

PRELIMINARY OFFICIAL STATEMENT

DATED SEPTEMBER 23, 2003

(Bonds to be sold September 30, 2003, 11:00 a.m. E.D.S.T.)

New Issue – Book-Entry Only
Bank Qualified

Rating: Moody's Investors Service "___"
See "Ratings" herein

In the opinion of Bond Counsel, under existing law (i) interest on the Bonds will be excludable from gross income of the holders thereof for purposes of federal and Kentucky income taxation and (ii) interest on the Bonds will not be a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, all subject to the conditions and qualifications described herein under the heading "TAX TREATMENT." Bond Counsel is further of the opinion that interest on the Bonds is exempt from income taxation and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky.

\$2,115,000*

COUNTY OF WOODFORD, KENTUCKY GENERAL OBLIGATION REFUNDING BONDS, 2003 SERIES A

Dated: October 1, 2003

Due: November 1, as shown below

The Bonds will be issued and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds. Accordingly, principal, interest and premium, if any, on the Bonds will be paid by United Bank & Trust Company, Versailles, Kentucky, as Paying Agent and Registrar, directly to DTC or Cede & Co., its nominee. DTC will in turn remit such principal, interest or premium to the DTC Participants (as defined herein) for subsequent distribution to the Beneficial Owners (as defined herein) of the Bonds. The Bonds will be issued in denominations of \$5,000 each or integral multiples thereof, and will bear interest payable on May 1, 2004 and thereafter semiannually on each May 1 and November 1.

The Bonds maturing on and after November 1, 2014, shall be subject to prior redemption at the option of the County on and after November 1, 2013, and the Bonds are also subject to extraordinary optional redemption from condemnation or insurance awards, as discussed herein.

SCHEDULE OF MATURITIES

<u>Due</u>	<u>Cusip #</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	<u>Due</u>	<u>Cusip #</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>
11/1/04	979356	\$ 125,000	%	%	11/1/11	979356	\$ 160,000	%	%
11/1/05		135,000			11/1/12		170,000		
11/1/06		130,000			11/1/13		170,000		
11/1/07		140,000			11/1/14		180,000		
11/1/08		140,000			11/1/15		185,000		
11/1/09		145,000			11/1/16		200,000		
11/1/10		150,000			11/1/17		85,000		

(Plus accrued interest-when issued)

Purchaser's Option - The Purchaser of the Bonds may specify in its bid that any Bonds may be combined with immediately succeeding sequential maturities into a Term Bond or Term Bonds, bearing a single rate of interest, with the maturities set forth above (or as may be adjusted as provided herein being subject to mandatory redemption in such maturities for such Term Bond(s)).

The County deems this Official Statement to be final for purposes of Security and Exchange Commission Rule 15c2-12.

The Bonds are offered when, as and if issued, subject to the approval of legality and tax exemption by Harper, Ferguson & Davis, (Division of Ogden, Newell & Welch PLLC), Bond Counsel, Louisville, Kentucky. Certain legal matters have been passed upon for the County by Alan George, Esq., County Attorney. The Bonds are expected to be available for delivery on or about _____, 2003.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

*Preliminary; Subject to Permitted Adjustment

FIRST KENTUCKY SECURITIES CORPORATION
Financial Advisor

COUNTY OF WOODFORD, KENTUCKY

County Judge/Executive

Joe D. Gormley

County Magistrates

James R. Alcock

Bobby Gaffney

Jackie Brown

Buddy McDannold

Carl P. Rollins II

James E. Staples

John Thomas Turner

C. Bones Webber

County Attorney

Alan J. George, Esq.

Clerk

Corine C. Woolums

Treasurer

Rebecca Wilson

BOND COUNSEL

Harper, Ferguson & Davis (Division of Ogden, Newell & Welch PLLC)
Louisville, Kentucky

FINANCIAL ADVISOR

First Kentucky Securities Corporation
Frankfort, Kentucky

PAYING AGENT/BOND REGISTRAR/ESCROW AGENT

United Bank & Trust Company
Versailles, Kentucky

REGARDING THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds of the County. No dealer, broker, salesman or other person has been authorized by the County to give any information or to make any representation, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the County. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information and expressions of opinion herein are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

Upon issuance, the Bonds will not be registered by the County under any federal or state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity or agency except the County will have, at the request of the County, passed upon the accuracy or adequacy of this Official Statement or approved the Bonds for sale.

All financial and other information presented in this Official Statement has been provided by the County from its official records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the County. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future.

Insofar as the statements contained in this Official Statement involve matters of opinion or estimates, even if not expressly stated as such, such statements are made as such and not as representations of fact or certainty, no representation is made that any of such statements have been or will be realized, and such statements should be regarded as suggesting independent investigation or consultation of other sources prior to the making of investment decisions. Certain information may not be current; however, attempts were made to date and document sources of information. Neither this Official Statement nor any oral or written representations by or on behalf of the County preliminary to sale of the Bonds should be regarded as part of the County's contract with the successful bidder or the holders from time to time of the Bonds.

References herein to provisions of Kentucky law, whether codified in the Kentucky Revised Statutes ("KRS") or uncodified, or to the provisions of the Kentucky Constitution or the County's ordinances or resolutions, are references to such provisions as they presently exist. Any of these provisions may from time to time be amended, repealed or supplemented.

As used in this Official Statement, "debt service" means principal of, interest and any premium on, the obligations referred to; "County" means the County of Woodford; and "State" or "Kentucky" means the Commonwealth of Kentucky.

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- Appendix A: Estimated Debt Service Requirements for the 2003 Series A Bonds
- Appendix B: Demographic, Economic and Tax Data on the County of Woodford
- Appendix C: Audited Financial Statement for Period Ended June 30, 2001
- Appendix D: Statement of Indebtedness of County
- Appendix E: Form of Proposed Approving Legal Opinion of Bond Counsel

PRELIMINARY OFFICIAL STATEMENT

\$2,115,000*

**COUNTY OF WOODFORD, KENTUCKY
GENERAL OBLIGATION BONDS, 2003 SERIES A**

Dated Date: October 1, 2003

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to provide certain information with respect to the issuance of \$2,115,000* aggregate principal amount of General Obligation Bonds, 2003 Series A (the "Bonds") of the County of Woodford, Kentucky as specified on the cover hereof.

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of Bonds to potential investors is made only by means of the entire Official Statement.

The Issuer

The Bonds are being issued by the County of Woodford, Kentucky (the "County"), a municipal corporation and political subdivision of the State of Kentucky.

Sources of Payment for the Bonds

The Bonds constitute general obligation debt of the County. The Bonds are secured by and payable from a pledge of the full faith and credit and the unlimited taxing power of the County. The County has covenanted, as required, to levy an annual tax on all taxable County property to pay the interest on and principal of the Bonds as and when the same become due and payable. (See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" herein).

Purpose of the Bonds

The Bonds are being issued for the purpose of (i) the current refunding of all of the outstanding Woodford County, Kentucky Public Properties Corporation Public Project Revenue Refunding Bonds, 1993 Series A, dated July 1, 1993 (the "Prior Bonds") (see "THE PROJECT" for more detail), and (ii) paying the associated costs of issuing the Bonds.

Description of the Bonds

The Bonds mature as to principal and bear interest as indicated on the cover page hereof. The Bonds are being offered as book entry only securities (see "DESCRIPTION OF THE BONDS" hereinafter).

Redemption

The Bonds maturing on and after November 1, 2014 are subject to optional redemption prior to maturity, commencing November 1, 2013, or any date thereafter at 100% of principal amount thereof plus accrued interest to date of redemption (see "DESCRIPTION OF THE BONDS - Optional Redemption", herein).

In the event any Bonds are called for redemption, notice shall be given by mailing a copy of the redemption notice at least thirty (30) days, and not exceeding sixty (60) days, prior to the date fixed for redemption to the registered owner of each Bond to be redeemed (see "DESCRIPTION OF THE BONDS - Notice of Redemption", herein).

Registrar and Paying Agent

United Bank & Trust Company, Versailles, Kentucky, is the Registrar and Paying Agent.

*Preliminary; Subject to Permitted Adjustment

Tax Treatment

Subject to the more detailed information set forth under "Tax Treatment" in this Official Statement, under the laws, regulations, rulings and judicial decisions in effect as of the date hereof, interest, including original issue discount, if any, on the Bonds is excludable from gross income for Federal income tax purposes, pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). Furthermore, interest on the Bonds will not be treated as a specific item of tax preference, under the Code, in computing the alternative minimum tax for individuals and corporations. In rendering such opinions, Bond Counsel has assumed continuing compliance with certain representations and covenants designed to meet the requirements of Section 103 of the Code. Bond Counsel expresses no other opinion as to the federal tax consequences of purchasing, holding or disposing of the Bonds. Interest on the Bonds is also exempt from income taxation and the bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

The County has designated the Bonds as "qualified tax-exempt obligations" with respect to certain financial institutions under Section 265 of the Internal Revenue Code of 1986, as amended.

See Appendix E hereto for substantially the form of the opinion that Bond Counsel proposes to deliver in connection with the Bonds.

Parties to the Issuance of the Bonds

The Registrar and Paying Agent is United Bank & Trust Company, Versailles, Kentucky. Legal matters incident to the issuance of the Bonds and with regard to the tax-exempt status of the interest thereon are subject to the approving legal opinion of Harper, Ferguson & Davis (Division of Ogden, Newell & Welch PLLC), Louisville, Kentucky, Bond and Special Tax Counsel. The Financial Advisor to the County is First Kentucky Securities Corporation.

Authority for Issuance

Authority for the issuance of the Bonds is contained in Sections 158 and 159 of the Constitution of Kentucky and Sections 66.011 through 66.191 of the Kentucky Revised Statutes and an ordinance (the "Ordinance") adopted by the Fiscal Court of the County on September 23, 2003.

Disclosure Information

This Official Statement speaks only as of its date, and the information contained herein is subject to future change. This Official Statement and continuing disclosure documents of the County, hereinafter described, are intended to be made available through one or more repositories. Copies of the basic documentation relating to the Bonds, including the authorizing ordinances and the Bond form, are available from the County upon request.

The County deems this Preliminary Official Statement to be final for the purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), except for certain information on the cover page hereof and other permitted omissions, such as final maturity amounts, underwriting data and other similar matters, which are presently not determinable and which have been omitted in accord with the Rule and will be provided in the final Official Statement.

Additional Information

Additional information concerning this Official Statement, as well as copies of the basic documentation relating to the Bonds, is available from First Kentucky Securities Corporation, Financial Advisor to the County of Woodford, 305 Ann Street, Suite 400, Frankfort, Kentucky 40602, telephone (502) 875-4611 Attn: Stan Kramer.

DESCRIPTION OF THE BONDS

The Bonds are dated and will bear interest from October 1, 2003 commencing May 1, 2004 and payable thereafter on November 1 and May 1 of each year to maturity, at the rates set forth on the cover page of this Official Statement.

Book Entry

The following information regarding DTC and Cede & Co. will be applicable to the Bonds as long as a book entry system is utilized. The County does not assume any responsibility for the accuracy or completeness of the information set forth under this caption "Book Entry", and the County is not required to supervise, and will not supervise, the operation of the book entry system described herein.

DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC was created to hold securities of its participants (the "DTC Participants") and to facilitate the clearance and settlement of securities transactions among DTC Participants in such securities through electronic book-entry changes in accounts of the DTC Participants, thereby eliminating the need of physical movement of securities certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, some of whom (and/or their representatives) own DTC. Access to the DTC system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (the "Indirect Participants").

Upon issuance of the Bonds, DTC Participants shall receive a credit balance in the records of DTC. ***The ownership interest of each actual purchaser of each Bond (the "Beneficial Owner") will be recorded through the records of the applicable DTC Participant.*** Beneficial Owners will receive a written confirmation of their purchase provided by the applicable DTC Participant, providing details of the Bonds acquired. Transfers of ownership interests in the Bonds ("Beneficial Ownership Interests") will be accomplished by book entries made by DTC and, in turn, by the DTC Participants who act on behalf of the Beneficial Owners. Beneficial Owners will **not** receive certificates representing their ownership interest in the Bonds, except as specifically provided in the Ordinance.

The County has no responsibility or liability for any aspects of the records relative to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership.

Principal, sinking fund, and interest payments on the Bonds will be made to DTC or its nominee, as registered owner of the Bonds. Upon receipt of moneys, DTC's current practice is to immediately credit the accounts of the DTC Participants in accordance with their respective holdings shown on the records of DTC. Payments by DTC Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such DTC Participant or Indirect Participant and not of DTC or the Agency, subject to any statutory and regulatory requirements as may be in effect from time to time.

A Beneficial Owner shall give notice to elect to have its Beneficial Ownership Interests purchased or tendered, through its DTC Participant, to the Paying Agent and Registrar, and shall effect delivery of such Beneficial Ownership Interests by causing the Direct Participant to transfer the DTC Participant's interest in the Beneficial Ownership Interests, on DTC's records, to the purchaser or the Paying Agent and Registrar, as appropriate. The requirements for physical delivery of Bonds in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records.

The Paying Agent and Registrar, so long as a book entry method is used for the Bonds, will send only to DTC any notice of redemption or other notices required to be sent to Bondholders. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify the Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Bonds called for redemption or of any other action premised on such notice.

Conveyance of notices and other communications by DTC to DTC Participants, by DTC Participants to Indirect Participants, and by DTC Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory and regulatory requirements as may be in effect from time to time.

The County and the Paying Agent and Registrar cannot and do not represent or give any assurances that DTC, the DTC Participants or Indirect Participants or others will distribute payments of debt service charges on the Bonds paid to DTC or its nominee, as the registered owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will serve and act in the manner described in this Official Statement.

DTC may determine to discontinue providing its service with respect to the Bonds at any time by giving notice to the County and discharging its responsibilities with respect thereto under applicable law. In such event, the Ordinance provides for issuance of fully registered Bonds ("Bond Certificates") directly to Beneficial Owners of Bonds, other than DTC or its nominee. Upon the occurrence of this event, the County may appoint another qualified depository, as described in the Ordinance. If the County fails to appoint a successor depository or if the County determines that it is in the best interest of the Beneficial Owners, the Bonds shall be withdrawn from DTC and issued in fully registered form, whereupon the County shall execute and the Paying Agent and Registrar, as authenticating agent, shall authenticate and deliver Bond Certificates in the appropriate denominations. In the event the Bonds are withdrawn from DTC, the County will pay for all costs and expenses of printing, withdrawing, executing, authenticating and delivering the Bond Certificates. Transfer and exchange of such Bond Certificates shall be made as provided in the Ordinance.

Payments. Principal is payable to the registered owner upon presentation and surrender at the principal corporate trust office of the Paying Agent and Registrar. Interest will be payable by check or draft mailed by the Paying Agent and Registrar to the person who is the registered owner of a Bond as shown on the records of the Registrar as of the 15th day of the calendar month preceding the applicable interest payment date.

Redemption Provisions

The Bonds maturing on and after November 1, 2014 are subject to optional redemption on any date on and after November 1, 2013 in whole or in part, in inverse order of maturity and by lot within any maturity, at the redemption price of 100% of the principal amount thereof, plus accrued interest to the date of redemption.

Extraordinary Redemption

The Bonds are subject to redemption prior to maturity as a whole at any time or in part from time to time from and to the extent of any insurance proceeds or condemnation awards not applied to the repair or reconstruction of the Project and applied to the prepayment of all or a portion of the Bonds pursuant to the Ordinance, upon the damage, destruction or condemnation, in whole or in part, of the Project refinanced by the Bonds. Any such redemption shall be effected at a redemption price equal to the principal amount of the Bonds so redeemed, plus accrued interest to the redemption date. In the case of any such redemption of less than all of the Bonds then outstanding, the Bonds shall be selected for redemption by the Paying Agent by lot or in any other customary manner to be determined by the Paying Agent.

Security and Source of Payment for Bonds

Under the terms of the Ordinance, the Bonds constitute general obligations of the County and the full faith, credit and taxing power of the County is irrevocably pledged to the prompt payment of principal of and interest on the Bonds when due.

In compliance with the Constitution of Kentucky and the cited statutes, and for the purpose of providing funds required to pay the interest on the Bonds when due and in order to create a sinking fund to pay the principal of the Bonds (and premium, if any) when due, the Ordinance levies upon all of the taxable property in the County, beginning in 2004 and continuing in each year as long as any of the Bonds are outstanding, a direct annual tax sufficient, to the extent other lawfully available moneys of the County are not provided, for that purpose. The proceeds derived from the special annual tax levied from time to time, together with other lawfully available moneys of the County provided for the purpose, shall be deposited and carried in a special account of the County and shall be applied only for the purpose of paying the principal of and interest (and premium, if any) on the Bonds, which shall be designated the County's "General Obligation Bonds, 2003 Series A Sinking Fund" (the "Sinking Fund"). The proceeds of the special annual tax and the balances accumulated from time to time in the Sinking Fund are irrevocably pledged for the purpose of paying the interest on (and premium, if any) and principal of the Bonds and shall never be used for any other purpose. The County covenants with the holders of the Bonds that it will levy the special annual tax in each year at whatever rates may be necessary from time to time in order to produce the amounts required in each year, to the extent not otherwise provided, to pay the Bonds and interest (and premium, if any) when due.

The basic security for the general obligation debt of the County, including the Bonds, is the County's ability to levy, and its pledge to levy, an annual tax to pay the interest on and principal of the Bonds as and when the same become due and payable. The tax must be levied in sufficient amount to pay, as the same become due, the principal of and interest on the Bonds as well as the principal of and interest on all outstanding general obligation bonds and bond anticipation notes of the County. The Constitution of the State mandates the collection of a tax sufficient to pay the interest on an authorized indebtedness and the creation of a sinking fund for the payment of the principal thereof. The Ordinance levies such annual tax which shall be collected to the extent other lawfully available moneys of the County are not provided. The Ordinance also creates a sinking fund into which the proceeds of such tax or other lawfully available moneys of the County are to be deposited for payment of the interest on and principal of the Bonds and shall not be used for any other purpose.

Bankruptcy Matters

Chapter 9 of the Federal Bankruptcy Code contains provisions relating to the adjustment of debts of a State's political subdivisions, public agencies and instrumentalities ("eligible entity"), such as the County. Under the Bankruptcy Code and in certain circumstances described therein, an eligible entity may be authorized to initiate Chapter 9 proceedings without prior notice to or consent of its creditors, which proceedings may result in material and adverse modification or alteration of the rights of its secured and unsecured creditors, including holders of its bonds and notes.

Section 66.400 of the Kentucky Revised Statutes permits a political subdivision, such as the County, for the purpose of enabling such subdivision to take advantage of the provisions of the Bankruptcy Code, and for that purpose only, to file a petition stating that the subdivision is insolvent or unable to meet its debts as they mature, and that it desires to effect a plan for the composition or readjustment of its debts, and to take such further proceedings as are set forth in the Bankruptcy Code as they relate to such subdivision. No taxing subdivision is permitted, in availing itself of the provisions of the Bankruptcy Code, to scale down, cut down or reduce the principal sum of its securities except that interest thereon may be reduced in whole or in part.

APPROVAL OF BONDS BY THE STATE LOCAL DEBT OFFICER OF KENTUCKY

In accordance with the requirements of Section 66.310 of the Kentucky Revised Statutes the County has applied to the State Local Debt Officer for approval of the issuance of the Bonds. The approval of the State Local Debt Officer and expiration of the applicable appeal period is a condition to the issuance of the Bonds.

THE PROJECT

The Bonds are being issued for the purpose of (i) currently refunding the Prior Bonds maturing on or after November 1, 2004, through the deposit in escrow of sufficient funds to pay the interest requirements of the Prior Bonds maturing on or after November 1, 2004, and to redeem on November 1, 2003 the remaining Prior Bonds maturing on or after November 1, 2004 at a redemption price equal to the principal amount of the Prior Bonds maturing on or after November 1, 2004, plus a premium of 2%, and (ii) paying certain costs related to the issuance of the Bonds.

The Prior Bonds refunded certain original bonds which provided funding for construction of a County detention facility.

Estimated Sources and Uses of Funds

<u>Sources of Funds</u>	
Par Amount of Bonds	\$ _____
Total	\$ _____
<u>Uses of Funds</u>	
Cost of Escrow Securities	\$ _____
Underwriter's Discount	_____
Costs of Issuance	_____
Contingency	_____
Total	\$ _____

INVESTMENT CONSIDERATIONS

The Bonds, like all obligations of state and local government, are subject to changes in value due to changes in the condition of the tax-exempt bond market and/or changes in the financial condition of the County.

Prospective purchasers of the Bonds are advised to consult with their own tax advisors prior to any purchase of the Bonds as to, among other things, the suitability of such an investment and the impact of the Internal Revenue Code of 1986, as amended, upon their acquisition, holding or disposition of the Bonds.

It is possible that because of market conditions, or changes in the financial condition of the County or City, that the market price of the Bonds could be adversely affected.

With regard to the risk involved in a lowering of the County's bond rating, see "RATINGS" herein. With regard to creditors' rights, see "SECURITY AND SOURCE OF PAYMENT FOR BONDS" herein.

PROFILE OF THE COUNTY AND SURROUNDING AREA

Demographic, economic and financial information with respect to the County and the surrounding area is set forth in Appendix A hereto.

COUNTY GOVERNMENT

Organization and Major Offices

The County operates pursuant to the general statutes of the Commonwealth of Kentucky governing counties.

Elected and Appointed Officials

The County of Woodford is governed by a Fiscal Court, comprised of a County Judge/Executive and eight Magistrates who are all elected to four year terms. There is no limitation for succession by any member of the Fiscal Court. The County Treasurer and Fiscal Court Clerk are appointed by and serve at the pleasure of the Fiscal Court.

Financial Matters

The County Treasurer is the chief fiscal officer of the County, and is appointed by and serves at the pleasure of the Fiscal Court. The County Treasurer is responsible for the accounting, custody and disbursement of the funds of the County.

The County's fiscal year commences July 1 and ends the following June 30.

Certain administrative functions of the County are performed by or under the supervision of the following:

1. Establishment of overall financial policy: the Fiscal Court.
2. Planning and development: the Fiscal Court.
3. Assessment of real and personal property: the Woodford County Property Valuation Administrator.
4. Financial control functions: the County Treasurer.
5. Inspection and supervision of the accounts and reports of the County as required by law: the Auditor of Public Accountants and by independent certified public accountants.

Financial Management

The Fiscal Court is responsible for appropriating the funds used to support the various County activities. The Fiscal Court exercises its legislative powers by budgeting, appropriating, levying taxes, issuing bonds and notes, and letting contracts for public works and services to provide this financial management.

Financial Reports and Examinations of Accounts

Each County in the State is required to record, keep and maintain its accounting records and render financial reports in such a way as to: (a) determine compliance with statutory provisions; (b) determine fairly and with full disclosure the financial operations of consistent funds and account groups of the County in conformity with generally accepted governmental accounting principles; and (c) readily provide such financial data as may be required by the federal revenue sharing program.

Municipal accounting systems are required to be organized and operated on a fund basis. The County maintains its accounts and other fiscal records on a cash basis in accordance with the procedures established and prescribed by the Kentucky Department for Local Government.

As required by law, financial reports are prepared annually by the County and filed with the Kentucky Department of Local Government.

The accounting procedures prescribed by the Kentucky Department of Local Government are generally applicable to all counties in Kentucky and may be different from generally accepted government accounting principles as presented and recommended in the National Council on Governmental Accounting publication "Governmental Accounting Auditing and Financial Reporting," and the Industry Audit Guide of the American Institute of Certified Public Accountants, entitled "Audits of State and Local Governmental Units." Those publications, among other things, provide for a modified accrual basis of accounting for the general fund, all special revenue funds and the debt service fund, and for a full accrual basis of accounting for all other funds, and further provide for the preparation for each fund of balance sheets, statements of revenues and expenditures, and statements showing changes in fund balances.

Budgeting and Appropriations Procedures

Detailed provisions for County budgeting, tax levies and appropriations are set forth and mandated by the Kentucky Revised Statutes. Counties are required to operate under an annual budget ordinance and no County may expend any moneys from a governmental or proprietary fund except in accordance with such budget. A budget proposal must be submitted to the County's legislative body no later than 30 days prior to the beginning of the fiscal year covered by the budget. Upon approval of the proposed budget, counties are required to submit the proposed budget to the State Local Debt Officer of the Commonwealth of Kentucky for approval. A proposed budget that has been approved by the State Local Debt Officer is required to be adopted by the fiscal court of the county no later than July 1 of each year or within ten days after receipt of the certified assessment from the Commonwealth of Kentucky, whichever is later. No budget ordinance may be adopted which provides for appropriations to exceed revenues in a fiscal year. The full amount estimated to be required for debt service during the budget year must be appropriated. The State Local Debt Officer is authorized to initiate proceedings to compel compliance by the county officials with the requirements imposed by Kentucky law on counties for the administration of their financial affairs.

Investment Policies

Section 66.480 of the Kentucky Revised Statutes sets forth the requirements and limitations for investments of the state's political subdivisions, including the County. Under that Section, the County must adopt an investment policy and may invest its funds only in the classifications of obligations which are eligible for investment, which are as follows:

- (a) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including, but not limited to, national or state banks chartered in Kentucky;
- (b) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States governmental agency, including but not limited to:
 - (1) United States Treasury;
 - (2) Export-Import Bank of the United States;
 - (3) Farmers Home Administration;
 - (4) Governmental National Mortgage corporation; and
 - (5) Merchant Marine bonds;
- (c) Obligations of any corporation of the United States government, including but not limited to:
 - (1) Federal Home Loan Mortgage Corporation;
 - (2) Federal Farm Credit Banks;
 - (3) Bank for Cooperatives;
 - (4) Federal Intermediate Credit Banks;
 - (5) Federal Land Banks;
 - (6) Federal Home Loan Banks;
 - (7) Federal National Mortgage Association; and
 - (8) Tennessee Valley Authority;
- (d) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS 41.240(4);
- (e) Uncollateralized certificates of deposit issued by any bank or savings and loan institutions rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;

- (f) Bankers' acceptances for banks rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;
- (g) Commercial paper rated in the highest category by a nationally recognized rating agency;
- (h) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;
- (i) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one (1) of the three highest categories by a nationally recognized rating agency; and
- (j) Shares of mutual funds, each of which shall have the following characteristics;
 - (1) The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
 - (2) The management company of the investment company shall have been in operation for at least five (5) years; and
 - (3) All of the securities in the mutual fund shall be eligible investments pursuant to this section.

The County's current policy is to invest funds only in authorized investments described in (d) above. As required by KRS 66.480(3), the County has adopted a written investment policy.

Debt Limitation

Kentucky Constitution Section 158 provides that counties shall not incur indebtedness in an amount exceeding two percent (2%) of the value of the taxable property therein, as estimated by the last assessment previous to the incurring of the indebtedness.

Nothing shall prevent the issue of renewal bonds, or bonds to fund the floating indebtedness of any city, county, or taxing district. Subject to the limits and conditions set forth in that section and elsewhere in the Constitution, the General Assembly has the power to establish additional limits on indebtedness and conditions under which debt may be incurred by counties.

KRS 66.041 provides the same limitations as are set forth in the Constitution except that the limitations apply to "net indebtedness". In calculating "net indebtedness," KRS 66.031 provides that certain obligations of a municipality are not to be considered in the calculation, including self-supporting obligations, revenue bonds, and special assessment debt. (For a complete list of exempt debt see the Statement of Indebtedness attached as [Appendix D](#).)

[Appendix D](#) of this Official Statement is a Statement of Indebtedness for the County, certified by the County, calculating the amount of the outstanding obligations of the County (including the Bonds) which are subject to the total direct debt limit (2% limit). The total principal amount of general obligation debt that could be issued by the County, subject to the 2% total direct debt limitation is \$35,603,483 and the County's net debt subject to such limitation presently outstanding (including the estimated Bonds) is \$6,974,750 leaving a balance of approximately \$28,628,733 borrowing capacity issuable within such limitation.

Future Borrowings of the County

At this time, the County does not anticipate any future borrowings.

LEGAL MATTERS

General Information

Legal matters incident to the issuance of the Bonds and with regard to the tax-exempt status thereof are subject to the approving legal opinion of Harper, Ferguson & Davis (Division of Ogden, Newell & Welch PLLC), Bond and Special Tax Counsel. Upon delivery of the Bonds of the County to the successful bidder therefor, the Bonds will be accompanied by an approving opinion dated the date of such delivery, rendered by Harper, Ferguson & Davis (Division of Ogden, Newell & Welch PLLC). The proposed form of such Bond Counsel legal opinion is attached as [Appendix E](#). Certain legal matters will be passed upon for the County by its County Attorney, Alan George, Esq.

Said firm as Bond Counsel has performed certain functions to assist the County in the preparation by the County of its Official Statement. However, said firm assumes no responsibility for, and will express no opinion regarding the accuracy or completeness of this Official Statement or any other information relating to the County or the Bonds that may be made available by the County or others to the bidders or holders of the Bonds or others.

The engagement of said firm as Bond Counsel is limited to the preparation of certain of the documents contained in the transcript of proceedings with regard to the Bonds, and an examination of such transcript proceedings incident to rendering as to law and legal conclusions its legal opinion. In its capacity as Bond Counsel, said firm has reviewed the information in this Official Statement under the Sections entitled "Authority for Issuance", "Security and Source of Payment for Bonds", "Debt Limitation" and "Tax Treatment", which review did not include any independent verification of statements, data and financial statements and statistical data included elsewhere in this Official Statement.

Transcript and Closing Certificates

A complete transcript of proceedings, a no-litigation certificate and other appropriate closing documents will be delivered by the County when the Bonds are delivered to the original purchaser. The County will also provide to the original purchaser, at the time of such delivery, a certificate from the County Judge/Executive and County Treasurer addressed to such purchaser relating to the accuracy and completeness of this Official Statement.

Litigation

There is no controversy, litigation, administrative action or other proceedings of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the County taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the Bonds or the due existence or powers of the County. A No-Litigation Certificate to such effect will be delivered upon issuance of the Bonds.

Tax Treatment

In the opinion of Bond Counsel, based upon existing laws, regulations, rulings and court decisions, interest on the Bonds is excludable from gross income for Federal income tax purposes. Bond Counsel is also of the opinion that interest on the Bonds is not a specific item of tax preference under Section 57 of the Internal Revenue Code of 1986 (the "Code") for purposes of the Federal individual or corporate alternative minimum taxes. Furthermore, Bond Counsel is of the opinion that interest on the Bonds is exempt from taxation, including personal income taxation, by the Commonwealth of Kentucky and its political subdivisions.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for Federal income tax purposes of interest on obligations such as the Bonds. The County has covenanted to comply with such restrictions, requirements and conditions to ensure that interest on the Bonds will not be includable in gross income for Federal income tax purposes. Failure to comply with these covenants could result in interest on the Bonds being includable in income for Federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the tax status of the interest on the Bonds.

A copy of the proposed opinion of Bond Counsel for the Bonds is set forth in Appendix E, attached hereto.

Although Bond Counsel is of the opinion that interest on the Bonds will be excludable from gross income for federal and Kentucky income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Bondholder's federal, state or local tax liabilities. The nature and extent of these other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder's other items of income or deduction. Bond Counsel expresses no opinions regarding any tax consequences or matters other than what is set forth in its opinion and each Bondholder or potential Bondholder is urged to consult with their own tax counsel with respect to the effects of purchasing, holding or disposing the Bonds on the tax liabilities of the individual or entity.

For example, although Bond Counsel is of the opinion that interest on the Bonds will not be a specific item of tax preference for purposes of application of the alternative minimum tax, corporations are required to include all tax-exempt interest in determining "adjusted current earnings" under Section 56(c) of the Code, which may increase the amount of any alternative minimum tax owed. Receipt of tax-exempt interest, ownership or disposition of the Bonds may result in other collateral federal, state or local tax consequence for certain taxpayers, including, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies under Section 832 of the Code, increasing the federal tax liability and affecting the status of certain S Corporations subject to Sections 1362 and 1375 of the Code, increasing the federal tax liability of certain individual recipients of Social Security or Railroad Retirement benefits under Section 86 of the Code and limiting the use of the Earned Income Credit under Section 32 of the Code that might otherwise be available. Ownership of Bonds may also result in the limitation of interest and certain other deductions for financial institutions and certain other taxpayers, pursuant to Section 265 of the Code. Finally, residence of the holder of Bonds in a state other than Kentucky or being subject to tax in a state other than Kentucky, may result in income or other tax liabilities being imposed by such states or their political subdivisions based on the interest or other income from the Bonds.

The County has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265 of the Code.

RATING

As noted on the cover page of this Official Statement, Moody's Investor's Service ("Moody's") has assigned its municipal bond rating of "__", to this issue of Bonds.

Such rating reflects only the view of said organization. Any explanation of the significance of such rating may only be obtained from Moody's, at the following address: Moody's Investors Service, 99 Church Street, New York, New York 10007.

There can be no assurance that a rating when assigned will continue for any given period of time or that it will not be lowered or withdrawn entirely by the rating agency if in its judgment circumstances so warrant. Any such downward change in or withdrawal of a rating may have an adverse effect on the marketability and/or market price of the Bonds.

The County presently expects to furnish such rating agency with information and material that it may request on future general obligation bond issues. However, the County assumes no obligation to furnish requested information and materials, and may issue debt for which a rating is not requested. Failure to furnish requested information and materials, or the issuance of debt for which a rating is not requested, may result in the suspension or withdrawal of the rating agency's ratings on outstanding general obligation bonds.

CONTINUING DISCLOSURE

The County has previously entered into a Continuing Disclosure Agreement with United Bank & Trust Company, Versailles, Kentucky, dated as of November 1, 1997, in connection with the issuance of other obligations of the County, to which reference is made. The County has properly performed its obligations under such Continuing Disclosure Agreement. Additionally, in accordance with Securities and Exchange Commission Rule 15c2-12 (the "Rule") and so long as the Bonds are outstanding the County will agree in a Continuing Disclosure Certificate, dated the date of issuance of the Bonds, to continue to cause the following information, in compliance with the Rule and official interpretations thereof, to be provided:

- (i) to each nationally recognized municipal securities information repository ("NRMSIR") and, if one is established for the Commonwealth, to its state information depository ("SID"), certain annual financial information and operating data, including audited financial statements prepared in accordance with generally accepted accounting principles as applied to governmental units, generally consistent with the information contained in "Appendix C" and "Appendix D" of the Official Statement ("Financial Data"). Such information shall be provided no later than 180 days after the end of each fiscal year ending on June 30.
- (ii) to each NRMSIR or to the Municipal Securities Rulemaking Board ("MSRB") and to the SID, if any, notice of the occurrence of the following material events with respect to the Bonds:
 - (a) Principal and interest payment delinquencies;
 - (b) Non-payment related defaults;
 - (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (d) Unscheduled draws on credit enhancements reflecting financial difficulties;

- (e) Substitution of credit or liquidity providers, or their failure to perform;
- (f) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (g) Modifications to rights of holders of the Bonds;
- (h) Bond calls, except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event;
- (i) Defeasances;
- (j) Release, substitution or sale of property securing repayment of the Bonds; and
- (k) Rating changes.

(iii) in a timely manner, to each NRMSIR or to the MSRB and to the SID, notice of a failure of any Obligated Person to provide the required Annual Financial Information on or before the date specified in the referenced Disclosure Agreement.

The Continuing Disclosure Undertaking provides bondholders with certain enforcement rights in the event of a failure by any Obligated Person to comply with the terms thereof. However, a default under the Continuing Disclosure Undertaking does not constitute a default under the Ordinance. The Continuing Disclosure Undertaking may be amended or terminated under certain circumstances in accordance with the Rule as more fully described therein. Bondholders are advised that the Continuing Disclosure Undertaking, copies of which are available at the office of each Obligated Party, should be read in its entirety for more complete information regarding its contents.

For purposes of this transaction with respect to events as set forth in the Rule:

- (a) there are no debt service reserve funds applicable to the Bonds;
- (b) there are no liquidity providers applicable to the Bonds; and
- (c) there is no property securing the repayment of the Bonds.

Both the County and the City have entered into other disclosure agreements under the Rule. To the best of the County's knowledge, both the County and the City are in compliance with the continuing disclosure undertaking contained in such existing agreements. Reference is made to the information regarding a Continuing Disclosure Agreement previously entered into by the City under the heading "INTERLOCAL COOPERATION AGREEMENT", elsewhere in this Official Statement.

UNDERWRITING

The Bonds are being purchased for reoffering to the public by _____ (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at an aggregate purchase price of \$ _____ (reflecting the par amount of the Bonds, less original issue discount of \$ _____, less underwriter's discount of \$ _____, plus accrued interest of \$ _____). The initial public offering prices which produce the yields set forth on the cover page of this Official Statement may be changed by the Underwriter and the Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the offering prices which produce the yields set forth on the cover page.

FINANCIAL ADVISOR

The Bonds will be sold by the solicitation and receipt of competitive bids. First Kentucky Securities Corporation, Frankfort, Kentucky, Financial Advisor to the County, has requested and received permission and approval of the County to bid, either alone or in conjunction with others, on the Bonds. The Financial Advisor has expressed its intent to so bid.

First Kentucky Securities Corporation will receive a fee, subject to sale and delivery of the Bonds, for its advisory services. Said fee is separate from and in addition to compensation received, if any, for underwriting of the Bonds.

MISCELLANEOUS

To the extent any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, such statements are made as such and not as representations of fact or certainty, and no representation is made that any of such statements will be realized. Information herein has been derived by the County from official and other sources and is believed by the County to be reliable, but such information other than that obtained from official records of the County has not been independently confirmed or verified by the County and its accuracy is not guaranteed. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the holders of the Bonds.

This Official Statement has been duly executed and delivered for and on behalf of the County of Woodford, Kentucky, by its County Judge/Executive.

COUNTY OF WOODFORD, KENTUCKY

By: /s/ Joe D. Gormley
County Judge/Executive

APPENDIX A

*Estimated Debt Service Requirements
for
2003 Series A Bonds*

**COUNTY OF WOODFORD, KENTUCKY
GENERAL OBLIGATION BONDS
2003 SERIES A**

Estimated Debt Service Requirements

Date	Principal	Interest	Total	Fiscal Total
05/01/2004		\$43,052.92	\$43,052.92	\$43,052.92
11/01/2004	\$125,000	36,902.50	161,902.50	
05/01/2005	-	35,652.50	35,652.50	197,555.00
11/01/2005	135,000	35,652.50	170,652.50	
05/01/2006	-	34,302.50	34,302.50	204,955.00
11/01/2006	130,000	34,302.50	164,302.50	
05/01/2007	-	33,002.50	33,002.50	197,305.00
11/01/2007	140,000	33,002.50	173,002.50	
05/01/2008	-	31,252.50	31,252.50	204,255.00
11/01/2008	140,000	31,252.50	171,252.50	
05/01/2009	-	29,152.50	29,152.50	200,405.00
11/01/2009	145,000	29,152.50	174,152.50	
05/01/2010	-	26,796.25	26,796.25	200,948.75
11/01/2010	150,000	26,796.25	176,796.25	
05/01/2011	-	24,058.75	24,058.75	200,855.00
11/01/2011	160,000	24,058.75	184,058.75	
05/01/2012	-	20,858.75	20,858.75	204,917.50
11/01/2012	170,000	20,858.75	190,858.75	
05/01/2013	-	17,458.75	17,458.75	208,317.50
11/01/2013	170,000	17,458.75	187,458.75	
05/01/2014	-	13,931.25	13,931.25	201,390.00
11/01/2014	180,000	13,931.25	193,931.25	
05/01/2015	-	10,151.25	10,151.25	204,082.50
11/01/2015	185,000	10,151.25	195,151.25	
05/01/2016	-	6,220.00	6,220.00	201,371.25
11/01/2016	200,000	6,220.00	206,220.00	
05/01/2017	-	1,870.00	1,870.00	208,090.00
11/01/2017	85,000	1,870.00	86,870.00	86,870.00
Total	\$2,115,000	\$649,370.42	\$2,764,370.42	\$2,764,370.42

Source: Fiscal Agent

APPENDIX B

Demographic, Economic and Tax Data on the County of Woodford

General Information

Located in the heart of thoroughbred country, Woodford County is the home of many beautiful horse farms. Woodford County, with a land area of 190 square miles, had a 2001 population of 23,331.

Versailles, the county seat of Woodford County, is located in central Kentucky's famous Bluegrass Region. Versailles is located 13 miles west of Lexington, Kentucky; 63 miles southeast of Louisville, Kentucky; 91 miles south of Cincinnati, Ohio; and 184 miles north of Knoxville, Tennessee. Versailles had a 2000 population of 7,511.

Major highways serving Versailles and Woodford County are U.S. Highways 60 and 62, both "AAA"-rated trucking highways. The Blue Grass Parkway is located three miles south of Versailles. Thirty-two common carrier trucking companies provide interstate and/or intrastate service to Versailles. The Norfolk Southern Corporation provides branch line rail service to Versailles. Scheduled commercial airline service is available at Blue Grass Airport, eight miles east of the city.

Total Available Labor

	Available Labor, 2001				Future Labor: Becoming 18 Years of Age (2002-2006)
	Total	Unemployed	Potential Labor Supply	Underemployed	
Labor Market Area	56,583	7,743	6,813	42,027	26,986
Woodford County	2,978	457	262	2,259	1,768

Source: U.S. Department of Labor, Bureau of Labor Statistics; Kentucky Cabinet for Economic Development (KCED); Kentucky Labor Market Survey, Kentucky Cabinet for Workforce Development.

Note: Total Available Labor = Unemployed + Potential Labor Supply + Underemployed.

Unemployed - people currently not employed, but actively seeking work.

Potential Labor - people not in the labor force, but would work if jobs were available.

Underemployed - part-time workers seeking full-time work and full-time workers who believe they are overqualified for their current job. (Underemployment figures for out of state counties were calculated by KCED staff based on the model from the Kentucky Labor Market Survey.)

Future Labor - people becoming 18 years of age (not part of the total available labor statistics).

Total Population

	1997	1998	1999	2000	2001
Labor Market Area	412,407	417,526	422,311	443,437	446,951
Woodford County	22,344	22,830	22,773	23,208	23,331
Versailles	8,062	8,233	8,184	7,511	N/A
Midway	1,380	1,402	1,394	1,620	N/A

Source: U.S. Department of Commerce, Bureau of the Census.

Population Projections

	2005	2010	2015	2020
Labor Market Area	479,026	513,083	547,791	583,239
Woodford County	24,896	26,427	27,897	29,288

Source: Kentucky State Data Center, University of Louisville and Kentucky Cabinet for Economic Development.

Personal Income

	1995	2000	Pct. Change
Woodford County	\$25,040	\$34,448	37.6%
Kentucky	\$19,056	\$24,085	26.4%
U.S.	\$23,255	\$29,649	27.5%
Labor Market Area Range	\$17,861 - \$25,040	\$23,444 - \$34,448	

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Households

	2000		1999
	Number of Households	Persons Per Household	Median Household Income
Woodford County	8,893	2.6	\$49,491

U.S. Department of Commerce, Bureau of the Census.

Employment by Major Industry by Place of Work, 2000

	Woodford County		Labor Market Area	
	Employment	Percent	Employment	Percent
All Industries	9,962	100.0	262,293	100.0
Agriculture, Forestry & Fishing	1,318	13.2	5,752	2.2
Mining and Quarrying	0	0.0	132	0.1
Contract Construction	392	3.9	13,588	5.2
Manufacturing	3,740	37.5	44,800	17.1
Transportation and Public Utilities	169	1.7	11,673	4.5
Wholesale Trade	292	2.9	10,654	4.1
Retail Trade	1,271	12.8	48,091	18.3
Finance, Insurance and Real Estate	293	2.9	10,092	3.8
Services	1,433	14.4	84,017	32.0
State and Local Government	298	3.0	N/A	N/A
Other	0	0.0	203	0.1

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Major Manufacturers

Firm	Product(s)	Emp.	Year Established
<i>Midway</i>			
Weisenberger Mills Inc	Flour, corn meal & baking mixes	5	1862
<i>Versailles</i>			
Advanced Drainage Systems Inc	Corrugated plastic drainage pipes	20	1972
Cabinet Supplier Inc	Distribute formica	25	1990
Kuhlman Electric Corp	Instrument, distribution & medium transformers	200	1969
Labrot & Graham Distillers Co	Distilled liquors	22	1812
McCauley Brothers Inc	Horse feed & supplements	25	1938
Osram Sylvania	Fluorescent lamps	600	1964
OSRAM Sylvania	Glass tubing, components are used in automotive lighting industry	250	1972
Quebecor World	Book publishing & printing; staple, saddle stitch & perfect binding	883	1962
Ruggles Sign Co	Electric, fluorescent, metal, neon, plastic & wooden signs	54	1946
Suran Systems Inc	Spiral plastic, side wire, saddle stitch, ring, staple, glue & perfect binding, computer software development	20	1991
United L-N Glass Inc	Automobile windshield & side and back window glass	450	1987
Woodford Feed Co	Feed & fertilizer grinding, mixing & blending	36	1940
Woodford Sun Co Inc	Newspaper publishing	12	1869
Y H America Inc/Div 1	Automobile air conditioning & power steering hoses, fittings & assemblies	389	1989
Y H America Inc/Div 2	Sealants & primers	27	1998

Source: Kentucky Cabinet for Economic Development (04/29/2003).

Tax Base Information

<u>Year</u>	<u>Real Estate</u>	<u>Tangible Personal</u>	<u>Real Estate Franchise</u>	<u>Tangible Franchise</u>	<u>Motor Vehicles</u>	<u>Watercraft</u>	<u>Total Assessed Value</u>
03/04	\$1,502,156,690	\$58,488,074	\$10,851,029	\$43,214,887	\$161,125,376	\$4,338,082	\$1,780,174,138
02/03	1,325,518,928	60,741,562	10,568,298	35,762,579	155,418,969	4,656,383	1,592,666,719
01/02	1,293,143,478	70,667,685	10,066,465	46,114,610	156,575,174	4,175,966	1,580,743,378
00/01	1,234,602,474	69,658,283	10,066,465	45,697,184	150,471,179	3,848,168	1,514,343,753
99/00	1,183,947,615	59,042,744	8,601,574	46,241,690	133,888,172	3,641,126	1,435,362,921

Assessment Rates (per \$100.00 assessed valuation)

<u>Year</u>	<u>Real Estate</u>	<u>Tangible Personal</u>	<u>Real Estate Franchise</u>	<u>Tangible Franchise</u>	<u>Motor Vehicles</u>	<u>Watercraft</u>
03/04	7.0¢	7.0¢	7.0¢	7.0¢	9.4¢	9.4¢
02/03	7.6¢	7.6¢	7.6¢	7.6¢	9.4¢	9.4¢
01/02	7.4¢	7.4¢	7.4¢	7.4¢	9.4¢	9.4¢
00/01	7.4¢	7.4¢	7.4¢	7.4¢	9.4¢	9.4¢
99/00	8.1¢	8.1¢	8.1¢	8.1¢	9.4¢	9.4¢

County Tax Collections

<u>Year</u>	<u>Net Tax Collections To County</u>
02/03	\$1,492,778
01/02	1,307,721
00/01	920,669
99/00	872,874
98/99	964,997

Largest Corporate Taxpayers

<u>Name</u>	<u>Assessment</u>
Gainsborough Farm, Inc.	\$21,387,900
Bemak N V Corp/Ashford Stud	18,153,500
World Color Book	11,400,000
New Plan Realty Trust	11,000,000
Memphis Limited	9,000,200
Winstar Farm LLC	8,788,600
Pin Oak Farm	8,749,300
Shadwell Farm LLC	7,090,700
YH America Inc.	7,027,900
Gainsborough	7,014,000

Source: County of Woodford

APPENDIX C

Audited Financial Statement for Period Ended June 30, 2001

Due to State of Kentucky backlog, the 2002 financial statement has not been audited.



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
WOODFORD COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 2001

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
WWW.KYAUDITOR.NET**

**144 CAPITOL ANNEX
FRANKFORT, KY 40601
TELE. (502) 564-5841
FAX (502) 564-2912**

EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE WOODFORD COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2001

The Auditor of Public Accounts has completed the Woodford County Fiscal Court audit for fiscal year ended June 30, 2001. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

Financial Condition:

The accompanying Statement Of Assets, Liabilities, and Fund Balances Arising From Cash Transactions reflects a reserved fund balance of \$5,541,222 for the Capital Projects Fund Type and unreserved fund balances totaling \$2,868,892 for the other Fund Types. Funds to be provided in future years to retire bond issues and a capital lease agreement total \$11,107,229. The accompanying statement of cash receipts, cash disbursements, and changes in cash balances reflect a cash balance of \$8,550,106 as of June 30, 2001, a decrease of \$5,252,763 from the prior year. The decrease is mainly due to the \$4,327,172 decrease in the Capital Projects Fund Type balance, caused by the large capital expenditures for the building of the Community Center.

Report Comment:

The Versailles-Midway-Woodford County Board Of Ethics Should Review Related Party Transaction

Deposits:

The fiscal court's deposits were insured and collateralized by bank securities or bonds.

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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Joe D. Gormley, Woodford County Judge/Executive
Members of the Woodford County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Woodford County, Kentucky, as of June 30, 2001, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Woodford County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, Woodford County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The modified cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising primarily from cash transactions as of June 30, 2001 of Woodford County, Kentucky, and the revenues received and expenditures paid for the year then ended, in conformity with the modified cash basis of accounting.

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Joe D. Gormley, Woodford County Judge/Executive
Members of the Woodford County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated May 22, 2002 on our consideration of Woodford County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Woodford County, Kentucky. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Based on the results of our audit, we present the accompanying comment and recommendation, included herein, which discusses the following report comment:

- The Versailles-Midway-Woodford County Board Of Ethics Should Review Related Party Transaction

Respectfully submitted,



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
May 22, 2002

WOODFORD COUNTY OFFICIALS

Fiscal Year Ended June 30, 2001

Fiscal Court Members:

Joe D. Gornley	County Judge/Executive
Carol Rollins	Magistrate
Charles Webber	Magistrate
Richard Alcock	Magistrate
Buddy McDannold	Magistrate
Tommy Turner	Magistrate
Jim Staples	Magistrate
Bobby Gaffney	Magistrate
Dudley Gains, Jr.	Magistrate

Other Elected Officials:

Alan George	County Attorney
Gary Gilkison	Jailer
Corine Woolums	County Clerk
Trisha Kittinger	Circuit Court Clerk
John Coyle	Sheriff
Jim Owens Gains	Property Valuation Administrator
Steve Ward	Coroner

Appointed Personnel:

Merl Goldey	County Treasurer
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STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

WOODFORD COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 2001

Assets and Other Resources

Assets

General Fund Type

General Fund:			
Cash	\$	2,612,918	
Road and Bridge Fund:			
Cash		12,116	
Jail Fund:			
Cash		5,161	
Local Government Economic Assistance Fund:			
Cash		4,279	
Revolving Account - Cash		<u>60,510</u>	\$ 2,694,984

Special Revenue Fund Type

State Grant Fund:			
Cash	\$	220,663	
Federal Grant Fund:			
Cash		<u>13,755</u>	234,418

Capital Project Fund Type

Public Properties Corporation Community Center Bond Fund:			
Construction Account - Cash			5,541,222

Debt Service Fund Type

Public Properties Corporation Courthouse Bond Fund:			
Cash	\$	34,221	
Public Properties Corporation Courthouse Annex Bond Fund:			
Sinking Fund Account - Cash		104,026	
Public Properties Corporation Community Center Bond Fund:			
Sinking Fund Account - Cash		<u>1,745</u>	<u>139,992</u>

Total Assets			\$ 8,610,616
--------------	--	--	--------------

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

WOODFORD COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS
 June 30, 2001
 (Continued)

Total Assets and Other Resources (Continued)

Other Resources

General Fund Type

General Fund:

Amounts to be Provided in Future Years for Kentucky Association of Counties Leasing Trust Agreement Principal Payments	\$ 328,000
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Debt Service Fund Type

Public Properties Corporation Courthouse Bond Fund:

Amounts to be Provided in Future Years for Bond Principal Payments	\$ 250,000
--	------------

Public Properties Corporation Jail Bond Fund - 1993 Series:

Amounts to be Provided in Future Years for Bond Principal Payments	2,270,000
--	-----------

Public Properties Corporation Courthouse Annex Bond Fund:

Amounts to be Provided in Future Years for Bond Principal Payments From Administrative Office of the Courts and Fiscal Court	3,415,974
---	-----------

Public Properties Corporation Community Center Bond Fund:

Amounts to be Provided in Future Years for Bond Principal Payments	4,843,255	10,779,229
--	-----------	------------

Total Assets and Other Resources	\$ 19,717,845
----------------------------------	---------------

Liabilities and Fund Balances

Liabilities

General Fund Types

General Fund - Kentucky Association of Counties

Leasing Trust Agreement Principal Payments (Note 5)	\$ 328,000	
Revolving Account	60,510	\$ 388,510

Debt Service Fund Types

Public Properties Corporation Courthouse Bond Fund:

Bond Principal Not Matured (Note 4A)	\$ 250,000
Bond Principal and Interest Matured and Unpresented	34,221

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

WOODFORD COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS
 June 30, 2001
 (Continued)

Liabilities and Fund Balances (Continued)

Liabilities (Continued)

Debt Service Fund Types (Continued)

Public Properties Corporation Jail Bond Fund - 1993 Series		
Bond Principal Not Matured (Note 4B)	\$ 2,270,000	
Public Properties Corporation Courthouse Annex Bond Fund:		
Bond Principal Not Matured (Note 4C)	3,520,000	
Public Properties Corporation Community Center Bond Fund:		
Bond Principal Not Matured (Note 4D)	<u>4,845,000</u>	\$ 10,919,221

Fund Balances

Reserved:

Capital Projects Fund Type

Public Properties Corporation Community Center Bond Fund - Construction Account		5,541,222
--	--	-----------

Unreserved:

General Fund Type

General Fund	\$ 2,612,918	
Road and Bridge Fund	12,116	
Jail Fund	5,161	
Local Government Economic Assistance Fund	<u>4,279</u>	2,634,474

Special Revenue Fund Type

State Grant Fund	\$ 220,663	
Federal Grant Fund	<u>13,755</u>	<u>234,418</u>

Total Liabilities and Fund Balances		<u>\$ 19,717,845</u>
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The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

WOODFORD COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 2001

	General Fund Types			
	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 12,164,981	\$ 7,964,914	\$ 948,351	\$ 670,135
Transfers In	2,004,558		1,000,000	250,000
Total Cash Receipts	\$ 14,169,539	\$ 7,964,914	\$ 1,948,351	\$ 920,135
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 10,117,360	\$ 6,969,056	\$ 1,952,642	\$ 1,014,372
Public Properties Corporation Community Center Bond Fund- Construction Expenditures	5,832,578			
Transfers Out	2,004,558	2,004,558		
Bonds:				
Principal Paid	840,000			
Interest Paid	616,806			
Kentucky Association of Counties Leasing Trust - Principal Payment	11,000	11,000		
Total Cash Disbursements	\$ 19,422,302	\$ 8,984,614	\$ 1,952,642	\$ 1,014,372
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ (5,252,763)	\$ (1,019,700)	\$ (4,291)	\$ (94,237)
Cash Balance - July 1, 2000	13,802,729	3,632,478	16,407	99,398
Voided Prior Year Outstanding Checks	140	140		
Cash Balance - June 30, 2001	\$ 8,550,106	\$ 2,612,918	\$ 12,116	\$ 5,161

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

WOODFORD COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 2001
 (Continued)

General Fund Types	Special Revenue Fund Type		Capital Projects Fund Types	Debt Service Fund Types
Local Government Economic Assistance Fund	State Grant Fund	Federal Grant Fund	Public Properties Corporation Community Center Construction Account	Public Properties Corporation Courthouse Bond Fund
\$ 17,401	\$ 279,742	\$ 92,264	\$ 1,505,406	\$ 71,470
<u>\$ 17,401</u>	<u>\$ 279,742</u>	<u>\$ 92,264</u>	<u>\$ 1,505,406</u>	<u>\$ 71,470</u>
\$ 16,099	\$ 65,019	\$ 100,172	\$ 5,832,578	\$ 55,000
\$ 1,302	\$ 214,723	\$ (7,908)	\$ (4,327,172)	\$ 1,485
2,977	5,940	21,663	9,868,394	32,736
<u>\$ 4,279</u>	<u>\$ 220,663</u>	<u>\$ 13,755</u>	<u>\$ 5,541,222</u>	<u>\$ 34,221</u>

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

WOODFORD COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 2001
 (Continued)

	<u>Debt Service Fund Types</u>		
	Public Properties Corporation Jail Bond Fund- 1993 Series	<u>Public Properties Corporation</u>	
		<u>Courthouse Annex Annex Bond Fund</u>	<u>Community Center Bond Fund</u>
		<u>Sinking Fund Account</u>	<u>Sinking Fund Account</u>
<u>Cash Receipts</u>			
Schedule of Operating Revenue	\$	\$ 227,118	\$ 459,650
Transfers In	204,268	19,436	459,384
Total Cash Receipts	<u>\$ 204,268</u>	<u>\$ 246,554</u>	<u>\$ 919,034</u>
<u>Cash Disbursements</u>			
Comparative Schedule of Final Budget and Budgeted Expenditures Public Properties Corporation Community Center Bond Fund- Construction Expenditures Transfers Out Bonds: Principal Paid Interest Paid Kentucky Association of Counties Leasing Trust - Principal Payment	\$	\$	\$
	80,000	60,000	645,000
	124,268	180,696	296,857
Total Cash Disbursements	<u>\$ 204,268</u>	<u>\$ 240,696</u>	<u>\$ 941,857</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$	\$ 5,858	\$ (22,823)
Cash Balance - July 1, 2000		98,168	24,568
Voided Prior Year Outstanding Checks			
Cash Balance - June 30, 2001	<u>\$ 0</u>	<u>\$ 104,026</u>	<u>\$ 1,745</u>

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

WOODFORD COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2001

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Woodford County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Public Properties Corporation Courthouse Bond Fund, Public Properties Corporation Jail Bond Fund, Public Properties Corporation Courthouse Annex Bond Fund, and the Public Properties Corporation Community Center Bond Fund as part of the reporting entity.

The Public Properties Corporation Courthouse Bond Fund, Public Properties Corporation Jail Bond Fund, Public Properties Corporation Courthouse Annex Bond Fund, and Public Properties Corporation Community Center Bond Fund cannot be sued in their own name without recourse to the Woodford County Fiscal Court, which appoints a voting majority, consisting of the fiscal court members. The fiscal court is able to impose its will on the Corporation. The Corporation is created solely for the benefit of the fiscal court per KRS 58.180 to act as the agent in the acquisition and financing of any public project. The fiscal court has access to the Corporation's resources, is legally obligated to finance the debts of or provide financial support to the Corporation. The Corporation is financially accountable to the fiscal court. These component units are blended within the financial statements of the county.

Additional - Woodford County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Woodford County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

WOODFORD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2001
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Woodford County Fiscal Court's Fund Types, a definition of each, and county funds included within each fund type are listed below.

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Woodford County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, and the Local Government Economic Assistance Fund.

2) Special Revenue Fund Type

Special Revenue Fund Type accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for the specified purpose. The State Grant Fund and the Federal Grant Fund of the Fiscal Court are reported as Special Revenue Fund Types.

3) Debt Service Fund Type

Debt Service Fund Type accounts for the accumulation of resources for the payment of general long-term debt principal and interest and includes funds for the Public Properties Corporation Courthouse Bond Fund, Public Properties Corporation Jail Bond Fund, Public Properties Corporation Courthouse Annex Bond Fund Sinking Fund Account and the Public Properties Corporation Community Center Bond Fund Sinking Fund Account. Debt service is provided through annual transfers from the General Fund Type in the amount of the debt service requirements for the year.

4) Capital Projects Fund Type

Capital Projects Fund Type accounts for financial resources to be used for acquisition of major capital facilities. The Public Properties Corporation Community Center Construction Fund of the Fiscal Court is reported as a Capital Projects Fund Type.

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years.

WOODFORD COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2001
 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Legal Compliance - Budget

The Woodford County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

Formal budgets are not adopted for the Capital Projects Fund Type and Debt Service Fund Type. These funds are the Public Properties Corporation Courthouse Bond Fund, Public Properties Corporation Jail Bond Fund, Public Properties Corporation Courthouse Annex Bond Fund, and the Public Properties Corporation Community Center Bond Fund because bond indentures and other relevant contractual provisions require specific payments to and from these funds annually and transfers are budgeted in the General Fund Type to comply with these requirements. The Department for Local Government does not require these funds to be budgeted.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

F. Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of Woodford County Fiscal Court:

Woodford County Hospital District	South Woodford County Water District
Northeast Woodford County Water District	Woodford County Library District
Woodford County Tourism Commission	Woodford County Conservation District
Woodford County Health District	

WOODFORD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2001
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

G. Joint Ventures

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture

Versailles-Woodford County Parks and Recreation Department
Versailles-Woodford County Economic Development Authority
Versailles, Midway, and Woodford County Planning and Zoning Commission

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.17 percent. Hazardous covered employees are required to contribute 7 percent of their salary to the plan. The county's contribution rate for hazardous employees was 16.78 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2001, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

WOODFORD COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2001
 (Continued)

Note 4. Long-Term Debt

A. Bonds outstanding of the Woodford County Public Properties Corporation Courthouse Bond Fund are:

\$250,000 of 5.35% and 5.40% nonvoted general obligation courthouse bonds, series 1968, dated July 1, 1968; interest payable semiannually on January 1 and July 1.

Due Date	Scheduled Interest	Scheduled Principal
7/1/01	\$ 13,500	\$ 60,000
7/1/02	10,260	60,000
7/1/03	7,020	65,000
7/1/04	3,510	65,000
Totals	\$ 34,290	\$ 250,000

B. Bonds outstanding of the Woodford County Public Properties Corporation Jail Bond Fund are:

\$2,270,000 of nonvoted public project refunding revenue bonds, 1993 Series A, dated July 1, 1993; interest payable semiannually on May 1 and November 1.

Due Date	Scheduled Interest	Scheduled Principal
2001-2002	\$ 120,615	\$ 85,000
2002-2003	116,705	85,000
2003-2004	112,525	90,000
2004-2005	107,968	95,000
2005-2006	102,915	105,000
2006-2017	676,888	1,810,000
Totals	\$ 1,237,616	\$ 2,270,000

WOODFORD COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2001
 (Continued)

Note 4. Long-Term Debt (Continued)

C. Bonds outstanding of the Woodford County Public Properties Corporation Courthouse Annex Bond Fund are:

\$3,520,000 in lease revenue bonds, Series 1997, dated November 1, 1997 to be used in the financing and construction of a courthouse annex. The following schedule sets forth Woodford County's annual debt service of the bonds after deducting capitalized interest and Administrative Office of the Courts (AOC) rental payments.

Fiscal Year Ending June 30	Interest Rate	Scheduled Principal
2002	4.15%	\$ 60,000
2003	4.25%	65,000
2004	4.35%	65,000
2005	4.45%	70,000
2006	4.90%	75,000
2007-2029	4.90-5.2%	<u>3,185,000</u>
Total		<u>\$ 3,520,000</u>

- In accordance with a sublease agreement between Administrative Office of the Courts (AOC) and the Woodford County Fiscal Court, AOC committed itself to participate in providing part of the costs of constructing a courthouse annex through use allowance payments.

D. Bonds outstanding of the Woodford County Public Properties Corporation Community Center Bond Fund are:

\$4,845,000 of 5.375% and 5.45% nonvoted general obligation courthouse bonds, series 2000, dated February 15, 2000; interest payable semiannually on August 1 and February 1.

Fiscal Year Ending June 30	Scheduled Interest and Fees	Scheduled Principal
2002	\$ 262,189	\$ 150,000
2003	254,126	160,000
2004	245,526	170,000
2005	236,389	180,000
2006	226,714	190,000
2007-2020	<u>1,812,691</u>	<u>3,995,000</u>
Totals	<u>\$ 3,037,635</u>	<u>\$ 4,845,000</u>

WOODFORD COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2001
 (Continued)

Note 5. Capital Lease Agreement

On December 8, 1994, the County entered into a capital lease agreement with the Kentucky Association of Counties Leasing Trust Program (KACoLT) for the construction of a Conservation District Building, with the repayment to be made over a twenty-five year period. Principal payments are due annually on January 20, in variable amounts; interest plus associated fees is due monthly in variable amounts. The balance as of June 30, 2001 is \$328,000.

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Scheduled</u> <u>Interest and Fees</u>	<u>Scheduled</u> <u>Principal</u>
2002	\$ 22,553	\$ 11,000
2003	21,757	12,000
2004	20,920	12,000
2005	20,054	13,000
2006	19,118	14,000
2007-2019	<u>136,059</u>	<u>266,000</u>
Totals	<u>\$ 240,461</u>	<u>\$ 328,000</u>

Note 6. Related Party Transactions

Magistrate Bobby Gaffney's wife, Shelley Gaffney, is a partner in Traid Insurance Agency, in Lexington, Kentucky. During the fiscal year ending June 30, 2001, she was the county's insurance agent of record. The fiscal court's business activities conducted with Shelly Gaffney should be presented to the local ethics board, of Woodford County for review.

Note 7. Commitments and Contingencies

The Economic Development Authority has a loan of \$5,000,000 dated December 11, 2001, of which only \$2,200,000 has been drawn through January 24, 2002. The loan is secured by Woodford County, City of Midway, and real estate. The fiscal court agreed to pay half the interest on the loan and expects to be reimbursed when the industrial park is sold.

Note 8. Insurance

For the fiscal year ended June 30, 2001, Woodford County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

WOODFORD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2001
(Continued)

Note 9. Jail Canteen Fund

The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Canteen. Technical Audit Bulletin 93-002 provides additional accounting and expenditure guidance for acceptable jail canteen operations.

During the fiscal year ending June 30, 2001, the Woodford County Jail Canteen Fund received \$27,478 and expended \$28,654. The ending balance of the Woodford County Jail Canteen Fund as of June 30, 2001, was \$5,621. All expenditures appeared to be acceptable.

COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

WOODFORD COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 2001

Budgeted Funds	Budgeted Operating Revenue	Actual Operating Revenue	Over (Under) Budget
<u>General Fund Type</u>			
General Fund	\$ 5,104,540	\$ 7,964,914	\$ 2,860,374
Road and Bridge Fund	2,170,914	948,351	(1,222,563)
Jail Fund	1,219,150	670,135	(549,015)
Local Government Economic Assistance Fund	18,000	17,401	(599)
<u>Special Revenue Fund Type</u>			
State Grant Fund	1,439,742	279,742	(1,160,000)
Federal Grant Fund	601,973	92,264	(509,709)
Totals	\$ 10,554,319	\$ 9,972,807	\$ (581,512)
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 10,554,319
Add: Budgeted Prior Year Surplus			3,500,000
Less: Other Financing Uses			(765,558)
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			\$ 13,288,761

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SCHEDULE OF OPERATING REVENUE

WOODFORD COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 2001

Revenue Categories	GOVERNMENTAL FUND TYPES				
	Totals (Memorandum Only)	General Fund Type	Special Revenue Fund Type	Capital Projects Fund Type	Debt Service Fund Type
Taxes	\$ 6,195,600	\$ 6,195,600	\$	\$	\$
Excess Fees	5,369	5,369			
Licenses and Permits	28,076	28,076			
Intergovernmental Revenues	4,435,387	2,382,737	372,006	1,000,000	680,644
Charges for Services	580,370	580,370			
Miscellaneous Revenues	207,907	207,838		69	
Interest Earned	712,272	200,811		505,337	6,124
Total Operating Revenue	\$ 12,164,981	\$ 9,600,801	\$ 372,006	\$ 1,505,406	\$ 686,768

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

WOODFORD COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 2001

Expenditure Categories	GENERAL FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 1,648,150	\$ 1,479,142	\$ 169,008
Protection to Persons and Property	3,182,652	2,814,433	368,219
General Health and Sanitation	1,315,236	1,280,610	34,626
Social Services	213,785	178,218	35,567
Recreation and Culture	949,707	934,978	14,729
Roads	2,071,414	1,863,832	207,582
Bus Services	42,870	31,630	11,240
Debt Service	106,612	19,976	86,636
Capital Projects	102,500		102,500
Administration	1,614,120	1,349,350	264,770
Total Operating Budget - All General Fund Types	\$ 11,247,046	\$ 9,952,169	\$ 1,294,877
Other Financing Uses:			
Transfers to Public Properties Corporation Community Center Bond Fund	459,384	459,384	
Transfers to Public Properties Courthouse Annex Bond Fund	19,436	19,436	
Transfers to Public Properties Corporation Courthouse Bond Fund	71,470	71,470	
Transfers to Public Properties Corporation Jail Bond Fund	204,268	204,268	
Lease Agreement- Conservation District Building- Principal on Lease	11,000	11,000	
TOTAL BUDGET - ALL GENERAL FUND TYPES	\$ 12,012,604	\$ 10,717,727	\$ 1,294,877

WOODFORD COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 2001
 (Continued)

Expenditure Categories	SPECIAL REVENUE FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 29,742	\$ 26,772	\$ 2,970
Protection to Persons and Property	1,099,472	45,114	1,054,358
General Health and Sanitation	92,673	46,014	46,659
Recreation and Culture	410,000	38,247	371,753
Capital Projects	400,000		400,000
Administration	9,828	9,044	784
TOTAL BUDGET - SPECIAL REVENUE FUND TYPE	\$ 2,041,715	\$ 165,191	\$ 1,876,524
TOTAL OPERATING BUDGET - ALL FUND TYPES	\$ 13,288,761	\$ 10,117,360	\$ 3,171,401
Other Financing Uses:			
Transfers to Public Properties			
Corporation Community Center Bond Fund	459,384	459,384	
Transfers to Public Properties			
Courthouse Annex Bond Fund	19,436	19,436	
Transfers to Public Properties			
Corporation Courthouse Bond Fund	71,470	71,470	
Transfers to Public Properties			
Corporation Jail Bond Fund	204,268	204,268	
Lease Agreement-			
Conservation District Building- Principal on Lease	11,000	11,000	
TOTAL BUDGET - ALL FUND TYPES	\$ 14,054,319	\$ 10,882,918	\$ 3,171,401

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Joe D. Gormley, Woodford County Judge/Executive
Members of the Woodford County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Woodford County, Kentucky, as of and for the year ended June 30, 2001, and have issued our report thereon dated May 22, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Woodford County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Woodford County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be, and should not be, used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett, Jr.", written in a cursive style.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
May 22, 2002

COMMENT AND RECOMMENDATION

WOODFORD COUNTY
COMMENT AND RECOMMENDATION

Fiscal Year Ended June 30, 2001

REPORTABLE CONDITIONS

The Versailles-Midway-Woodford County Board Of Ethics Should Review Related Party Transaction

Magistrate Bobby Gaffney's wife, Shelley Gaffney, is a partner in Traid Insurance Agency, in Lexington, Kentucky. During the fiscal year ending June 30, 2001, she was the county's insurance agent of record. The fiscal court's business activities conducted with Shelly Gaffney should be presented to the local ethics board, of Woodford County for review.

County Judge/Executive Joe D. Gormley's Response:

Fiscal Court will review for compliance.

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CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

WOODFORD COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2001

Appendix A

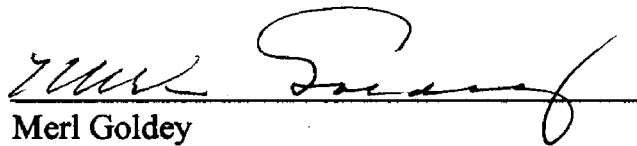
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
WOODFORD COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2001

The Woodford County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Joe D. Gormley
County Judge/Executive



Merl Goldey
County Treasurer

APPENDIX D

Statement of Indebtedness of County

(f) Leases entered into under KRS 65.940 to 65.956 after July 15, 1996 which are not tax-supported leases.....	<u>0</u>
(g) Bonds issued in the case of an emergency, when the public health or safety should so require.....	<u>0</u>
(h) Bonds issued to fund a floating indebtedness.....	<u>0</u>
TOTAL EXEMPT OBLIGATIONS.....	<u>3,530,250</u>

4. The total of bonds, notes and other obligations subject to the debt limitation set forth in KRS 66.041 (2 minus 3) is..... 6,974,750

5. The total of bonds, notes and other obligations subject to the debt limitation set forth in KRS 66.041 as computed in 4 above, does not exceed 2% of the assessed valuation of all the taxable real and personal property in the County.

6. The current tax rate of the County, for other than school purposes, upon the value of the taxable property therein is 7.0 for real property and 7.0 for personal property, which do not exceed the maximum permissible tax rate for the County as set forth in Section 157 of the Kentucky Constitution.

7. The issuance of the bonds, notes or other obligations set forth in 3 hereof will not cause the tax rate set forth in 6 hereof to increase in an amount which would exceed the maximum permissible tax rate for the County as set forth in Section 157 of the Kentucky Constitution.

IN WITNESS WHEREOF, I have hereunto set my hand this 30th day of September, 2003.

/S/ Rebecca Wilson
County Treasurer

APPENDIX E

Form of Proposed Approving Legal Opinion of Bond Counsel

HARPER, FERGUSON & DAVIS

Division of Ogden Newell & Welch PLLC

1700 PNC PLAZA
500 WEST JEFFERSON STREET
LOUISVILLE, KENTUCKY 40202-2874
(502) 582-1601
FAX (502) 581-9564

SPENCER E. HARPER, JR.

DIRECT DIAL (502) 560-4249
DIRECT FAX (502) 627-8749

sharper@ogdenlaw.com

_____, 2003

County of Woodford, Kentucky
Woodford County Courthouse
103 South Main Street
Versailles, Kentucky 40383

Re: \$_____ “County of Woodford, Kentucky, General Obligation Refunding Bonds,
2003 Series A, dated October 1, 2003

Gentlemen:

We have certified that we have examined executed, certified or otherwise authenticated copies of proceedings of the County of Woodford, Kentucky, a de jure county and a political subdivision of the Commonwealth of Kentucky (the “Issuer”), incident to (i) the adoption on September 23, 2003 of an Ordinance of the Issuer (the “Bond Ordinance”) authorizing the sale and issuance of the above-identified 2003 Series A Bonds (the “2003 Series A Bonds”) and (ii) the sale and issuance of the 2003 Series A Bonds.

We have also examined certain proceedings, certificates and documents of the Issuer and other parties in respect of the sale, execution and delivery of, and receipt of payment for the 2003 Series A Bonds. The Bonds are issued pursuant to authority of the Constitution of Kentucky and applicable laws, including Sections KRS 66.011 through 66.191 of the Kentucky Revised Statutes, as amended, and the Bond Ordinance.

The 2003 Series A Bonds are issuable in fully registered form in the denominations of \$5,000 or any integral multiples thereof, bearing interest at the rates set forth in the Bond Ordinance, payable semiannually on each May 1 and November 1, beginning May 1, 2004, in the years and the amounts set forth in the Bond Ordinance. The 2003 Series A Bonds are subject to redemption in advance of their stated maturity dates upon the terms and conditions and in the manner set forth in the Bond Ordinance. We have been furnished a certificate of an authorized officer of the Paying Agent and Bond Registrar acknowledging authentication by the Paying Agent and Bond Registrar of the 2003 Series A Bonds and have examined the form of the 2003 Series A Bonds, which we find to be in due form of law. The 2003 Series A Bonds are being issued to provide funds to refund all of the outstanding and unpaid “Woodford County, Kentucky Public Properties Corporation Public Project

Revenue Refunding Bonds, 1993 Series A” dated July 1, 1993 in order to achieve interest cost savings (the “Refunding Project”).

Based on our examination of such proceedings and on applicable provisions of the Constitution and Statutes of the Commonwealth of Kentucky, as amended, and decisions of the appellate courts of the Commonwealth of Kentucky, it is our opinion that the 2003 Series A Bonds constitute valid and binding general obligations of the County according to their terms and applicable provisions of Kentucky law; that the full faith and credit of the County are irrevocably pledged for the payment of principal of and interest on the 2003 Series A Bonds; that the County is mandatorily required by Section 159 of the Constitution of Kentucky to levy annually such special tax, separate and apart from all other taxes, as may be necessary to provide for the payment of the 2003 Series A Bonds and the interest thereon when due and payable, such tax to be applicable to all property which is subject to taxation for County purposes from time to time and being unlimited as to rate or amount; that the indebtedness evidenced by the 2003 Series A Bonds, together with all other general obligation and other statutorily applicable indebtedness of the County existing at the time of the delivery of the 2003 Series A Bonds, does not exceed the limitation of indebtedness prescribed by Section 158 of the Constitution of Kentucky and by Section 66.041 of the Kentucky Revised Statutes; and that the 2003 Series A Bonds have been authorized, sold and delivered under and in conformity with the applicable provisions of the Constitution and Statutes of the Commonwealth of Kentucky, as amended, particular reference being made to Sections 157, 158 and 159 of the Constitution of Kentucky and Sections 66.011 through 66.171 of the Kentucky Revised Statutes, now in full force and effect.

Further, based on existing laws as construed and applied at the date hereof, and assuming the accuracy of certain representations and warranties of the County made in connection with the issuance of the 2003 Series A Bonds, it is our opinion that interest on the 2003 Series A Bonds (a) is excluded from gross income for federal and Kentucky income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, it should be noted that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations under the United States Internal Revenue Code of 1986, as amended (the "Code"). The opinions set forth in clauses (a) and (b) of the previous sentence are subject to the conditions that certain representations, warranties and covenants of the County contained in the County proceedings authorizing the 2003 Series A Bonds are accurate and true and that the County complies with all requirements of the Code that must be satisfied subsequent to the issuance of the 2003 Series A Bonds in order that interest thereon be excluded from gross income for federal income tax purposes. The County has covenanted to comply with such requirements. Failure to comply with certain of such requirements, or a determination that certain of such representations and warranties are inaccurate, could cause the interest on the 2003 Series A Bonds to be so included in gross income retroactive to the date of issuance of the 2003 Series A Bonds. We express no opinion regarding other federal and Kentucky income tax consequences arising with respect to the 2003 Series A Bonds.

The 2003 Series A Bonds have been designated by the County as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. In the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code), a deduction is presently allowed for 80% of that portion of such a financial institution's interest expense that is allocable to interest on such "qualified tax-exempt obligations."

It is also our opinion that the 2003 Series A Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and its political subdivisions.

Rights of the holders of the 2003 Series A Bonds under the Bond Ordinance and the enforceability thereof under the same may be subject to and limited by the exercise of judicial discretion, the sovereign police powers of the Commonwealth of Kentucky and the constitutional powers of the United States of America, and to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditor's rights generally and by equitable principles, whether considered at law or in equity.

In rendering the foregoing opinions, we are passing upon only those matters specifically set forth in such opinions and are not passing upon the investment quality of the 2003 Series A Bonds or the accuracy or completeness of any statements made in connection with any sale thereof. The opinions herein are expressed as of the date hereof and we assume no obligation to supplement or update such opinions to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

We are members of the Bar of the Commonwealth of Kentucky and do not purport to be experts on the laws of any jurisdiction other than the Commonwealth of Kentucky and the United States of America, and we express no opinion as to the laws of any jurisdiction other than those specified.

HARPER, FERGUSON & DAVIS
(Division of Ogden Newell & Welch PLLC)

By _____
SPENCER E. HARPER, JR.

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

As advertised in conformity with Chapter 424 of the Kentucky Revised Statutes, the County of Woodford, Kentucky (the “County”), will, until the 30th day of September, 2003, at 11:00 a.m., EST (local time), receive in the office of the County Judge/Executive of the County in the Woodford County Courthouse, 103 South Main Street, Versailles, Kentucky 40383, sealed, competitive bids for the purchase of the following bonds, subject to the following terms and conditions:

1. Description of Bonds.

The bonds offered for sale are \$2,115,000* principal amount of County of Woodford, Kentucky, General Obligation Bonds, 2003 Series A, dated October 1, 2003 (the “Bonds”), and consist of fully registered bonds in the denominations of \$5,000 or any integral multiples thereof, to bear interest payable on each May 1 and November 1, beginning May 1, 2004, until maturity, and scheduled to mature as to principal on November 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>
2004	\$125,000	____%	2011	\$160,000	____%
2005	\$135,000	____%	2012	\$170,000	____%
2006	\$130,000	____%	2013	\$170,000	____%
2007	\$140,000	____%	2014	\$180,000	____%
2008	\$140,000	____%	2015	\$185,000	____%
2009	\$145,000	____%	2016	\$200,000	____%
2010	\$150,000	____%	2017	\$ 85,000	____%

The rate or rates of interest on the Bonds will be established upon the basis of competitive bidding as herein provided.

The Bonds maturing on and after November 1, 2014, are subject to optional redemption on and after November 1, 2013, and the Bonds are also subject to extraordinary optional redemption in whole or in part on any date from insurance or condemnation awards as a result of damage, destruction or condemnation of the refinanced facilities, as set out in the Preliminary Official Statement.

* Subject to adjustment as provided in paragraphs (c), (e) and (f) of the following Section 3.

The authority, purpose, security and source of payment of the Bonds, and the application of the proceeds thereof, are described in the Preliminary Official Statement, which may be obtained from the County's financial advisor, First Kentucky Securities Corporation, 305 Ann Street, Suite 400, Frankfort, Kentucky 40602 (Telephone (502) 875-4611). The Preliminary Official Statement is in a form "deemed final" by the County for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in a final Official Statement.

The Paying Agent and Bond Registrar is United Bank & Trust Company, Versailles, Kentucky.

2. Time of Sale.

Bids for the Bonds will be opened by the County Judge/Executive of the County at the time above set out and will be acted upon prior to 5:00 p.m. on such date by the County Judge/Executive of the County, having been so authorized by the Fiscal Court of the County.

3. Sale Conditions.

(a) Bids must be for the entire issue and must be on the Official Bid Form (distributed with the preliminary Official Statement) in order to provide for uniformity in submission of bids and ready determination of the best bid.

(b) Bids must be for cash (immediately available funds, such as Federal Funds) at not less than \$2,088,562.50 (98.75% of par) plus accrued interest from the date of the Bonds (October 1, 2003) to the date of delivery.

(c) The determination of the best bid will be made on the basis of all bids submitted for the \$2,115,000* of Bonds offered for sale under the terms and conditions herein set out, and on the basis of net interest cost as indicated in the Official Bid Form. The County will accept or reject such best bid; provided, however, the County reserves the right to increase or to decrease (in \$5,000 denominations) the total amount of Bonds sold to such best bidder, with such increase or decrease to be in any one or more of the years of principal maturities; and accordingly, the total amount of Bonds awarded to such best bidder will be a minimum of \$1,905,000 or a maximum of \$2,325,000. In the event of any such adjustment, no rebidding or recalculation of the bids submitted will be required or permitted. The price at which such adjusted amount of Bonds will be sold will be at the same price per \$1,000 of Bonds as the price bid per \$1,000 for the \$2,115,000* of Bonds.

(d) No certified or bank cashier's check will be required to accompany a bid, but the successful bidder shall be required to wire transfer to United Bank & Trust Company, Versailles, Kentucky, for the credit of the County, an amount equal to 2% of the principal amount of the Bonds awarded by the close of the business day following the day of award of the Bonds. Such good faith amount will be applied (without interest) to the purchase price upon delivery of the Bonds.

*Preliminary; subject to adjustment

(e) Upon determination of the best bid, the County shall have the right within its sole discretion, without increasing or decreasing the aggregate principal amount of the Bonds sold, to increase or decrease (in increments of \$5,000) the amount of any annual principal maturities in order to promote level debt service and enhance interest cost savings. In the event of any such adjustments, no rebidding or recalculation of a submitted bid will be required or permitted.

(f) Bidders have the option of specifying that all of the principal amount of Bonds maturing on any two or more consecutive dates set out in the foregoing principal maturity schedule may, in lieu of maturing on each of such dates, be combined to comprise one maturity of Bonds ("Term Bonds") scheduled to mature on the latest of such dates and be subject to mandatory sinking fund redemption at par in the manner described in the County Bond Ordinance authorizing the Bonds on each of the dates and in the principal amounts as given in the foregoing principal maturity schedule (subject to any adjustment by the County as provided in paragraphs (c) and (e) above), except for the principal amount of Bonds scheduled to mature on the date of maturity of the Term Bonds, which shall mature on such date. Bidders may specify one or more of such Term Bonds.

(g) Bidders must stipulate an interest rate or rates in a multiple of 1/8 or 1/20 of 1%. There is no limit on the number of different interest rates that may be specified by any bidder, provided, however, that interest rates must be on an ascending scale, in that the interest rate for Bonds of any maturity may not be less than the interest rate stipulated for any preceding maturity, and all Bonds of the same maturity shall bear the same and a single interest rate from the date thereof to maturity.

(h) The right to reject bids for any reason deemed advisable by the County and the right to waive any possible informalities or irregularities in any bid which in the judgment of the County shall be minor or immaterial are expressly reserved.

(i) It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print a CUSIP number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser of the Bonds to accept delivery of and pay for the Bonds. The purchaser shall pay the CUSIP Service Bureau charge for the assignment of CUSIP numbers.

(j) Bids must be made on forms which, together with a Preliminary Official Statement, may be obtained at the office of the Woodford County Judge Executive or from the Financial Advisor, First Kentucky Securities Corporation, 305 Ann Street, Suite 400, Frankfort, Kentucky 40602, Attention Mr. R. Strand Kramer, Jr. (502) 875-4611. Bids must be enclosed in sealed envelopes marked "Bid for Woodford County Bonds" and bids must be received by the County Judge prior to the date and hour set for the sale. It is also possible to submit a bid by the delivery (including by facsimile) of a signed bid form to the Financial Advisor or County officials prior to the sale and completing the bid by telephone prior to the deadline for submitting bids. Bids may alternatively be submitted electronically via PARITY. For further information about PARITY, potential bidders may contact the Financial Advisor or Dalcomp at 40 West 23rd Street, 5th Floor, New York, NY 10010, tel: (212) 404-8102.

4. Additional Sale Provisions.

(a) The purchasers of the Bonds will not receive printed Bonds. Ownership interests in the Bonds will be recorded through the records of the DTC participants (brokerage and financial entities) whose interests will be recorded in the records of the Depository Trust Company, a New York limited purpose trust company and the administrator of the book-entry system, all as more fully explained in the Preliminary Official Statement. The County will furnish to the purchaser the customary no-litigation certificate and other closing certificates and the approving legal opinion of Harper, Ferguson & Davis (Division of Ogden Newell & Welch PLLC), Louisville, Kentucky, Bond Counsel to the County, as to the authorization, validity and tax-exempt status of the Bonds and the tax-exempt status of the interest thereon, subject to certain exceptions and qualifications described in the preliminary Official Statement under the heading "Tax Treatment." A copy of the final Official Statement will be made available to the purchaser at the expense of the County within seven business days following the Bond sale.

(b) If the successful bidder shall wrongfully fail or refuse to accept and pay for the Bonds when tendered, as stated herein, the County shall be authorized to retain the good faith deposit as agreed liquidated damages for the breach of the purchase contract.

(c) The Bonds are offered for sale on the basis of the principal thereof not being subject to Kentucky ad valorem taxation and on the basis of the interest on the Bonds being excludable from gross income for present federal and Kentucky income tax purposes, subject to the exceptions and qualifications described in the preliminary Official Statement under the heading "Tax Treatment." If, prior to the delivery of the Bonds, any event should occur which alters such qualified tax-exempt status, the purchaser shall have the privilege of avoiding the purchase contract by giving immediate written notice to the County Judge/Executive of the County, whereupon the good faith deposit of the purchaser will be returned to the purchaser, and all respective obligations of the parties will be terminated.

(d) The County will accept a bid or reject all bids on the date stated at the beginning of this Official Terms and Conditions of Bond Sale.

(e) Each bid on the Official Bid Form shall be fully executed and placed in a sealed envelope, addressed to the County Judge/Executive of the County, and on the outside of the envelope there shall appear a legend identifying the same as being a bid for the "County of Woodford, Kentucky, General Obligation Bonds, 2003 Series A." No bid will be given consideration unless it is actually received in the office of the County Judge/Executive of the County prior to the date and time set forth at the beginning of this Official Terms and Conditions of Bond Sale. Alternatively, bids may be submitted via PARITY. For further information about parity, potential bidders may contact the Financial Advisor or Dalcomp at 40 West 23rd Street, New York, New York 10010, tel. no. (212) 404-8102.

(f) Each bidder agrees that if it is the successful bidder, it will reoffer the Bonds to the public (excluding bond houses or brokers, or similar persons or organizations acting in the capacity of wholesalers or underwriters) at the prices (plus accrued interest) to be indicated in the final Official Statement; and notice in writing of such reoffering prices shall be given to the Financial Advisor by the successful bidder immediately upon notification of the award of the Bonds.

(g) The purchaser will be required to take delivery of and pay for the Bonds in Versailles, Frankfort or Louisville, Kentucky, (delivery by DTC will occur in New York, NY) within 30 days from the date of the sale (or such later date as may be required to enable the State Local Debt Officer's Order of Approval to become final) and upon notice being given by the County or its Financial Advisor at least five business days prior to the designated delivery date.

(h) The purchaser shall furnish or cause to be furnished to the Paying Agent and Bond Registrar, at least five business days prior to the date of delivery of the Bonds, a list of the names, addresses, social security numbers or employer identification numbers, principal amounts and maturities of each of the parties to whom the Bonds are to be registered. If such list is not delivered on time, the Bonds to be delivered to the purchaser shall be registered in the name or names of the purchaser as set out on the successful bid and shall be issued in denominations corresponding to the principal amounts of the respective maturities of the Bonds or in such other denominations as may be determined by the Bond Registrar and Paying Agent.

(i) If the successful bidder desires to obtain insurance guaranteeing the payment of the principal and/or interest on the Bonds, the County will cooperate with such successful bidder in obtaining such insurance, but all of the expenses and charges in connection therewith shall be borne by such bidder (with the exception of the costs of a rating by Moody's Investors Service), and the County shall not be liable to any extent therefor.

5. Continuing Disclosure Undertaking.

The County will agree in a Continuing Disclosure Agreement dated the date of issuance of the Bonds (the "Continuing Disclosure Agreement") to provide or cause to be provided, in accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, (i) on or prior to December 31 of each year, certain annual financial information and operating data, including audited financial statements for the preceding fiscal year (provided that audited financial statements will be provided when available from the County's auditors), as described in the Preliminary Official Statement, (ii) timely notice of the occurrence of certain material events with respect to the Bonds and (iii) timely notice of a failure by the County to provide the required annual financial information on or before the date specified in (i) above. The successful bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, the Continuing Disclosure Agreement, in form reasonably satisfactory to the successful bidder, for the benefit of the holders of the Bonds.

/s/ Joe D. Gornley
County Judge/Executive
County of Woodford, Kentucky

OFFICIAL BID FORM

September 30, 2003

County Judge/Executive and Members of the Fiscal Court
County of Woodford, Kentucky
Woodford County Courthouse
103 South Main Street
Versailles, Kentucky 40383

Ladies and Gentlemen:

Subject to the Official Terms and Conditions of Bond Sale in respect of the \$2,115,000* “County of Woodford, Kentucky, General Obligation Bonds, 2003 Series A, dated October 1, 2003 (the “Bonds”), to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase the Bonds.

We hereby bid for said \$2,115,000* principal amount of Bonds the total sum of \$_____ (not less than \$2,088,562.50) plus accrued interest from October 1, 2003, to the date of delivery at the following annual interest rates:

<u>Maturity</u> <u>Date</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>Date</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>
2004	\$125,000	____%	2011	\$160,000	____%
2005	\$135,000	____%	2012	\$170,000	____%
2006	\$130,000	____%	2013	\$170,000	____%
2007	\$140,000	____%	2014	\$180,000	____%
2008	\$140,000	____%	2015	\$185,000	____%
2009	\$145,000	____%	2016	\$200,000	____%
2010	\$150,000	____%	2017	\$ 85,000	____%

* Subject to adjustment as provided in the Official Terms and Conditions of Bond Sale.

We understand that this bid may be accepted for as much as \$2,325,000 or as little as \$1,905,000 of Bonds, at the same price per \$1,000 of Bonds, with the variation in such amount occurring in any one or more of the stipulated maturities, or that the stipulated maturities may be adjusted without changing the total amount of Bonds sold, as determined by the County at the time of acceptance of the best bid.

Special Bidder's Option: We hereby elect to specify that all the principal amount of bonds stated to mature on the following two or more consecutive maturity dates shall be combined to comprise the maturities of Term Bonds indicated below:

<u>Bonds Maturing</u>	<u>Term Bonds Maturing</u>
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No certified or bank cashier's check is required to accompany this bid; but the undersigned bidder, if awarded the Bonds, must and shall wire transfer to United Bank & Trust Company, Versailles, Kentucky, for the credit of the County, an amount equal to 2% of the principal amount of the Bonds awarded by the close of the business day following the day of award of the Bonds. Such good faith amount will be applied (without interest) to the purchase price upon delivery of the Bonds.

Respectfully submitted,

(firm)
(name)
(title)

* * *

P.S. The foregoing is our purchase offer, and we submit our own computations thereof only for your information and convenience:

- | | |
|--|----------|
| (a) Total interest cost at interest rates from date of Bonds to final maturity | \$ _____ |
| (b) Plus discount or less premium (if any) | \$ _____ |
| (c) Net interest cost | \$ _____ |
| (d) Average interest rate | _____ % |

ACTION BY COUNTY

Accepted this September 30, 2003, for a total of \$_____ of Bonds, as advertised, at the same price per \$1,000 of Bonds, with the amounts of annual maturities being established as follows:

<u>Maturity</u> <u>Date</u>	<u>Amount</u>	<u>Maturity</u> <u>Date</u>	<u>Amount</u>
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COUNTY OF WOODFORD, KENTUCKY

By _____
County Judge/Executive