

Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202-1410  
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CHARLES S. MUSSON  
W. RANDALL JONES  
CHRISTIAN L. JUCKETT

March 30, 2016

RECEIVED

APR -4 2016

Public Service  
Commission

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

Re: Christian County Water District PSC Application

Dear Mr. Derouen:

Enclosed please find the original and ten (10) copies of the Application of the Christian 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 reamortizing a loan from the Kentucky Rural Water Finance Corporation.

**Please be advised that the District is requesting the Commission to expedite this Application and issue the approving Order on or before May 1, 2016 due to the fact that an upward shift in the current interest rate market could negate any interest cost savings to the District.**

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

Sincerely,

Rubin & Hays

By   
W. Randall Jones

WRJ:jlm  
Enclosures

cc: Mr. James Owen, Christian County Water District  
Ms. Kristen Millard, Raymond James and Associates

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

RECEIVED

APR - 4 2016

Public Service  
Commission

IN THE MATTER OF:

THE APPLICATION OF CHRISTIAN COUNTY )  
 WATER DISTRICT TO ISSUE SECURITIES IN )  
 THE APPROXIMATE PRINCIPAL AMOUNT OF )  
 \$2,315,000 FOR THE PURPOSE OF REAMORTIZING ) CASE NO. 2016 - \_\_\_\_\_  
 A CERTAIN OUTSTANDING LOAN OF THE )  
 DISTRICT PURSUANT TO THE PROVISIONS )  
 OF KRS 278.300 AND 807 KAR 5:001 )

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APPLICATION

The Applicant, Christian 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 \$2,315,000 (subject to adjustment of up to 10%), for the purpose of reamortizing a certain outstanding loan 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 Christian County, which Order is on file in the County Court Order Books in the office of the Clerk of Christian 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:

Christian County Water District  
c/o Mr. James Owen, Superintendent  
P.O. Box 7  
Hopkinsville, Kentucky 42241-0007  
Telephone: (270) 886-3696  
Fax: (270) 886-0708  
Email: [jameso@ccwd.net](mailto:jameso@ccwd.net)

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 2015 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 amended assistance agreement (the "KRWFC Loan"), in the estimated principal amount of \$2,315,000 (subject to adjustment of up to 10%) for the purpose of reamortizing an outstanding loan from KRWFC designated as Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2005C, dated October 19, 2005, in the original principal amount of \$3,281,000 (the "Prior Loan"). The Prior Loan is currently held in the open market.

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) reamortize the Prior Loan pursuant to an amended assistance agreement; and (ii) pay the fees and expenses incident to the issuance of the KRWFC Loan.

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

9. It is anticipated that the proposed reamortization will result in a net present value cashflow savings of approximately \$160,492.33. These savings are shown on the Debt Service Comparison, which is attached hereto and incorporated herein by reference as **Exhibit C**.

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

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

12. The District represents that the KRWFC Loan is in the public interest and is intended to accomplish the purpose of strengthening the financial condition of the District by producing

substantial debt service savings. This is a lawful object within the corporate purposes of the District's utility operations. The KRWFC Loan is necessary, appropriate for, and consistent with the proper performance by the District of its service to the public and will not impair its ability to perform that service.

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

14. The detailed Statement of Revenues, Expenses and Changes in Net Position, Statement of Net Position and Statement of Cash Flows for the twelve month period ending on December 31, 2014 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 2015 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 2015 Annual Report on file with this Commission.
  - (iii) Section 18(1)(c): The District is not issuing any stock as part of this financing. The information concerning the proposed KRWFC Loan is contained in this Application. The KRWFC Loan will be secured by and payable from the gross revenues of the District's water system.
  - (iv) Section 18(1)(d): The proceeds of the KRWFC Loan are being used to reamortize the outstanding Prior Loan.

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

17. No rate adjustment will be necessary.

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

1. Authorize the issuance of the securities requested in the Application;
2. Due to the volatility of the present bond market and in order to achieve substantial interest cost savings to the District by taking full advantage of current low interest rates, the District requests that the Commission issued its Order on or before **May 1, 2016**; 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.

Christian County Water District

By Ashbel Brunson III  
Ashbel Brunson, III, Chairman  
P.O. Box 7  
Hopkinsville, Kentucky 42241-0007  
Phone: (270) 886-3696  
Fax: (270) 886-0708  
Email: [jameso@ccwd.net](mailto:jameso@ccwd.net)

Rubin & Hays

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



STATE OF KENTUCKY            )  
  ) SS  
COUNTY OF CHRISTIAN        )

The affiant, Ashbel Brunson, III, being first duly sworn, states: That he is the Chairman of the Christian 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 28 day of March, 2016.

Ashbel Brunson III  
Ashbel Brunson, III, Chairman

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by Ashbel Brunson, III, Chairman of the Christian County Water District, on this the 28 day of March, 2016.

My Commission expires: Sept. 25, 2018.

Angela J. Long # 519433  
NOTARY PUBLIC





Preliminary

**\$2,315,000**

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

**Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
03/30/2016	-	-	-	-	-
08/01/2016	-	-	22,928.66	22,928.66	-
12/31/2016	-	-	-	-	22,928.66
02/01/2017	135,000.00	2.550%	34,108.75	169,108.75	-
08/01/2017	-	-	32,387.50	32,387.50	-
12/31/2017	-	-	-	-	201,496.25
02/01/2018	135,000.00	2.550%	32,387.50	167,387.50	-
08/01/2018	-	-	30,666.25	30,666.25	-
12/31/2018	-	-	-	-	198,053.75
02/01/2019	150,000.00	2.550%	30,666.25	180,666.25	-
08/01/2019	-	-	28,753.75	28,753.75	-
12/31/2019	-	-	-	-	209,420.00
02/01/2020	145,000.00	2.500%	28,753.75	173,753.75	-
08/01/2020	-	-	26,941.25	26,941.25	-
12/31/2020	-	-	-	-	200,695.00
02/01/2021	155,000.00	2.450%	26,941.25	181,941.25	-
08/01/2021	-	-	25,042.50	25,042.50	-
12/31/2021	-	-	-	-	206,983.75
02/01/2022	150,000.00	2.600%	25,042.50	175,042.50	-
08/01/2022	-	-	23,092.50	23,092.50	-
12/31/2022	-	-	-	-	198,135.00
02/01/2023	160,000.00	3.300%	23,092.50	183,092.50	-
08/01/2023	-	-	20,452.50	20,452.50	-
12/31/2023	-	-	-	-	203,545.00
02/01/2024	170,000.00	3.250%	20,452.50	190,452.50	-
08/01/2024	-	-	17,690.00	17,690.00	-
12/31/2024	-	-	-	-	208,142.50
02/01/2025	170,000.00	3.250%	17,690.00	187,690.00	-
08/01/2025	-	-	14,927.50	14,927.50	-
12/31/2025	-	-	-	-	202,617.50
02/01/2026	175,000.00	3.200%	14,927.50	189,927.50	-
08/01/2026	-	-	12,127.50	12,127.50	-
12/31/2026	-	-	-	-	202,055.00
02/01/2027	185,000.00	3.150%	12,127.50	197,127.50	-
08/01/2027	-	-	9,213.75	9,213.75	-
12/31/2027	-	-	-	-	206,341.25
02/01/2028	190,000.00	3.150%	9,213.75	199,213.75	-
08/01/2028	-	-	6,221.25	6,221.25	-
12/31/2028	-	-	-	-	205,435.00
02/01/2029	195,000.00	3.150%	6,221.25	201,221.25	-
08/01/2029	-	-	3,150.00	3,150.00	-
12/31/2029	-	-	-	-	204,371.25
02/01/2030	200,000.00	3.150%	3,150.00	203,150.00	-
12/31/2030	-	-	-	-	203,150.00
<b>Total</b>	<b>\$2,315,000.00</b>	<b>-</b>	<b>\$558,369.91</b>	<b>\$2,873,369.91</b>	<b>-</b>

**Yield Statistics**

Bond Year Dollars	\$18,140.60
Average Life	7.836 Years
Average Coupon	3.0780128%
Net Interest Cost (NIC)	2.8964695%
True Interest Cost (TIC)	2.8614903%
Bond Yield for Arbitrage Purposes	2.5696612%
All Inclusive Cost (AIC)	3.0979860%

**IRS Form 8038**

Net Interest Cost	2.6256203%
Weighted Average Maturity	7.822 Years

**Raymond James**

Public Finance

Preliminary

**\$2,315,000**

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

## Sources & Uses

Dated 03/30/2016 | Delivered 03/30/2016

### Sources Of Funds

Par Amount of Bonds	\$2,315,000.00
Reoffering Premium	68,815.55
Transfers from Prior Issue Debt Service Funds	18,056.69

**Total Sources** **\$2,401,872.24**

### Uses Of Funds

Total Underwriter's Discount (1.550%)	35,882.50
Costs of Issuance	37,225.00
Deposit to Current Refunding Fund	2,325,890.13
Rounding Amount	2,874.61

**Total Uses** **\$2,401,872.24**

Preliminary

**\$2,315,000**

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

### Debt Service Comparison

Date	Total P+I	Net New D/S	Old Net D/S	Savings
12/31/2016	22,928.66	22,928.66	48,340.13	25,411.47
12/31/2017	201,496.25	201,496.25	214,712.26	13,216.01
12/31/2018	198,053.75	198,053.75	209,876.26	11,822.51
12/31/2019	209,420.00	209,420.00	219,738.01	10,318.01
12/31/2020	200,695.00	200,695.00	214,230.01	13,535.01
12/31/2021	206,983.75	206,983.75	218,429.88	11,446.13
12/31/2022	198,135.00	198,135.00	212,350.75	14,215.75
12/31/2023	203,545.00	203,545.00	215,967.00	12,422.00
12/31/2024	208,142.50	208,142.50	219,119.00	10,976.50
12/31/2025	202,617.50	202,617.50	216,907.50	14,290.00
12/31/2026	202,055.00	202,055.00	214,394.50	12,339.50
12/31/2027	206,341.25	206,341.25	216,487.38	10,146.13
12/31/2028	205,435.00	205,435.00	218,117.88	12,682.88
12/31/2029	204,371.25	204,371.25	214,393.00	10,021.75
12/31/2030	203,150.00	203,150.00	215,206.50	12,056.50
<b>Total</b>	<b>\$2,873,369.91</b>	<b>\$2,873,369.91</b>	<b>\$3,068,270.06</b>	<b>\$194,900.15</b>

#### PV Analysis Summary (Net to Net)

Net FV Cashflow Savings	194,900.15
Gross PV Debt Service Savings	155,425.64
Effects of changes in Expenses	5,066.69
Net PV Cashflow Savings @ 3.098%(AIC)	160,492.33
Transfers from Prior Issue Debt Service Fund	(18,056.69)
Contingency or Rounding Amount	2,874.61
Net Present Value Benefit	\$145,310.25
Net PV Benefit / \$2,255,000 Refunded Principal	6.444%
Net Future Value Benefit	\$179,718.07
Net PV Benefit / \$2,315,000 Refunding Principal	6.277%
Average Annual Cash Flow Savings	13,921.44

#### Refunding Bond Information

Refunding Dated Date	3/30/2016
Refunding Delivery Date	3/30/2016

Preliminary

**\$3,281,000**

Christian County Water District

Kentucky Rural Water Finance Corporation

Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2005 C

## Debt Service To Maturity And To Call

Date	Retunded Bonds	Premium	Retunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
12/31/2016	2,255,000.00	22,550.00	48,340.13	2,325,890.13	-	-	48,340.13	48,340.13
12/31/2017	-	-	-	-	120,000.00	-	94,262.26	214,262.26
12/31/2018	-	-	-	-	120,000.00	-	89,426.26	209,426.26
12/31/2019	-	-	-	-	135,000.00	-	84,288.01	219,288.01
12/31/2020	-	-	-	-	135,000.00	-	78,780.01	213,780.01
12/31/2021	-	-	-	-	145,000.00	-	72,979.88	217,979.88
12/31/2022	-	-	-	-	145,000.00	-	66,900.75	211,900.75
12/31/2023	-	-	-	-	155,000.00	-	60,517.00	215,517.00
12/31/2024	-	-	-	-	165,000.00	-	53,669.00	218,669.00
12/31/2025	-	-	-	-	170,000.00	-	46,457.50	216,457.50
12/31/2026	-	-	-	-	175,000.00	-	38,944.50	213,944.50
12/31/2027	-	-	-	-	185,000.00	-	31,037.38	216,037.38
12/31/2028	-	-	-	-	195,000.00	-	22,667.88	217,667.88
12/31/2029	-	-	-	-	200,000.00	-	13,943.00	213,943.00
12/31/2030	-	-	-	-	210,000.00	-	4,756.50	214,756.50
<b>Total</b>	<b>\$2,255,000.00</b>	<b>\$22,550.00</b>	<b>\$48,340.13</b>	<b>\$2,325,890.13</b>	<b>\$2,255,000.00</b>	<b>-</b>	<b>\$806,970.06</b>	<b>\$3,061,970.06</b>

### Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	3/30/2016
Average Life	8.040 Years
Average Coupon	4.3635215%
Weighted Average Maturity (Par Basis)	8.040 Years
Weighted Average Maturity (Original Price Basis)	8.033 Years

### Refunding Bond Information

Refunding Dated Date	3/30/2016
Refunding Delivery Date	3/30/2016

**CHRISTIAN COUNTY WATER DISTRICT  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014	2013
Operating revenues:		
Water sales	\$ 3,287,993	\$ 3,021,956
Other revenues	99,252	104,787
	3,387,245	3,126,743
Operating expenses:		
Water purchased	1,148,858	1,041,561
Depreciation	579,174	570,434
Salaries	544,639	541,742
Maintenance and repairs	59,915	72,086
Insurance	172,334	178,867
Rental expense	578	6,438
Electricity for pumping	79,000	68,816
Professional services	34,088	33,296
Office supplies and expense	129,197	129,214
Operating materials and supplies	45,853	43,819
Payroll taxes and fringe benefits	130,887	139,934
Transportation expenses	53,128	42,718
	2,977,651	2,868,925
Operating income	409,594	257,818
Nonoperating revenue (expense):		
Interest and dividend income	27,437	26,496
Gain (loss) on disposal of assets	-	15,688
Interest expense	(358,270)	(411,914)
Reimbursement	-	(9,886)
Amortization of bond issuance costs	(9,876)	(34,584)
Unrealized gain (loss) on Investments	36,591	(55,077)
	(304,118)	(469,277)
Income (loss) before grants and capital contributions	105,476	(211,459)
Grants and capital contributions	82,338	41,762
Change in net position, carried forward	\$ 187,814	\$ (169,697)

See accompanying notes to financial statements

**CHRISTIAN COUNTY WATER DISTRICT  
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION, continued  
 FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014	2013
Change in net position, brought forward	\$ 187,814	\$ (169,697)
Net position, beginning of year	9,760,826	9,930,523
Net position, end of year	\$ 9,948,640	\$ 9,760,826

See accompanying notes to financial statements



**CHRISTIAN COUNTY WATER DISTRICT  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2014 AND 2013**

<b>ASSETS</b>	2014	2013
Current assets:		
Cash and cash equivalents	\$ 239,517	\$ 234,246
Accounts receivable and unbilled revenues	698,006	664,287
Allowance for uncollectible accounts	(159,563)	(176,320)
Inventory	214,261	250,505
Prepaid expenses	18,969	18,527
Total current assets	1,011,190	991,245
Restricted assets:		
Cash - customers' deposits	49,604	51,495
Cash - bond and interest redemption account	651,942	601,768
Cash - depreciation reserve account	1,141,030	1,045,793
Cash - bond reserve account	329,280	325,073
Investments - depreciation reserve	742,375	672,829
Total restricted assets	2,914,231	2,696,958
Capital assets not being depreciated:		
Land and land rights	118,491	118,491
Construction in progress	12,066	24,304
Capital assets being depreciated:		
Water supply and distribution system	15,382,650	15,817,071
Total capital assets	15,513,207	15,959,866
Other assets:		
Deposits	115	115
Deferred charges:		
Unamortized bond issuance costs	182,710	192,586
Total assets	\$ 19,621,453	\$ 19,840,770

See accompanying notes to financial statements

**CHRISTIAN COUNTY WATER DISTRICT  
STATEMENTS OF NET POSITION, continued  
DECEMBER 31, 2014 AND 2013**

<b>LIABILITIES</b>	<u>2014</u>	<u>2013</u>
Current liabilities:		
Accounts payable and accrued expenses	\$ 158,305	\$ 154,920
Accrued wages	6,035	3,559
	<u>164,340</u>	<u>158,479</u>
Current liabilities payable from restricted assets:		
Customers' deposits	49,604	51,495
Interest payable	175,669	180,623
Notes payable - current	6,000	6,000
Long-term debt - current portion	383,500	395,500
	<u>614,773</u>	<u>633,618</u>
Noncurrent liabilities:		
Long-term debt (net of unamortized discounts and premiums)	8,525,854	8,910,254
Notes payable	350,000	356,000
Compensated absences	17,846	21,593
	<u>8,893,700</u>	<u>9,287,847</u>
Total noncurrent liabilities	<u>8,893,700</u>	<u>9,287,847</u>
Total liabilities	<u>9,672,813</u>	<u>10,079,944</u>
<b>NET POSITION</b>		
Net investment in capital assets	6,247,853	6,292,112
Restricted for customers' deposits	49,604	51,495
Restricted for debt service	981,222	926,841
Restricted for capital projects	1,883,405	1,718,622
Unrestricted	786,556	771,756
	<u>9,948,640</u>	<u>9,760,826</u>
Total net position	<u>\$ 9,948,640</u>	<u>\$ 9,760,826</u>

See accompanying notes to financial statements

CHRISTIAN COUNTY WATER DISTRICT  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
Cash flows from operating activities		
Receipts from customers and users	\$ 3,337,047	\$ 3,156,357
Cash payments to suppliers for goods and services	(1,685,406)	(1,570,682)
Cash payments to employees	(675,434)	(694,818)
Net cash provided by operating activities	976,207	890,857
Cash flows from capital and related financing activities		
Proceeds from grants	24,480	-
Purchases and construction of property and equipment	(132,515)	(235,785)
Principal paid on debt	(401,500)	(2,038,500)
Proceeds from debt	-	1,755,000
Bond issuance costs	-	(53,200)
Premium on bond issuance	-	16,962
Tap-on fees	41,035	38,650
Contributed lines	16,823	3,112
Proceeds from disposal of capital assets	-	16,889
Loss (gain) on disposal of capital assets	-	(15,688)
Customer deposits	(1,891)	3,170
Interest expense	(361,738)	(431,982)
Reimbursements	-	(9,886)
Net cash used in capital and related financing activities	(815,306)	(951,258)
Cash flows from investing activities		
Purchase of investments	(12,600)	(17,286)
Interest income	4,697	24,276
Net cash used by investing activities	(7,903)	6,990
Net increase (decrease) in cash and cash equivalents	152,998	(53,411)
Cash at beginning of year	2,258,375	2,311,786
Cash at end of year	2,411,373	2,258,375
Less restricted cash		
Cash - customer deposits	(49,604)	(51,495)
Cash - bond and interest redemption	(651,942)	(601,768)
Cash - depreciation reserve	(1,141,030)	(1,045,793)
Cash - bond reserve	(329,280)	(325,073)
Total restricted cash	(2,171,856)	(2,024,129)
Cash and cash equivalents per statement of net position	\$ 239,517	\$ 234,246

See accompanying notes to financial statements

**CHRISTIAN COUNTY WATER DISTRICT  
STATEMENTS OF CASH FLOWS, continued  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014	2013
Cash flows from operating activities		
Operating income	\$ 409,594	\$ 257,818
Adjustment to reconcile revenue to net cash provided by operating activities:		
Depreciation	579,174	570,434
(Increase) decrease in:		
Accounts receivable and unbilled revenues	(50,476)	29,582
Inventory	36,244	39,182
Prepaid expenses	(442)	(2,236)
Increase (decrease) in:		
Accounts payable	3,385	17,986
Accrued wages	2,476	(17,142)
Compensated absences	(3,748)	(4,767)
Net cash provided by operating activities	\$ 976,207	\$ 890,857

See accompanying notes to financial statements