

Rubin & Hays

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

November 4, 2011

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

RECEIVED

NOV 7 2011

PUBLIC SERVICE
COMMISSION

Re: Simpson County Water District PSC Application

Dear Mr. Derouen:

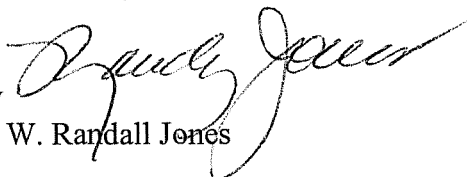
Enclosed please find the original and ten (10) copies of the Application of the Simpson County Water District for an Order authorizing the District to issue securities pursuant to KRS 278.300.

This Application requests approval of the issuance of securities for the purpose of refunding certain high interest Bonds of the Applicant. **Due to the extreme volatility of the financial markets and the fact that this refunding is interest rate sensitive, we request that the Commission process the Application in an expedited manner and issue an Order on or before December 16, 2011 (the closing date).**

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

Sincerely,

Rubin & Hays

By 
W. Randall Jones

WRJ:jlm
Enclosures

cc: Mr. Alan Vilines, Simpson County Water District
Ms. Kristen Millard, Morgan Keegan

RECEIVED

NOV 7 2011

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF:

THE APPLICATION OF THE SIMPSON)
 COUNTY WATER DISTRICT TO)
 ISSUE SECURITIES IN THE APPROX-)
 MATE PRINCIPAL AMOUNT OF \$1,565,000)
 FOR THE PURPOSE OF REFUNDING CERTAIN)
 OUTSTANDING REVENUE BONDS OF THE) Case No. 2011 - _____
 DISTRICT PURSUANT TO THE PROVISIONS)
 OF KRS 278.300 AND 807 KAR 5:001)

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

APPLICATION

The Applicant, Simpson 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 sum of \$1,565,000 (subject to adjustment of up to 10%), for the purpose of refunding certain outstanding water system 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 Simpson County, which Order is on file in the County Court Order Books in the office of the Clerk of Simpson 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:

Simpson County Water District
c/o Mr. Alan Vilines, General Manager
P.O. Box 10180
Bowling Green, Kentucky 42102
Telephone: (270) 842-0052

4. A general description of the District's water system property, together with a statement of the original cost, is contained in the District's Annual Report for 2010 which is on file with the Commission. The Annual Report is incorporated herein by reference.

5. The District proposes to borrow funds from the Kentucky Rural Water Finance Corporation ("KRWFC") pursuant to an Assistance Agreement (the "KRWFC Loan"), in the estimated principal amount of \$1,565,000 (subject to adjustment of up to 10%) for the purpose of refunding the outstanding revenue bonds designated as Simpson County Water District Water System Revenue Bonds, Series of 1993, in the original principal amount of \$1,998,000 (the "Prior Bonds"). Said Prior Bonds are currently held by USDA, Rural Development and bear interest at the rate of 5.00% per annum.

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

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

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

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

9. It is anticipated that the proposed refinancing will generate a net present value savings of approximately \$74,947.08. These savings are shown on the Debt Service Comparison, which is attached hereto and incorporated herein by reference as **Exhibit C**.

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

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

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

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

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

14. The detailed Statement of Revenues, Expenses and Changes in Net Assets, Statement of Net Assets and Statement of Cash Flows for the twelve month period ending on December 31, 2010 are attached hereto and incorporated herein by reference as **Exhibit E** respectively.

15. The remaining financial schedules and other information necessary for the Financial Exhibit required by 807 KAR 5:001, Section 6 and Section 11 (2) (a) are contained in the 2010 Annual Report which is on file with the Commission. The Annual Report is incorporated herein by reference.

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

- (a) Section 6(4) Mortgages: The District does not have any mortgages in effect as of the date hereof.
- (b) Section 6(5) Bonds: The KRWFC Loan will be secured by a pledge of the revenues of the District's System.
- (c) Section 11(2)(b): The District does not have any trust deeds in effect as of the date hereof.
- (d) Section 11(2)(c): No property is being acquired as the proceeds of the securities are being used for the refunding of the Prior Bonds.

17. The District hereby requests and moves for a deviation, pursuant to 807 KAR 5:001, Section 14, from the requirements of 807 KAR 5:001, Section 6, which requires that the financial data filed with the Application be for a twelve (12) month period ending within ninety (90) days of the filing of the application. The District states that there has been no change that is material in nature in the financial condition or operation of the District since December 31, 2010. The financial data filed with this Application is for the twelve (12) month period ending December 31, 2010. This is the most recent published financial data available. Because of the volatility of the bond market, the District cannot run the risk of delaying the closing of the KRWFC Loan while more current financial data is compiled.

18. No rate adjustment will be necessary.

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

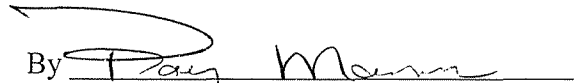
1. Authorize the issuance of the securities requested in the Application **prior to the estimated closing date of December 16, 2011;**

2. Grant the District a deviation, to the extent necessary, from 807 KAR 5:001, Section 6 to allow the submission of the District's 2010 Annual Report and 2010 audit in lieu of more recent financial data, there being no material change in the data in 2011 and due to the volatility of the present bond market; and

3. Process this Application without a formal hearing in order to save time and expense.

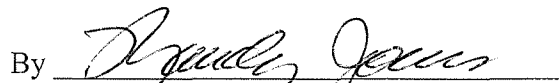
The District will promptly respond to any information requests by the Commission's staff.

Simpson County Water District

By 

Chairman
P.O. Box 10180
Bowling Green, Kentucky 42102
Phone: (270) 842-0052

Rubin & Hays

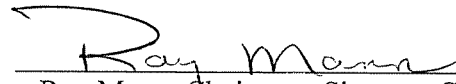
By 

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

STATE OF KENTUCKY)
) SS
COUNTY OF WARREN)

The affiant, Ray Mann, being first duly sworn, states: That he is the Chairman of the Simpson 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 the 2nd day of November, 2011.



Ray Mann, Chairman, Simpson County
Water District

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by Ray Mann, Chairman of the Simpson County Water District, on this the 2nd day of November, 2011.

My Commission expires: 2/22/15.

 # 436435

NOTARY PUBLIC

Preliminary

\$1,565,000

Potential Refundings through the
Kentucky Rural Water Finance Corporation
Simpson County Water District

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
12/01/2011	-	-	-	-	-
02/01/2012	-	-	10,137.50	10,137.50	-
08/01/2012	5,000.00	2.500%	30,412.50	35,412.50	-
12/30/2012	-	-	-	-	45,550.00
02/01/2013	-	-	30,350.00	30,350.00	-
08/01/2013	55,000.00	2.500%	30,350.00	85,350.00	-
12/30/2013	-	-	-	-	115,700.00
02/01/2014	-	-	29,662.50	29,662.50	-
08/01/2014	55,000.00	2.700%	29,662.50	84,662.50	-
12/30/2014	-	-	-	-	114,325.00
02/01/2015	-	-	28,920.00	28,920.00	-
08/01/2015	55,000.00	2.850%	28,920.00	83,920.00	-
12/30/2015	-	-	-	-	112,840.00
02/01/2016	-	-	28,136.25	28,136.25	-
08/01/2016	55,000.00	2.900%	28,136.25	83,136.25	-
12/30/2016	-	-	-	-	111,272.50
02/01/2017	-	-	27,338.75	27,338.75	-
08/01/2017	60,000.00	2.900%	27,338.75	87,338.75	-
12/30/2017	-	-	-	-	114,677.50
02/01/2018	-	-	26,468.75	26,468.75	-
08/01/2018	60,000.00	3.250%	26,468.75	86,468.75	-
12/30/2018	-	-	-	-	112,937.50
02/01/2019	-	-	25,493.75	25,493.75	-
08/01/2019	60,000.00	3.500%	25,493.75	85,493.75	-
12/30/2019	-	-	-	-	110,987.50
02/01/2020	-	-	24,443.75	24,443.75	-
08/01/2020	65,000.00	3.500%	24,443.75	89,443.75	-
12/30/2020	-	-	-	-	113,887.50
02/01/2021	-	-	23,306.25	23,306.25	-
08/01/2021	65,000.00	3.650%	23,306.25	88,306.25	-
12/30/2021	-	-	-	-	111,612.50
02/01/2022	-	-	22,120.00	22,120.00	-
08/01/2022	70,000.00	3.750%	22,120.00	92,120.00	-
12/30/2022	-	-	-	-	114,240.00
02/01/2023	-	-	20,807.50	20,807.50	-
08/01/2023	70,000.00	3.750%	20,807.50	90,807.50	-
12/30/2023	-	-	-	-	111,615.00
02/01/2024	-	-	19,495.00	19,495.00	-
08/01/2024	75,000.00	3.800%	19,495.00	94,495.00	-
12/30/2024	-	-	-	-	113,990.00
02/01/2025	-	-	18,070.00	18,070.00	-
08/01/2025	75,000.00	3.900%	18,070.00	93,070.00	-
12/30/2025	-	-	-	-	111,140.00
02/01/2026	-	-	16,607.50	16,607.50	-
08/01/2026	80,000.00	4.000%	16,607.50	96,607.50	-
12/30/2026	-	-	-	-	113,215.00
02/01/2027	-	-	15,007.50	15,007.50	-
08/01/2027	80,000.00	4.500%	15,007.50	95,007.50	-
12/30/2027	-	-	-	-	110,015.00
02/01/2028	-	-	13,207.50	13,207.50	-
08/01/2028	85,000.00	4.500%	13,207.50	98,207.50	-
12/30/2028	-	-	-	-	111,415.00
02/01/2029	-	-	11,295.00	11,295.00	-
08/01/2029	90,000.00	4.500%	11,295.00	101,295.00	-
12/30/2029	-	-	-	-	112,590.00
02/01/2030	-	-	9,270.00	9,270.00	-
08/01/2030	95,000.00	4.500%	9,270.00	104,270.00	-
12/30/2030	-	-	-	-	113,540.00
02/01/2031	-	-	7,132.50	7,132.50	-
08/01/2031	100,000.00	4.500%	7,132.50	107,132.50	-
12/30/2031	-	-	-	-	114,265.00
02/01/2032	-	-	4,882.50	4,882.50	-
08/01/2032	105,000.00	4.650%	4,882.50	109,882.50	-
12/30/2032	-	-	-	-	114,765.00
02/01/2033	-	-	2,441.25	2,441.25	-
08/01/2033	105,000.00	4.650%	2,441.25	107,441.25	-
12/30/2033	-	-	-	-	109,882.50
Total	\$1,565,000.00	-	\$849,462.50	\$2,414,462.50	-

Yield Statistics

Bond Year Dollars	\$20,248.33
Average Life	12.938 Years
Average Coupon	4.1952218%

Net Interest Cost (NIC)	4.2815077%
True Interest Cost (TIC)	4.2661755%
Bond Yield for Arbitrage Purposes	3.9636534%
All Inclusive Cost (AIC)	4.4707655%

IRS Form 8038

Net Interest Cost	4.2041786%
Weighted Average Maturity	12.862 Years

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Morgan Keegan & Company, Inc.

Preliminary

\$1,565,000

Potential Refundings through the
Kentucky Rural Water Finance Corporation
Simpson County Water District

Sources & Uses

Dated 12/01/2011 | Delivered 12/01/2011

Sources Of Funds

Par Amount of Bonds	\$1,565,000.00
Reoffering Premium	2,091.05
Transfers from Prior Issue Debt Service Funds	70,083.33
Total Sources	\$1,637,174.38

Uses Of Funds

Total Underwriter's Discount (1.250%)	19,562.50
Costs of Issuance	23,475.00
Deposit to Current Refunding Fund	1,592,500.00
Rounding Amount	1,636.88
Total Uses	\$1,637,174.38

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Preliminary

\$1,565,000

Potential Refundings through the
Kentucky Rural Water Finance Corporation
Simpson County Water District

Debt Service Comparison

Date	Total P+I	Expenses	Net New D/S	Old Net D/S	Savings
12/30/2011	-	-	-	-	-
12/30/2012	45,550.00	450.00	46,000.00	117,975.00	71,975.00
12/30/2013	115,700.00	450.00	116,150.00	116,900.00	750.00
12/30/2014	114,325.00	450.00	114,775.00	117,725.00	2,950.00
12/30/2015	112,840.00	450.00	113,290.00	117,425.00	4,135.00
12/30/2016	111,272.50	450.00	111,722.50	117,025.00	5,302.50
12/30/2017	114,677.50	450.00	115,127.50	117,500.00	2,372.50
12/30/2018	112,937.50	450.00	113,387.50	116,850.00	3,462.50
12/30/2019	110,987.50	450.00	111,437.50	117,075.00	5,637.50
12/30/2020	113,887.50	450.00	114,337.50	117,150.00	2,812.50
12/30/2021	111,612.50	450.00	112,062.50	117,075.00	5,012.50
12/30/2022	114,240.00	450.00	114,690.00	116,850.00	2,160.00
12/30/2023	111,615.00	450.00	112,065.00	116,475.00	4,410.00
12/30/2024	113,990.00	450.00	114,440.00	116,925.00	2,485.00
12/30/2025	111,140.00	450.00	111,590.00	116,200.00	4,610.00
12/30/2026	113,215.00	450.00	113,665.00	116,300.00	2,635.00
12/30/2027	110,015.00	450.00	110,465.00	116,200.00	5,735.00
12/30/2028	111,415.00	450.00	111,865.00	116,875.00	5,010.00
12/30/2029	112,590.00	450.00	113,040.00	116,325.00	3,285.00
12/30/2030	113,540.00	450.00	113,990.00	115,575.00	1,585.00
12/30/2031	114,265.00	450.00	114,715.00	115,600.00	885.00
12/30/2032	114,765.00	450.00	115,215.00	116,350.00	1,135.00
12/30/2033	109,882.50	450.00	110,332.50	115,825.00	5,492.50
Total	\$2,414,462.50	\$9,900.00	\$2,424,362.50	\$2,568,200.00	\$143,837.50

PV Analysis Summary (Net to Net)

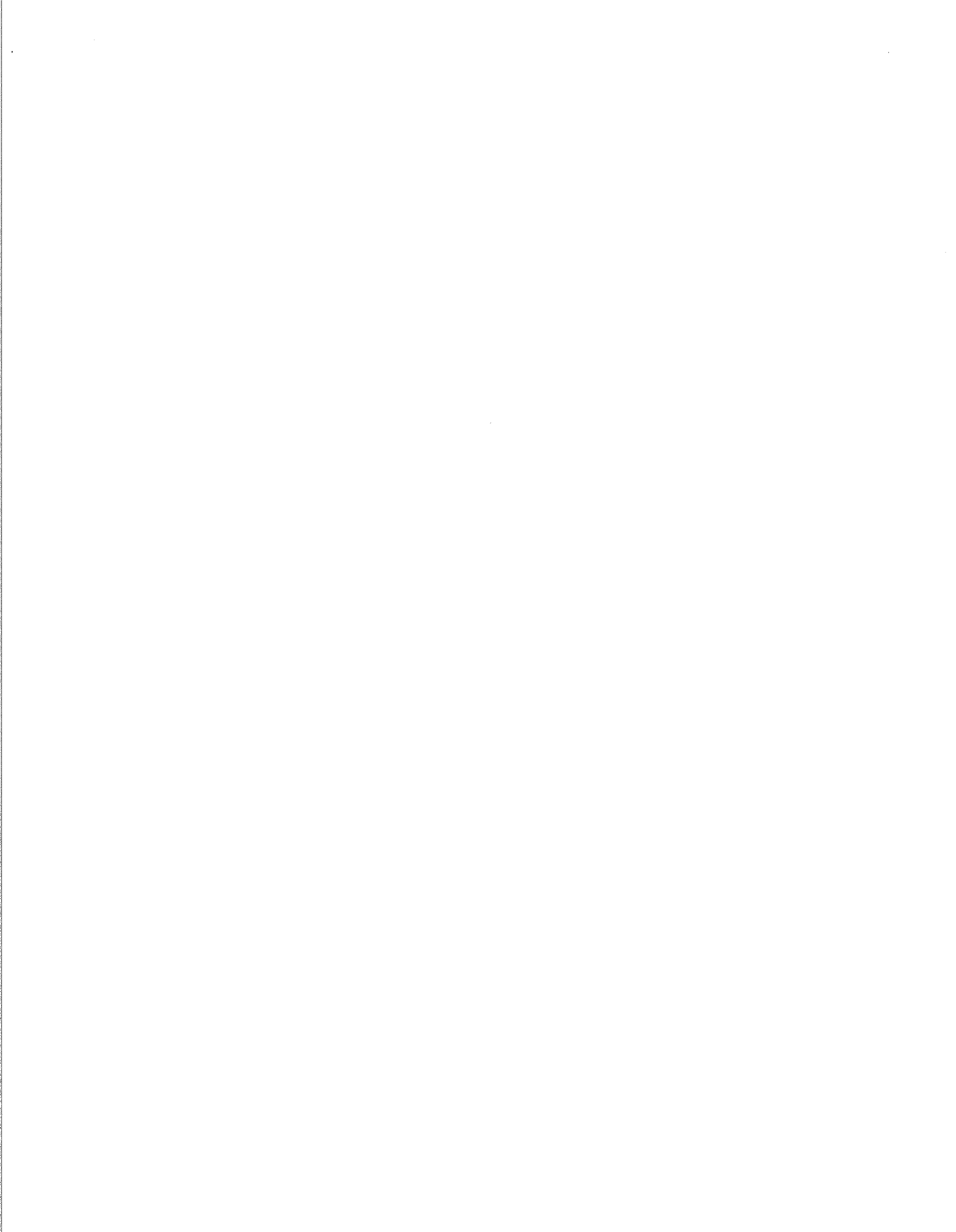
Net FV Cashflow Savings	143,837.50
Gross PV Debt Service Savings	149,980.32
Effects of changes in Expenses	(6,586.79)
Net PV Cashflow Savings @ 3.964%(Bond Yield)	143,393.53
Transfers from Prior Issue Debt Service Fund	(70,083.33)
Contingency or Rounding Amount	1,636.88
Net Future Value Benefit	\$75,391.05
Net Present Value Benefit	\$74,947.08
Net PV Benefit / \$1,560,000 Refunded Principal	4.804%
Net PV Benefit / \$1,565,000 Refunding Principal	4.789%

Refunding Bond Information

Refunding Dated Date	12/01/2011
Refunding Delivery Date	12/01/2011

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Morgan Keegan & Company, Inc.



Preliminary

\$1,998,000

Simpson County Water District

USDA-RD Loan

Series 1994

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/30/2012	41,000.00	-	76,975.00	117,975.00
12/30/2013	42,000.00	-	74,900.00	116,900.00
12/30/2014	45,000.00	-	72,725.00	117,725.00
12/30/2015	47,000.00	-	70,425.00	117,425.00
12/30/2016	49,000.00	-	68,025.00	117,025.00
12/30/2017	52,000.00	-	65,500.00	117,500.00
12/30/2018	54,000.00	-	62,850.00	116,850.00
12/30/2019	57,000.00	-	60,075.00	117,075.00
12/30/2020	60,000.00	-	57,150.00	117,150.00
12/30/2021	63,000.00	-	54,075.00	117,075.00
12/30/2022	66,000.00	-	50,850.00	116,850.00
12/30/2023	69,000.00	-	47,475.00	116,475.00
12/30/2024	73,000.00	-	43,925.00	116,925.00
12/30/2025	76,000.00	-	40,200.00	116,200.00
12/30/2026	80,000.00	-	36,300.00	116,300.00
12/30/2027	84,000.00	-	32,200.00	116,200.00
12/30/2028	89,000.00	-	27,875.00	116,875.00
12/30/2029	93,000.00	-	23,325.00	116,325.00
12/30/2030	97,000.00	-	18,575.00	115,575.00
12/30/2031	102,000.00	-	13,600.00	115,600.00
12/30/2032	108,000.00	-	8,350.00	116,350.00
12/30/2033	113,000.00	5.000%	2,825.00	115,825.00
Total	\$1,560,000.00	-	\$1,008,200.00	\$2,568,200.00

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	10/01/2011
Average Life	12.676 Years
Average Coupon	5.0000000%
Weighted Average Maturity (Par Basis)	12.676 Years

Refunding Bond Information

Refunding Dated Date	10/01/2011
Refunding Delivery Date	10/01/2011

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Simpson County Water District
Statements of Net Assets
December 31, 2010 and 2009

Assets

	2010	2009
Current Assets		
Cash and cash equivalents.....	\$ 256,695	\$ 180,421
Accounts receivable:		
Customer accounts receivable, net of allowance for uncollectibles of \$66,715 and \$64,184	39,083	21,159
Accounts receivable – other	37,112	111,424
Interest receivable.....	651	644
Prepaid insurance	9,150	9,166
Total Current Assets	342,691	322,814
Non-Current Assets		
Restricted cash and cash equivalents	396,921	480,393
Restricted short-term investments	998,020	980,965
Deferred charge	3,968	113,036
Capital assets:		
Utility plant in service	15,279,070	14,946,881
Construction in progress.....	70,908	880
Less: accumulated depreciation	(4,254,843)	(3,993,942)
Net Capital Assets	11,095,135	10,953,819
Total Non-Current Assets	12,494,044	12,528,213
Total Assets	\$ 12,836,735	\$ 12,851,027

Liabilities and Net Assets

	2010	2009
Current Liabilities		
Accounts payable.....	\$ 25,114	\$ 49,773
Accounts payable – WCWD.....	63,019	53,631
Accrued interest payable.....	9,221	10,102
Other current liabilities.....	10,042	15,351
Current portion of long-term debt.....	65,700	63,200
Total Current Liabilities	173,096	192,057
Non-Current Liabilities		
Rebates payable.....	122,858	293,929
Customer deposits.....	105,787	97,653
Bonds and loans payable.....	2,943,100	3,063,300
Less: unamortized bond discount.....	(6,965)	(8,714)
Less: current portion of long-term debt.....	(65,700)	(63,200)
Total Non-Current Liabilities	3,099,080	3,382,968
Total Liabilities	3,272,176	3,575,025
Net Assets		
Invested in capital assets, net of related debt.....	8,159,000	7,899,233
Restricted for debt service.....	94,855	96,175
Restricted for depreciation reserves.....	1,200,263	1,116,476
Unrestricted.....	110,441	164,118
Total Net Assets	9,564,559	9,276,002
Total Liabilities and Net Assets	\$ 12,836,735	\$ 12,851,027

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

Simpson County Water District
Statements of Revenues, Expenses and Changes in Net Assets
For the Years Ended December 31, 2010 and 2009

	2010	2009
Operating Revenues		
Metered sales:		
Residential	\$ 1,106,143	\$ 1,024,085
Commercial	668,712	587,011
Total Metered Sales	1,774,855	1,611,096
Forfeited discounts	22,861	22,468
Miscellaneous service revenue	18,489	19,527
Total Operating Revenues	1,816,205	1,653,091
Operating Expenses		
Purchased water	765,425	651,223
Pumping expense:		
Purchased power	24,201	21,253
Insurance	1,350	1,404
Miscellaneous	1,118	1,116
Contractual services	353	36,604
Professional services	917	869
Total Pumping Expense	27,939	61,246
General distribution expense:		
Purchased power	2,825	2,894
Salaries and benefits	72,473	71,894
Materials and supplies	5,523	94
Insurance	6,639	6,908
Miscellaneous	16,040	13,477
Contractual services	11,764	12,813
Professional services	917	869
Total General Distribution Expense	116,181	108,949
Customer accounts expense:		
Uncollectible accounts	2,531	5,215
Salaries and benefits	132,007	141,129
Materials and supplies	777	1,121
Insurance	1,350	1,405
Miscellaneous	20,100	16,464
Contractual services	27,705	28,452
Professional services	1,834	1,738
Total Customer Accounts Expense	186,304	195,524

	<u>2010</u>	<u>2009</u>
Maintenance expense:		
Salaries and benefits	28,329	26,689
Materials and supplies	23,133	24,293
Miscellaneous	1,986	3,039
Contractual services	41,352	37,260
Professional services	1,834	1,738
Total Maintenance Expense	<u>96,634</u>	<u>93,019</u>
Administrative and general expense:		
Salaries and benefits	43,003	51,756
Materials and supplies	3,149	3,212
Insurance	2,826	2,904
Miscellaneous	12,744	12,920
Contractual services	17,864	15,758
Professional services	6,634	6,538
Total Administrative and General Expense	<u>86,220</u>	<u>93,088</u>
Depreciation expense	326,515	292,641
Amortization expense	1,749	1,959
Total Operating Expenses	<u>1,606,967</u>	<u>1,497,649</u>
Operating Income	<u>209,238</u>	<u>155,442</u>
Non-Operating Revenues (Expenses)		
Interest income	22,532	31,238
Rental income	2,224	0
Gain on disposition of assets	6,745	0
Interest expense on long-term debt	(144,163)	(149,008)
Interest expense on customer deposits	(1,142)	(2,288)
PSC taxes	(2,617)	(2,686)
Total Non-Operating Revenues (Expenses)	<u>(116,421)</u>	<u>(122,744)</u>
Income Before Capital Contributions	92,817	32,698
Capital Contributions	<u>195,740</u>	<u>1,126,488</u>
Change in Net Assets	288,557	1,159,186
Total Net Assets – Beginning of Year	<u>9,276,002</u>	<u>8,116,816</u>
Total Net Assets – End of Year	<u><u>\$ 9,564,559</u></u>	<u><u>\$ 9,276,002</u></u>

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

Simpson County Water District
Statements of Cash Flows
For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash Flows From Operating Activities		
Receipts from customers and agencies	\$ 1,872,593	\$ 1,650,100
Payments to suppliers for goods and services	(1,078,608)	(844,134)
Payments for contractual services	(275,812)	(291,468)
Net Cash Provided By Operating Activities	<u>518,173</u>	<u>514,498</u>
Cash Flows From Noncapital Financing Activities		
Interest paid on customer deposits	(1,142)	(2,288)
Net Cash Used In Noncapital Financing Activities	<u>(1,142)</u>	<u>(2,288)</u>
Cash Flows From Capital and Related Financing Activities		
Principal repayment on long-term debt	(120,200)	(117,100)
Capital contributions	195,740	1,126,488
Purchases of capital assets	(467,828)	(1,397,009)
Gain on sale of capital assets	6,745	0
Interest paid on long-term debt	(144,163)	(149,008)
Net Cash Used In Capital and Related Financing Activities	<u>(529,706)</u>	<u>(536,629)</u>
Cash Flows From Investing Activities		
Purchase of short-term investments	(998,020)	(980,965)
Maturity of short-term investments	980,965	1,054,715
Interest income	22,532	31,238
Net Cash Provided By Investing Activities	<u>5,477</u>	<u>104,988</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(7,198)</u>	<u>80,569</u>
Balances – Beginning of Year	<u>660,814</u>	<u>580,245</u>
Balances – End of Year	<u><u>\$ 653,616</u></u>	<u><u>\$ 660,814</u></u>

	<u>2010</u>	<u>2009</u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities		
Operating income	\$ 209,238	\$ 155,442
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation expense	326,512	292,641
Amortization expense	1,749	1,959
Payment of PSC taxes	(2,617)	(2,686)
Non-utility rental income	2,224	0
Changes in assets and liabilities:		
Net (increase) decrease in accounts receivable, net	56,388	(2,991)
Net (increase) decrease in interest receivable	(7)	1,156
Net decrease in prepaid insurance	16	386
Net (increase) decrease in deferred charge	109,068	(103,569)
Net increase (decrease) in accounts payable	(15,271)	43,924
Net increase (decrease) in rebates payable	(171,071)	121,505
Net increase (decrease) in other current liabilities	(6,190)	4,059
Net increase in customer deposits	8,134	2,672
Net Cash Provided By Operating Activities	\$ 518,173	\$ 514,498

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