

# Rubin & Hays

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CHARLES S. MUSSON  
W. RANDALL JONES  
CHRISTIAN L. JUCKETT

February 3, 2015

RECEIVED

FEB 6 2015

PUBLIC SERVICE  
COMMISSION

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

Re: Ohio County Water District PSC Application

Dear Mr. Derouen:

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

This Application requests approval of the issuance of securities for the purpose of refunding certain high interest Bonds of the District.

**Please be advised that the District is requesting the Commission to expedite this Application and issue the approving Order on or before March 6, 2015 due to the fact that an upward shift in the current interest rate market could negate any interest cost savings to the District.**

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

Sincerely,

Rubin & Hays

By

  
W. Randall Jones

WRJ:ilm  
Enclosures

cc: Mr. Walt Beasley, Ohio County Water District  
Mr. Chip Sutherland, J.J.B. Hilliard, W.L. Lyons, LLC

COMMONWEALTH OF KENTUCKY

RECEIVED

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY FEB 6 2015

PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE APPLICATION OF OHIO COUNTY )  
 WATER DISTRICT TO ISSUE SECURITIES IN )  
 THE APPROXIMATE PRINCIPAL AMOUNT OF )  
 \$965,000 FOR THE PURPOSE OF REFUNDING ) CASE NO. 2015 - \_\_\_\_\_  
 CERTAIN OUTSTANDING REVENUE BONDS OF )  
 THE DISTRICT PURSUANT TO THE PROVISIONS )  
 OF KRS 278.300 AND 807 KAR 5:001 )

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APPLICATION

The Applicant, Ohio County Water District (the "District"), files this Application pursuant to KRS 278.300, 807 KAR 5:001, and all other applicable laws and regulations, and requests that the Kentucky Public Service Commission (the "Commission") enter an Order authorizing the District to issue certain securities in the approximate principal amount of \$965,000 (subject to adjustment of up to 10%), for the purpose of refunding certain outstanding waterworks revenue bonds of the District. In support of this Application, and in compliance with the rules and regulations of the Commission, the District states as follows:

1. The District was established in accordance with the provisions of Chapter 74 of the Kentucky Revised Statutes pursuant to an Order of the County Judge/Executive of Ohio County, which Order is on file in the County Court Order Books in the office of the Clerk of Ohio County, Kentucky. The District is now, and has been since its inception, regulated by the

Commission, and all records and proceedings of the Commission with reference to the District are incorporated in this Application by reference. The District does not have any Articles of Incorporation due to the fact that it is a statutory entity.

2. The governing body of the District is its Board of Commissioners, which is a public body corporate, with power to make contracts in furtherance of its lawful and proper purpose as provided for in KRS 74.070 and all applicable law and regulations.

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

Ohio County Water District  
c/o Mr. Walt Beasley, Manager - [ocwd@yahoo.com](mailto:ocwd@yahoo.com)  
P.O. Box 207  
Hartford, Kentucky 42347  
Telephone: (270) 298-7704  
Fax: (270) 298-9890  
[www.ohiocountywater.wordpress.com](http://www.ohiocountywater.wordpress.com)

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

5. The District proposes to issue its Waterworks Refunding Revenue Bonds, Series 2015 (the "Series 2015 Bonds"), in the estimated principal amount of \$965,000 (subject to adjustment of up to 10%) for the purpose of refunding the outstanding Ohio County Water District Waterworks Revenue Bonds, Series 2003, dated November 18, 2003, in the original principal amount of \$1,865,000, bearing interest at interest rates from 3.90% to 4.65% per annum (the "Prior Bonds"). The Prior Bonds are held on the open market and the paying agent is The Bank of New York Mellon Trust Company, N.A.

6. The estimated debt service for the Series 2015 Bonds is shown in **Exhibit A**, which is attached hereto and incorporated herein by reference. The debt service schedule and

estimated interest rates are subject to change because of market conditions. The final terms and details of the Series 2015 Bonds may vary from the present assumptions based upon market conditions and other business judgment factors.

7. The Series 2015 Bonds will provide the District with the funds necessary to (i) refund the Prior Bonds; and (ii) pay the fees and expenses incident to the issuance of the Series 2015 Bonds.

8. The estimated Sources and Uses of Funds to be obtained from the issuance of the Series 2015 Bonds are detailed as **Exhibit B**, which is attached hereto and incorporated herein by reference.

9. It is anticipated that the proposed refinancing will result in a net present value savings of approximately \$66,192.60. These savings are shown on the Savings Report, which is attached hereto and incorporated herein by reference as **Exhibit C**.

10. The final principal amount of the Series 2015 Bonds will be adjusted based upon final interest rates, which will be known on or about the date of sale of the proposed Series 2015 Bonds. Final financial figures will be submitted to the Commission in a timely manner. The Applicant will not issue the securities if interest rates in the bond market shift to a point where the Applicant will not achieve any debt service savings.

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

12. The District represents that the Series 2015 Bonds are in the public interest and are intended to accomplish the purpose of strengthening the financial condition of the District by producing substantial debt service savings. This is a lawful object within the corporate purposes of the District's utility operations. The Series 2015 Bonds are necessary, appropriate for, and

consistent with the proper performance by the District of its service to the public and will not impair its ability to perform that service.

13. The District represents that it will, as soon as reasonably possible after the closing of the Series 2015 Bonds, file with the Commission a statement setting forth the date of issuance of the Series 2015 Bonds, the price paid, the fees and expenses incurred in the issuance of the Series 2015 Bonds, and the terms and interest rates of the Series 2015 Bonds.

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

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

- (i) Section 12(1)(b): The District states that it had less than \$5,000,000 in gross annual revenue in the immediate past calendar year and that no material changes to the District's financial condition have occurred since the end of the twelve (12) month period contained in the District's most recent annual report on file with the Commission.
- (ii) Section 12(2)(a), (b) and (c) Stock: The District does not have any authorized, issued or outstanding stock as of the date hereof.
- (iii) Section 12(2)(d) Mortgages: The District does not have any outstanding mortgages as of the date hereof.
- (iv) Section 12(2)(e), (f) and (g) Indebtedness: The information concerning the outstanding indebtedness of the District is contained in the 2013

Annual Report on file with this Commission.

(v) Section 12(2)(h) Dividends: The District has no outstanding stock and therefore pays no dividends.

(vi) Section 12(2)(i) Financial Statements: See paragraph #14 above.

16. Pursuant to 807 KAR 5:001, Section 18, the District hereby responds as follows:

(i) Section 18(1)(a): The District has complied with the requirements of 807 KAR 5:001, Section 14.

(ii) Section 18(1)(b): A general description of the District's property, its field of operation and a statement of original cost of said property and the cost to the District is contained in the District's 2013 Annual Report on file with this Commission.

(iii) Section 18(1)(c): The District is not issuing any stock as part of this financing. The information concerning the proposed Series 2015 Bonds is contained in this Application. The Series 2015 Bonds will be secured by and payable from the gross revenues of the District's waterworks system.

(iv) Section 18(1)(d): The proceeds of the Series 2015 Bonds are being used to refund the outstanding Prior Bonds.

(v) Section 18(1)(e): No property is being acquired with the proceeds of the Series 2015 Bonds.

(vi) Section 18(1)(f): The details of the refunding of the Prior Bonds are contained in this Application and the Exhibits hereto.

(vii) Section 18(1)(g): Written notification of the proposed issuance of the Series 2015 Bonds is being provided to the State Local Debt Officer.

- (viii) Section 18(2)(a): See paragraph #15 above.
  - (ix) Section 18(2)(b): The District does not have any outstanding trust deeds or mortgages.
  - (x) Section 18(2)(c): No property is being acquired with the proceeds of the Series 2015 Bonds.
17. No rate adjustment will be necessary.

*[Remainder of this page intentionally left blank]*

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

1. Authorize the issuance of the securities requested in the Application;
2. Due to the volatility of the present bond market and in order to achieve substantial interest cost savings to the District by taking full advantage of current low interest rates, the District requests that the Commission issued its Order on or before **March 6, 2015**; and
3. Process this Application without a formal hearing in order to save time and expense. The District will promptly respond to any information requests by the Commission's staff.

OHIO COUNTY WATER DISTRICT

By   
Harry Storm, Chairman  
P.O. Box 207  
Hartford, Kentucky 42347  
Phone: (270) 298-7704  
Fax: (270) 298-9890  
Email: [ocwd@yahoo.com](mailto:ocwd@yahoo.com)

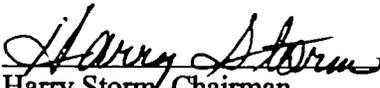
RUBIN & HAYS

By   
W. Randall Jones  
Christian L. Juckett  
Kentucky Home Trust Building  
450 South Third Street  
Louisville, Kentucky 40202  
Phone: (502) 569-7525  
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Counsel for Ohio County Water District  
Email: [wrjones@rubinhays.com](mailto:wrjones@rubinhays.com)  
Email: [cljuckett@rubinhays.com](mailto:cljuckett@rubinhays.com)

STATE OF KENTUCKY            )  
  ) SS  
COUNTY OF OHIO             )

The affiant, Harry Storm, being first duly sworn, states: That he is the Chairman of the Ohio County Water District, the Applicant in this case; that he has read the foregoing Application and has noted the contents thereof; that the same are true of his own knowledge and belief, except as to matters which are herein stated to be based on information or belief, and that these matters, he believes to be true and correct.

IN TESTIMONY WHEREOF, witness the signature of the undersigned on January 30, 2015.

  
\_\_\_\_\_  
Harry Storm, Chairman

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by Harry Storm, Chairman of the Ohio County Water District, on this January 30, 2015.

My Commission expires: November 22 2018.

  
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NOTARY PUBLIC

**BOND DEBT SERVICE**

Ohio County Water & Sewer  
 Series 2015 (Refunding of Series 2003)  
 Insured Scenario, BQ

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
08/01/2015	90,000	0.500%	6,858.96	96,858.96	
12/31/2015					96,858.96
02/01/2016			7,257.50	7,257.50	
08/01/2016	105,000	0.850%	7,257.50	112,257.50	
12/31/2016					119,515.00
02/01/2017			6,811.25	6,811.25	
08/01/2017	105,000	1.150%	6,811.25	111,811.25	
12/31/2017					118,622.50
02/01/2018			6,207.50	6,207.50	
08/01/2018	105,000	1.400%	6,207.50	111,207.50	
12/31/2018					117,415.00
02/01/2019			5,472.50	5,472.50	
08/01/2019	110,000	1.550%	5,472.50	115,472.50	
12/31/2019					120,945.00
02/01/2020			4,620.00	4,620.00	
08/01/2020	110,000	1.800%	4,620.00	114,620.00	
12/31/2020					119,240.00
02/01/2021			3,630.00	3,630.00	
08/01/2021	110,000	2.000%	3,630.00	113,630.00	
12/31/2021					117,260.00
02/01/2022			2,530.00	2,530.00	
08/01/2022	115,000	2.150%	2,530.00	117,530.00	
12/31/2022					120,060.00
02/01/2023			1,293.75	1,293.75	
08/01/2023	115,000	2.250%	1,293.75	116,293.75	
12/31/2023					117,587.50
	965,000		82,503.96	1,047,503.96	1,047,503.96

**SOURCES AND USES OF FUNDS**

Ohio County Water & Sewer  
Series 2015 (Refunding of Series 2003)  
Insured Scenario, BQ

**Sources:**

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<b>Bond Proceeds:</b>	
Par Amount	965,000.00
<b>Other Sources of Funds:</b>	
Debt Service Reserve Balance	139,349.00
Principal Sinking Funds (6 mths)	47,500.00
	<hr/>
	186,849.00
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	1,151,849.00
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**Uses:**

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<b>Refunding Escrow Deposits:</b>	
Cash Deposit	1,003,258.19
<b>Other Fund Deposits:</b>	
Deposit to DSR	96,500.00
<b>Delivery Date Expenses:</b>	
Cost of Issuance	34,500.00
Underwriter's Discount	12,062.50
Gross Bond Insurance Premium	3,142.51
	<hr/>
	49,705.01
<b>Other Uses of Funds:</b>	
Additional Proceeds	2,385.80
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	1,151,849.00
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**SAVINGS**

Ohio County Water & Sewer  
 Series 2015 (Refunding of Series 2003)  
 Insured Scenario, BQ

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 02/16/2015 @ 1.8476657%
12/31/2015	116,721.25	96,858.96	19,862.29	19,695.56
12/31/2016	139,737.50	119,515.00	20,222.50	19,800.74
12/31/2017	135,737.50	118,622.50	17,115.00	16,456.05
12/31/2018	136,637.50	117,415.00	19,222.50	18,121.24
12/31/2019	137,227.50	120,945.00	16,282.50	15,069.95
12/31/2020	137,497.50	119,240.00	18,257.50	16,569.04
12/31/2021	137,437.50	117,260.00	20,177.50	17,959.42
12/31/2022	136,857.50	120,060.00	16,797.50	14,671.77
12/31/2023	136,045.00	117,587.50	18,457.50	15,812.04
	1,213,898.75	1,047,503.96	166,394.79	154,155.80

Savings Summary

PV of savings from cash flow	154,155.80
Less: Prior funds on hand	-186,849.00
Plus: Refunding funds on hand	98,885.80
Net PV Savings	66,192.60

**PRIOR BOND DEBT SERVICE**

Ohio County Water & Sewer  
 Series 2015 (Refunding of Series 2003)  
 Insured Scenario, BQ

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
08/01/2015	95,000	3.900%	21,721.25	116,721.25	
12/31/2015					116,721.25
02/01/2016			19,868.75	19,868.75	
08/01/2016	100,000	4.000%	19,868.75	119,868.75	
12/31/2016					139,737.50
02/01/2017			17,868.75	17,868.75	
08/01/2017	100,000	4.100%	17,868.75	117,868.75	
12/31/2017					135,737.50
02/01/2018			15,818.75	15,818.75	
08/01/2018	105,000	4.200%	15,818.75	120,818.75	
12/31/2018					136,637.50
02/01/2019			13,613.75	13,613.75	
08/01/2019	110,000	4.300%	13,613.75	123,613.75	
12/31/2019					137,227.50
02/01/2020			11,248.75	11,248.75	
08/01/2020	115,000	4.400%	11,248.75	126,248.75	
12/31/2020					137,497.50
02/01/2021			8,718.75	8,718.75	
08/01/2021	120,000	4.650%	8,718.75	128,718.75	
12/31/2021					137,437.50
02/01/2022			5,928.75	5,928.75	
08/01/2022	125,000	4.650%	5,928.75	130,928.75	
12/31/2022					136,857.50
02/01/2023			3,022.50	3,022.50	
08/01/2023	130,000	4.650%	3,022.50	133,022.50	
12/31/2023					136,045.00
	1,000,000		213,898.75	1,213,898.75	1,213,898.75

OHIO COUNTY WATER DISTRICT  
HARTFORD, KENTUCKY  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2013 AND 2012

ASSETS

	<u>2013</u>	<u>2012</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 714,587	\$ 720,035
Accounts Receivable-Customers	297,557	296,959
Accounts Receivable-Other	161,625	188,924
Prepaid Expenses	18,093	1,602
Unbilled Revenue Receivable	254,063	266,855
Interest Receivable	<u>2,902</u>	<u>7,374</u>
Total Current Assets	<u>1,448,827</u>	<u>1,481,749</u>
<b>RESTRICTED ASSETS</b>		
Debt Service Funds		
Cash and Cash Equivalents	500,378	492,214
Construction Funds		
Cash and Cash Equivalents	0	372,802
Depreciation Fund		
Cash and Cash Equivalents	363,051	0
Investments	1,863,049	1,842,674
Debt Service Reserve Funds		
Cash and Cash Equivalents	0	0
Investments	1,057,180	1,867,725
Replacement Reserve Funds		
Cash and Cash Equivalents	<u>151,122</u>	<u>94,096</u>
Total Restricted Assets	<u>3,934,780</u>	<u>4,669,511</u>
<b>PROPERTY PLANT AND EQUIPMENT AND INTANGIBLES, at cost less</b>		
Accumulated Depreciation	<u>31,232,295</u>	<u>31,461,173</u>
<b>OTHER ASSETS</b>		
Unamortized Debt Discount	<u>17,339</u>	<u>19,151</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>36,633,241</u></b>	<b>\$ <u>37,631,584</u></b>

The notes to the financial statements are an integral part of this statement.

OHIO COUNTY WATER DISTRICT  
HARTFORD, KENTUCKY  
STATEMENTS OF NET POSITION-CONTINUED

NET POSITION AND LIABILITIES

	<u>2013</u>	<u>2012</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 101,244	\$ 72,791
Construction Payable	7,601	116,769
Accrued Payroll Taxes	12,908	5,688
Sales Tax Payable	1,497	1,353
Utility Tax Payable	14,665	14,311
Accrued Salaries	26,236	19,845
Accrued Interest	199,955	200,541
Current Portion of Long-Term Debt	1,407,066	1,386,868
Current Portion of Compensated Absence	7,221	6,420
Accrued Retirement	15,382	13,308
Customers' Deposits	<u>164,102</u>	<u>160,529</u>
 Total Current Liabilities	 <u>1,957,877</u>	 <u>1,998,423</u>
<b>LONG-TERM LIABILITIES (net of current portion)</b>		
Loan Payable Kentucky Infrastructure Authority	0	1,027,500
Loan Payable Kentucky Infrastructure Authority (WTP)	3,594,702	3,411,238
Revenue Bonds Payable Series A&B.	8,011,000	8,107,500
Revenue Bonds Payable Series 2003	1,000,000	1,090,000
Compensated Absences	<u>40,917</u>	<u>36,381</u>
 Total Long-Term Debt	 <u>12,646,619</u>	 <u>13,672,619</u>
<b>TOTAL LIABILITIES</b>	 <u>14,604,496</u>	 <u>15,671,042</u>
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	18,636,331	18,100,119
Restricted for Debt Service	101,659	866,626
Unrestricted	<u>3,290,755</u>	<u>2,993,797</u>
<b>TOTAL NET POSITION</b>	 <u>\$ 22,028,745</u>	 <u>\$ 21,960,542</u>

The notes to the financial statements are an integral part of this statement.

OHIO COUNTY WATER DISTRICT  
HARTFORD, KENTUCKY  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED DECEMBER 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>OPERATING REVENUES</b>		
Water Sales	\$ 3,415,618	\$ 3,544,901
Miscellaneous Service Revenue	44,065	53,125
Penalties	71,421	75,489
Other Revenues	<u>35,188</u>	<u>23,210</u>
Total Operating Revenue	3,566,292	3,696,725
<b>OPERATING EXPENSES</b>		
Salaries/Wages	766,610	730,498
Payroll Tax Expense	56,469	58,860
Employee Pension/Benefits	283,765	320,934
Purchased Water	0	0
Utilities	283,473	269,475
Chemicals	140,174	98,636
Materials and Supplies	144,867	197,666
Contractual Services	271,248	282,695
Rental of Building/Real Estate	824	812
Rental of Equipment	0	1,717
Transportation Expense	104,751	110,614
Insurance	64,192	59,431
Regulatory Commission Expense	6,630	6,252
Bad Debts	22,321	23,661
Telephone Expense	12,029	11,178
Miscellaneous	36,956	35,799
Depreciation	<u>1,067,401</u>	<u>1,050,747</u>
Total Operating Expenses	3,261,710	3,258,975
<b>OPERATING INCOME</b>	<u>304,582</u>	<u>437,750</u>
<b>NON OPERATING REVENUES (EXPENSES)</b>		
Interest Income	23,694	36,944
Gain on Sale of Equipment	4,274	3,050
Interest Expense	(545,674)	(550,518)
Amortization of Debt Discount	(1,809)	(5,233)
Non Utility Income	11,200	13,900
Non Utility Expense	(13,154)	(7,136)
Loss on Abandoned Property	<u>(16,288)</u>	<u>(9,921)</u>
Total Other Income (Expenses)	<u>(537,757)</u>	<u>(518,914)</u>
<b>INCOME BEFORE CONTRIBUTED CAPITAL</b>	<u>\$ (233,175)</u>	<u>\$ (81,164)</u>

The notes to the financial statements are an integral part of this statement.

OHIO COUNTY WATER DISTRICT  
HARTFORD, KENTUCKY  
STATEMENT OF REVENUES , EXPENSES, AND CHANGES IN NET POSITION (Continued)  
YEARS ENDED DECEMBER 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
INCOME BEFORE CONTRIBUTED CAPITAL(Carried Forward)	\$ (233,175)	\$ (81,164)
<b>CONTRIBUTED CAPITAL</b>		
Grant Income	0	0
Capital Contributions from Customers	29,700	47,115
Capital Contributions from Other Government	271,178	272,373
Capital Contributions from Others	<u>500</u>	<u>208,169</u>
Total Contributed Capital	<u>301,378</u>	<u>527,659</u>
CHANGE IN NET POSITION	68,203	446,495
NET POSITION- JANUARY 1 (RESTATED)	<u>21,960,542</u>	<u>21,514,047</u>
NET POSITION- DECEMBER 31	<u>\$ 22,028,745</u>	<u>\$ 21,960,542</u>

The notes to the financial statements are an integral part of this statement.

OHIO COUNTY WATER DISTRICT  
HARTFORD, KENTUCKY  
STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 3,605,785	\$ 3,689,737
Cash payments to suppliers	(1,181,098)	(1,108,471)
Cash payments to employees	<u>(1,085,324)</u>	<u>(1,117,080)</u>
Net cash provided by operating activities	1,339,363	1,464,186
<b>Cash flows from noncapital financing activities:</b>		
Proceeds from noncapital financing	<u>0</u>	<u>0</u>
Net proceeds from noncapital financing	0	0
<b>Cash flows from capital and related financing activities:</b>		
Proceeds from loan	393,779	160,466
Proceeds from equipment sales	4,274	11,230
Proceeds from capital contribution	301,378	527,659
Principal payments	(1,404,117)	(274,946)
Interest on long term debt, net of amount capitalized	(540,855)	(384,474)
Other interest	(5,402)	0
Net capital expenditure	<u>(856,164)</u>	<u>(993,289)</u>
Net cash used in capital and related financing activities	(2,107,107)	(953,354)
<b>Cash flows from investing activities:</b>		
Sale of Investments	790,170	0
Purchase of investments	0	(784,239)
Interest income	28,166	37,280
Other non utility income/expense	<u>(601)</u>	<u>6,764</u>
Net cash flows investing activities	<u>817,735</u>	<u>(740,195)</u>
Net increase (decrease) in cash and cash equivalents	49,991	(229,363)
Cash and cash equivalents at beginning of year	<u>1,679,147</u>	<u>1,908,510</u>
Cash and cash equivalents at end of year.	\$ <u>1,729,138</u>	\$ <u>1,679,147</u>
<b>Non cash capital and related financial activities:</b>		
Loss on bond retirement	0	0
Loss on abandoned property	<u>16,288</u>	<u>9,921</u>
	\$ <u>16,288</u>	\$ <u>9,921</u>

The notes to the financial statements are an integral part of this statement.

OHIO COUNTY WATER DISTRICT  
HARTFORD, KENTUCKY  
STATEMENT OF CASH FLOWS-CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>Reconciliation of operating income to net cash</b>		
<b>Provided by operating activities:</b>		
Operating Income	\$ 304,582	\$ 437,750
<b>Adjustments to reconcile net income to net cash</b>		
<b>Provided by operating activities:</b>		
Depreciation	1,067,401	1,050,747
<b>Change in assets and liabilities:</b>		
(Increase) decrease in customers receivable	(598)	10,088
(Increase) decrease in other receivable	27,299	(3,707)
(Increase) decrease in prepaid expenses	(16,491)	26,460
(Increase) decrease in unbilled revenue receivable	12,792	(13,369)
(Increase) (decrease) in accounts payable	52,254	(378)
Increase (decrease) in insurance payable	(23,801)	23,801
Increase (decrease) in construction payable	(109,168)	(63,680)
Increase (decrease) in accrued taxes and retirement	9,792	(10,812)
Increase (decrease) in accrued salaries	6,391	1,259
Increase (decrease) in compensated absences	5,337	2,765
Increase (decrease) in customer deposits	<u>3,573</u>	<u>3,262</u>
Net cash provided (used) by operating activities	\$ <u>1,339,363</u>	\$ <u>1,464,186</u>

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