	21,743.49	30,692.54
12/31/2018	9,351.75	4.500%	21,340.78	30,692.53
12/31/2019	9,772.58	4.500%	20,919.95	30,692.53
12/31/2020	10,212.34	4.500%	20,480.19	30,692.53
12/31/2021	10,671.90	4.500%	20,020.63	30,692.53
12/31/2022	11,152.14	4.500%	19,540.40	30,692.54
12/31/2023	11,653.98	4.500%	19,038.55	30,692.53
12/31/2024	12,178.41	4.500%	18,514.12	30,692.53
12/31/2025	12,726.44	4.500%	17,966.09	30,692.53
12/31/2026	13,299.13	4.500%	17,393.40	30,692.53
12/31/2027	13,897.59	4.500%	16,794.94	30,692.53
12/31/2028	14,522.98	4.500%	16,169.55	30,692.53
12/31/2029	15,176.52	4.500%	15,516.02	30,692.54
12/31/2030	15,859.46	4.500%	14,833.07	30,692.53
12/31/2031	16,573.13	4.500%	14,119.40	30,692.53
12/31/2032	17,318.93	4.500%	13,373.61	30,692.54
12/31/2033	18,098.28	4.500%	12,594.25	30,692.53
12/31/2034	18,912.70	4.500%	11,779.83	30,692.53
12/31/2035	19,763.77	4.500%	10,928.76	30,692.53
12/31/2036	20,653.14	4.500%	10,039.39	30,692.53
12/31/2037	21,582.53	4.500%	9,110.00	30,692.53
12/31/2038	22,553.75	4.500%	8,138.79	30,692.54
12/31/2039	23,568.67	4.500%	7,123.87	30,692.54
12/31/2040	24,629.25	4.500%	6,063.28	30,692.53
12/31/2041	25,737.57	4.500%	4,954.96	30,692.53
12/31/2042	26,895.76	4.500%	3,796.77	30,692.53
12/31/2043	28,106.07	4.500%	2,586.46	30,692.53
12/31/2044	29,370.84	4.500%	1,321.69	30,692.53
Total	\$499,947.25	-	\$420,828.73	\$920,775.98

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	4/23/2015
Average Life	18.025 Years
Average Coupon	4.5000000%
Weighted Average Maturity (Par Basis)	18.025 Years

Refunding Bond Information

Refunding Dated Date	4/23/2015
Refunding Delivery Date	4/23/2015

FLEMING COUNTY WATER ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2013

ASSETS

CURRENT ASSETS

Cash - Unrestricted	\$ 456,101
Cash - Restricted	226,725
Accounts Receivable	132,189
Unbilled Receivables	82,007
Inventory	60,012
Prepaid Expenses	<u>9,965</u>
 Total Current Assets	 966,999

NONCURRENT ASSETS

Cash - Restricted	<u>203,070</u>
 Total Noncurrent Assets	 203,070

PROPERTY AND EQUIPMENT
(Net of Accumulated Depreciation)

Land	54,273
Construction In Progress	1,063
Land Improvements	48,424
Buildings and Building Improvements	143,350
Machinery and Equipment	90,873
Vehicles	49,938
Tools, Shop and Garage Equipment	2,233
Communication Equipment	137
Office Furniture and Equipment	12,768
Water Lines	7,358,048
Tanks and Pumping Equipment	<u>492,195</u>
 Total Property and Equipment	 <u>8,253,302</u>

TOTAL ASSETS	<u>\$ 9,423,371</u>
---------------------	----------------------------

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

FLEMING COUNTY WATER ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2013

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accrued Payroll Taxes	\$	2,879
Accrued Salaries		3,015
Accounts Payable		69,221
Unearned Revenues		6,457
Accrued School and Sales Tax		5,293
Accrued Interest		47,014
Notes Payable		<u>68,800</u>

Total Current Liabilities		202,679
---------------------------	--	---------

LONG-TERM LIABILITIES

Compensated Absences		77,615
Notes Payable		<u>2,635,179</u>

Total Long-Term Liabilities		2,712,794
-----------------------------	--	-----------

OTHER LIABILITIES

Customer Deposits		<u>56,053</u>
-------------------	--	---------------

TOTAL LIABILITIES		2,971,526
-------------------	--	-----------

NET ASSETS

Temporarily Restricted		429,795
Unrestricted		<u>6,022,050</u>

TOTAL NET ASSETS		<u>6,451,845</u>
------------------	--	------------------

TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>9,423,371</u></u>
----------------------------------	----	-------------------------

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

FLEMING COUNTY WATER ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2013

CHANGE IN UNRESTRICTED NET ASSETS:

OPERATING REVENUES

Water Collection	\$ 1,678,985
Utility Relocation Proceeds	111,613
Late Penalties	36,196
Member Dues	2,900
Tap-On Fees	34,355
Miscellaneous Services	<u>43,877</u>
 Net Operating Revenues	 1,907,926

OPERATING EXPENSES

Salaries and Wages - Employees	336,466
Salaries and Wages - Directors	13,400
Employee Benefits	120,438
Purchased Water	612,856
Purchased Power	17,013
Taxes Other Than Income	26,637
Materials and Supplies	63,739
Contracted Services	49,427
Transportation Expense	42,663
Insurance	21,024
Advertising	493
Depreciation	266,918
Waterline Relocation Expenses	121,106
Miscellaneous Expenses	<u>23,915</u>
 Total Operating Expenses	 <u>1,716,095</u>

NET OPERATING INCOME **191,831**

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

FLEMING COUNTY WATER ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2013

NON OPERATING REVENUES (EXPENSES)

Interest Expense	(128,675)
Interest Income	<u>720</u>
Total Non Operating Revenues (Expenses)	<u>(127,955)</u>

Change in Unrestricted Net Assets: 63,876

CHANGE IN TEMPORARILY RESTRICTED NET ASSETS:

REVENUE

Investment Income	<u>1,284</u>
Change in Temporarily Restricted Net Assets:	1,284
Net Assets- Beginning	<u>6,386,685</u>
Total Net Assets - Ending	<u><u>\$ 6,451,845</u></u>

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

FLEMING COUNTY WATER ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Payments from Customers	\$ 1,730,965
Late Penalties	36,196
Miscellaneous Services	43,877
Utility Relocation Proceeds	111,613
Member Dues	2,900
Payments to Vendors	(943,374)
Payments for Payroll and Related Expenses	<u>(518,846)</u>
Net Cash Provided/(Used) by Operating Activities:	463,331

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Additions to Capital Assets	(91,245)
Net (Deposits)/Withdrawals into or from Dep. Reserve Fund	(608)
Net (Deposits)/Withdrawals into or from Debt Service Fund	(678)
Net (Deposits)/Withdrawals into or from Construction Account	(505)
Interest Paid on Capital Debt	(134,549)
Reduction in Notes Payable	<u>(174,745)</u>
Net Cash Provided/(Used) by Capital and Related Financing Activities	\$ (402,330)

CASH FLOWS FROM INVESTING ACTIVITIES

Cash Received From Interest	<u>\$ 2,006</u>
Net Cash Provided/(Used) by Investing Activities	<u>2,006</u>
INCREASE/(DECREASE) IN CASH	63,007
CASH AT BEGINNING OF YEAR	<u>393,094</u>
CASH AT END OF YEAR	<u><u>\$ 456,101</u></u>

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

FLEMING COUNTY WATER ASSOCIATION, INC.
STATEMENT OF CASH FLOWS (Continued)
For The Year Ended December 31, 2013

Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities:

Net Operating Income	\$ 191,831
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	266,918
Changes in Assets/Liabilities:	
Accounts Receivable	3,287
Inventory	30
Accounts Payable	9,460
Accrued Payroll Taxes	(207)
Compensated Absences	(21,698)
Accrued School and Sales Tax	(628)
Customer Deposits	<u>14,338</u>
Net Cash Provided/Used by Operating Activities	<u>\$ 463,331</u>

Supplementary Information

Total Interest Cost	\$ 128,604
Interest Paid to Customers for Deposits	<u>71</u>
Interest Cost Charged to Operations	<u>\$ 128,675</u>

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