

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF:

**THE APPLICATION OF THE OHIO COUNTY)
WATER DISTRICT TO ISSUE SECURITIES IN)
THE APPROXIMATE PRINCIPAL AMOUNT OF)
\$7,555,000 FOR THE PURPOSE OF REFUNDING) CASE NO. 2019 - 000403
CERTAIN OUTSTANDING OBLIGATIONS OF)
THE DISTRICT PURSUANT TO THE)
PROVISIONS OF KRS 278.300 AND 807 KAR 5:001)**

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

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 \$7,555,000 (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 and email address of the District is as follows:

Ohio County Water District
c/o Mr. Walt Beasley, General Manager
124 East Washington Street
Hartford, Kentucky 42347
Telephone: (270) 298-7704
Fax: (270) 298-9890
email: waltb32@gmail.com

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 2018 which is on file with the Commission. The Annual Report is incorporated herein by reference.

5. The District proposes to borrow funds from KRWFC pursuant to an Assistance Agreement (the "KRWFC Loan"), in the estimated principal amount of \$7,555,000 (subject to adjustment of up to 10%) for the purpose of (a) refunding certain outstanding revenue bonds of the District designated as (i) Ohio County Water District Waterworks Improvement and Refunding Revenue Bonds, Series 2010A, dated June 15, 2011, in the original principal amount of \$7,000,000, bearing interest at the rate of 4.125% per annum (the "2010A Bonds") currently held by the United States Department of Agriculture, acting through Rural Development ("RD"); and (ii) Ohio County Water District Waterworks Improvement and Refunding Revenue Bonds, Series 2010B, dated June

15, 2011, in the original principal amount of \$1,200,000, bearing interest at the rate of 4.125% per annum (the "2010B Bonds") currently held by RD, (hereinafter, the 2010A Bonds and the 2010B Bonds are collectively referred to as the "Prior Bonds"); and (b) paying the costs of issuance of the KRWFC Loan.

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 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 (ii) pay the costs of 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 refunding of the Prior Bonds will result in a net present value benefit of approximately \$1,055,908.55. 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 Schedules of the outstanding Prior Bonds are 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 Statements of Revenues, Expenses and Changes in Fund Net Position, Statements of Net Position, and Statements of Cash Flows for the twelve month periods ending on December 31, 2017 and 2018 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 2018 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 2018 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 refund the outstanding Prior Bonds and pay the costs of issuance thereof.
- (v) Section 18(1)(e): No property is being acquired with the proceeds of the KRWFC Loan.
- (vi) Section 18(1)(f): The details of the refunding 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 (see **Exhibit "F"** attached hereto).
- (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 as soon as possible; 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 

Ben Everley, Chairman
124 East Washington Street
Hartford, Kentucky 42347
Phone: (270) 298-7704
Fax: (270) 298-9890
Email: waltb32@gmail.com

Rubin & Hays

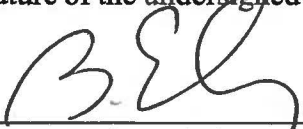
By 

W. Randall Jones
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
Phone: (502) 569-7534
Email: wrjones@rubinhays.com
Counsel for Ohio County Water
District

STATE OF KENTUCKY)
) SS
COUNTY OF OHIO)

The affiant, Ben Everley, 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 the 31 day of October, 2019.



Ben Everley, Chairman

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by Ben Everley, Chairman of the Ohio County Water District, on this the 31 day of October, 2019.

My Commission expires: 10/2/22.



NOTARY PUBLIC
608882

EXHIBIT A

Net Debt Service Schedule

\$7,555,000

Ohio County Water District
Potential Loan through the
Kentucky Rural Water Finance Corporation

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Expenses	Net New D/S
12/31/2019	-	-	-	-	-	-
12/31/2020	105,000.00	2.600%	156,736.00	261,736.00	450.00	262,186.00
12/31/2021	155,000.00	2.600%	217,680.00	372,680.00	450.00	373,130.00
12/31/2022	155,000.00	2.850%	213,650.00	368,650.00	450.00	369,100.00
12/31/2023	165,000.00	2.850%	209,232.50	374,232.50	450.00	374,682.50
12/31/2024	165,000.00	2.700%	204,530.00	369,530.00	450.00	369,980.00
12/31/2025	170,000.00	2.700%	200,075.00	370,075.00	450.00	370,525.00
12/31/2026	175,000.00	3.200%	195,485.00	370,485.00	450.00	370,935.00
12/31/2027	180,000.00	3.200%	189,885.00	369,885.00	450.00	370,335.00
12/31/2028	185,000.00	3.000%	184,125.00	369,125.00	450.00	369,575.00
12/31/2029	190,000.00	2.850%	178,575.00	368,575.00	450.00	369,025.00
12/31/2030	200,000.00	2.850%	173,160.00	373,160.00	450.00	373,610.00
12/31/2031	205,000.00	2.850%	167,460.00	372,460.00	450.00	372,910.00
12/31/2032	210,000.00	2.750%	161,617.50	371,617.50	450.00	372,067.50
12/31/2033	215,000.00	2.750%	155,842.50	370,842.50	450.00	371,292.50
12/31/2034	215,000.00	2.700%	149,930.00	364,930.00	450.00	365,380.00
12/31/2035	230,000.00	2.650%	144,125.00	374,125.00	450.00	374,575.00
12/31/2036	235,000.00	2.750%	138,030.00	373,030.00	450.00	373,480.00
12/31/2037	240,000.00	2.750%	131,567.50	371,567.50	450.00	372,017.50
12/31/2038	245,000.00	2.800%	124,967.50	369,967.50	450.00	370,417.50
12/31/2039	250,000.00	2.900%	118,107.50	368,107.50	450.00	368,557.50
12/31/2040	255,000.00	2.900%	110,857.50	365,857.50	450.00	366,307.50
12/31/2041	265,000.00	2.950%	103,462.50	368,462.50	450.00	368,912.50
12/31/2042	275,000.00	3.000%	95,645.00	370,645.00	450.00	371,095.00
12/31/2043	280,000.00	3.000%	87,395.00	367,395.00	450.00	367,845.00
12/31/2044	290,000.00	3.050%	78,995.00	368,995.00	450.00	369,445.00
12/31/2045	300,000.00	3.050%	70,150.00	370,150.00	450.00	370,600.00
12/31/2046	310,000.00	3.050%	61,000.00	371,000.00	450.00	371,450.00
12/31/2047	315,000.00	3.050%	51,545.00	366,545.00	450.00	366,995.00
12/31/2048	330,000.00	3.050%	41,937.50	371,937.50	450.00	372,387.50
12/31/2049	340,000.00	3.050%	31,872.50	371,872.50	450.00	372,322.50
12/31/2050	350,000.00	3.050%	21,502.50	371,502.50	450.00	371,952.50
12/31/2051	355,000.00	3.050%	10,827.50	365,827.50	450.00	366,277.50
Total	\$7,555,000.00	-	\$4,179,971.00	\$11,734,971.00	\$14,400.00	\$11,749,371.00

EXHIBIT B

Sources and Uses of Funds

\$7,555,000

Ohio County Water District
Potential Loan through the
Kentucky Rural Water Finance Corporation

Total Issue Sources And Uses

Dated 11/15/2019 | Delivered 11/15/2019

	2011 A	2011 B	Issue Summary
Sources Of Funds			
Par Amount of Bonds	\$6,450,000.00	\$1,105,000.00	\$7,555,000.00
Transfers from Prior Issue Debt Service Funds	120,298.75	20,640.42	140,939.17
Total Sources	\$6,570,298.75	\$1,125,640.42	\$7,695,939.17
Uses Of Funds			
Original Issue Discount (OID)	4,705.15	905.25	5,610.40
Total Underwriter's Discount (0.750%)	48,375.00	8,287.50	56,662.50
Costs of Issuance	66,634.35	11,415.65	78,050.00
Deposit to Current Refunding Fund	6,446,483.60	1,105,720.69	7,552,204.29
Rounding Amount	4,100.65	(688.67)	3,411.98
Total Uses	\$6,570,298.75	\$1,125,640.42	\$7,695,939.17

EXHIBIT C

Debt Service Comparison

\$7,555,000

Ohio County Water District
Potential Loan through the
Kentucky Rural Water Finance Corporation

Debt Service Comparison

Date	Total P+I	Trustee	Net New D/S	Old Net D/S	Savings
12/31/2019	-	-	-	-	-
12/31/2020	261,736.00	450.00	262,186.00	422,817.52	160,631.52
12/31/2021	372,680.00	450.00	373,130.00	423,032.50	49,902.50
12/31/2022	368,650.00	450.00	369,100.00	422,041.26	52,941.26
12/31/2023	374,232.50	450.00	374,682.50	422,885.00	48,202.50
12/31/2024	369,530.00	450.00	369,980.00	422,481.26	52,501.26
12/31/2025	370,075.00	450.00	370,525.00	422,871.26	52,346.26
12/31/2026	370,485.00	450.00	370,935.00	423,013.76	52,078.76
12/31/2027	369,885.00	450.00	370,335.00	421,908.76	51,573.76
12/31/2028	369,125.00	450.00	369,575.00	422,597.50	53,022.50
12/31/2029	368,575.00	450.00	369,025.00	422,997.52	53,972.52
12/31/2030	373,160.00	450.00	373,610.00	422,108.76	48,498.76
12/31/2031	372,460.00	450.00	372,910.00	421,972.50	49,062.50
12/31/2032	371,617.50	450.00	372,067.50	423,547.50	51,480.00
12/31/2033	370,842.50	450.00	371,292.50	423,751.26	52,458.76
12/31/2034	364,930.00	450.00	365,380.00	422,625.02	57,245.02
12/31/2035	374,125.00	450.00	374,575.00	423,210.02	48,635.02
12/31/2036	373,030.00	450.00	373,480.00	422,423.76	48,943.76
12/31/2037	371,567.50	450.00	372,017.50	423,307.50	51,290.00
12/31/2038	369,967.50	450.00	370,417.50	422,778.76	52,361.26
12/31/2039	368,107.50	450.00	368,557.50	422,878.76	54,321.26
12/31/2040	365,857.50	450.00	366,307.50	422,566.26	56,258.76
12/31/2041	368,462.50	450.00	368,912.50	422,841.26	53,928.76
12/31/2042	370,645.00	450.00	371,095.00	422,662.50	51,567.50
12/31/2043	367,395.00	450.00	367,845.00	423,030.02	55,185.02
12/31/2044	368,995.00	450.00	369,445.00	422,902.50	53,457.50
12/31/2045	370,150.00	450.00	370,600.00	423,280.02	52,680.02
12/31/2046	371,000.00	450.00	371,450.00	423,121.26	51,671.26
12/31/2047	366,545.00	450.00	366,995.00	423,426.26	56,431.26
12/31/2048	371,937.50	450.00	372,387.50	423,153.76	50,766.26
12/31/2049	371,872.50	450.00	372,322.50	423,303.76	50,981.26
12/31/2050	371,502.50	450.00	371,952.50	422,835.00	50,882.50
12/31/2051	365,827.50	450.00	366,277.50	422,747.52	56,470.02
TOTAL	\$11,734,971.00	\$14,400.00	\$11,749,371.00	\$13,531,120.30	\$1,781,749.30

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	1,202,679.52
Effects of changes in Expenses	(9,243.78)
Net PV Cashflow Savings @ 3.100%(AIC)	1,193,435.74
Transfers from Prior Issue Debt Service Fund	(140,939.17)
Contingency or Rounding Amount	3,411.98
Net Benefit	1,644,222.11
Net Present Value Benefit	\$1,055,908.55
Net PV Benefit / \$7,438,000 Refunded Principal	14.196%
Net PV Benefit / \$7,555,000 Refunding Principal	13.976%
Average Annual Cash Flow Savings	55,679.67

Refunding Bond Information

Refunding Dated Date	11/15/2019
Refunding Delivery Date	11/15/2019
Ohio Co Issue Summary 9/24/2019 12:16 PM	

Raymond James & Associates, Inc.

EXHIBIT D

Prior Bonds Debt Service

Preliminary

\$7,000,000

Ohio County Water District

RD Series 2010A

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2020	99,000.00	4.125%	261,896.26	360,896.26
12/31/2021	103,000.00	4.125%	257,812.50	360,812.50
12/31/2022	107,000.00	4.125%	253,563.76	360,563.76
12/31/2023	112,000.00	4.125%	249,150.00	361,150.00
12/31/2024	116,000.00	4.125%	244,530.00	360,530.00
12/31/2025	121,000.00	4.125%	239,745.00	360,745.00
12/31/2026	126,000.00	4.125%	234,753.76	360,753.76
12/31/2027	131,000.00	4.125%	229,556.26	360,556.26
12/31/2028	137,000.00	4.125%	224,152.50	361,152.50
12/31/2029	143,000.00	4.125%	218,501.26	361,501.26
12/31/2030	148,000.00	4.125%	212,602.50	360,602.50
12/31/2031	154,000.00	4.125%	206,497.50	360,497.50
12/31/2032	161,000.00	4.125%	200,145.00	361,145.00
12/31/2033	168,000.00	4.125%	193,503.76	361,503.76
12/31/2034	174,000.00	4.125%	186,573.76	360,573.76
12/31/2035	182,000.00	4.125%	179,396.26	361,396.26
12/31/2036	189,000.00	4.125%	171,888.76	360,888.76
12/31/2037	197,000.00	4.125%	164,092.50	361,092.50
12/31/2038	205,000.00	4.125%	155,966.26	360,966.26
12/31/2039	213,000.00	4.125%	147,510.00	360,510.00
12/31/2040	222,000.00	4.125%	138,723.76	360,723.76
12/31/2041	231,000.00	4.125%	129,566.26	360,566.26
12/31/2042	241,000.00	4.125%	120,037.50	361,037.50
12/31/2043	251,000.00	4.125%	110,096.26	361,096.26
12/31/2044	261,000.00	4.125%	99,742.50	360,742.50
12/31/2045	272,000.00	4.125%	88,976.26	360,976.26
12/31/2046	283,000.00	4.125%	77,756.26	360,756.26
12/31/2047	295,000.00	4.125%	66,082.50	361,082.50
12/31/2048	307,000.00	4.125%	53,913.76	360,913.76
12/31/2049	320,000.00	4.125%	41,250.00	361,250.00
12/31/2050	333,000.00	4.125%	28,050.00	361,050.00
12/31/2051	347,000.00	4.125%	14,313.76	361,313.76
Total	\$6,349,000.00	-	\$5,200,346.42	\$11,549,346.42

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	11/15/2019
Average Life	19.484 Years
Average Coupon	4.1250001%
Weighted Average Maturity (Par Basis)	19.484 Years

Refunding Bond Information

Refunding Dated Date	11/15/2019
Refunding Delivery Date	11/15/2019

Ohio Co RD 2010A

Raymond James & Associates, Inc.

Public Finance

Preliminary

\$1,200,000

Ohio County Water District

RD - 2010 B

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2020	17,000.00	4.125%	44,921.26	61,921.26
12/31/2021	18,000.00	4.125%	44,220.00	62,220.00
12/31/2022	18,000.00	4.125%	43,477.50	61,477.50
12/31/2023	19,000.00	4.125%	42,735.00	61,735.00
12/31/2024	20,000.00	4.125%	41,951.26	61,951.26
12/31/2025	21,000.00	4.125%	41,126.26	62,126.26
12/31/2026	22,000.00	4.125%	40,260.00	62,260.00
12/31/2027	22,000.00	4.125%	39,352.50	61,352.50
12/31/2028	23,000.00	4.125%	38,445.00	61,445.00
12/31/2029	24,000.00	4.125%	37,496.26	61,496.26
12/31/2030	25,000.00	4.125%	36,506.26	61,506.26
12/31/2031	26,000.00	4.125%	35,475.00	61,475.00
12/31/2032	28,000.00	4.125%	34,402.50	62,402.50
12/31/2033	29,000.00	4.125%	33,247.50	62,247.50
12/31/2034	30,000.00	4.125%	32,051.26	62,051.26
12/31/2035	31,000.00	4.125%	30,813.76	61,813.76
12/31/2036	32,000.00	4.125%	29,535.00	61,535.00
12/31/2037	34,000.00	4.125%	28,215.00	62,215.00
12/31/2038	35,000.00	4.125%	26,812.50	61,812.50
12/31/2039	37,000.00	4.125%	25,368.76	62,368.76
12/31/2040	38,000.00	4.125%	23,842.50	61,842.50
12/31/2041	40,000.00	4.125%	22,275.00	62,275.00
12/31/2042	41,000.00	4.125%	20,625.00	61,625.00
12/31/2043	43,000.00	4.125%	18,933.76	61,933.76
12/31/2044	45,000.00	4.125%	17,160.00	62,160.00
12/31/2045	47,000.00	4.125%	15,303.76	62,303.76
12/31/2046	49,000.00	4.125%	13,365.00	62,365.00
12/31/2047	51,000.00	4.125%	11,343.76	62,343.76
12/31/2048	53,000.00	4.125%	9,240.00	62,240.00
12/31/2049	55,000.00	4.125%	7,053.76	62,053.76
12/31/2050	57,000.00	4.125%	4,785.00	61,785.00
12/31/2051	59,000.00	4.125%	2,433.76	61,433.76
Total	\$1,089,000.00	-	\$892,773.88	\$1,981,773.88

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	11/15/2019
Average Life	19.502 Years
Average Coupon	4.1250006%
Weighted Average Maturity (Par Basis)	19.502 Years

Refunding Bond Information

Refunding Dated Date	11/15/2019
Refunding Delivery Date	11/15/2019

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Raymond James & Associates, Inc.

Public Finance

EXHIBIT E

Financial Statements

**OHIO COUNTY WATER DISTRICT
STATEMENTS OF NET POSITION
December 31, 2018 and 2017**

	2018	2017
Assets		
Current Assets		
Cash and cash equivalents	\$ 484,451	\$ 436,229
Accounts receivable - customers	300,311	270,532
Accounts receivable - other	15,441	4,142
Prepaid expenses	18,614	15,902
Unbilled revenue receivable	274,715	270,468
Interest receivable	<u>6,469</u>	<u>6,379</u>
Total Current assets	1,100,001	1,003,652
Restricted Assets		
Debt service fund		
Cash and cash equivalents	520,098	533,227
Construction fund		
Cash and cash equivalents	6,296	6,296
Depreciation fund		
Cash and cash equivalents	362,936	759,570
Investments	1,992,085	1,961,674
Debt service reserve fund		
Investments	101,165	99,665
Replacement reserve fund		
Cash and cash equivalents	<u>440,594</u>	<u>382,122</u>
Total Restricted Assets	3,423,174	3,742,554
Property, Plant, Equipment, and Intangibles net of accumulated depreciation	<u>30,206,017</u>	<u>30,266,452</u>
Total Assets	<u>\$ 34,729,192</u>	<u>\$ 35,012,658</u>
Deferred Outflows of Resources		
Deferred outflows - pensions	576,759	599,704
Deferred outflows - OPEB	<u>190,395</u>	<u>153,754</u>
Total Deferred Outflows of Resources	<u>\$ 767,154</u>	<u>\$ 753,458</u>

OHIO COUNTY WATER DISTRICT
STATEMENTS OF NET POSITION (Continued)
December 31, 2018 and 2017

	2018	2017
Liabilities		
Current Liabilities		
Accounts payable	\$ 175,022	\$ 96,260
Accrued payroll taxes	5,704	7,889
Sales tax payable	799	2,265
Utility tax payable	8,253	14,264
Accrued salaries	53,429	38,734
Accrued interest	165,336	168,695
Current portion of long-term debt	487,965	470,433
Current portion of compensated absence	9,241	5,738
Accrued retirement	18,868	18,199
Customers' deposits	<u>178,232</u>	<u>157,072</u>
Total Current Liabilities	1,102,849	979,549
Long-term Liabilities		
Loan payable to Kentucky Infrastructure Authority F15-069	1,154,239	1,123,219
Loan payable to Kentucky Infrastructure Authority F08-08	2,599,948	2,802,888
Revenue bonds payable series 91-01 & 91-03	7,464,500	7,583,000
Revenue bonds payable series 2015	450,000	560,000
Compensated absences	30,129	12,240
Net pension liability	2,080,814	1,799,951
Net OPEB liability	<u>606,593</u>	<u>618,200</u>
Total Long-term Liabilities	<u>14,386,223</u>	<u>14,499,498</u>
Total Liabilities	<u>\$ 15,489,072</u>	<u>\$ 15,479,047</u>
 Deferred Inflows of Resources		
Deferred inflows – bond premium	3,679	4,482
Deferred inflows - pensions	163,833	196,554
Deferred inflows - OPEB	<u>115,036</u>	<u>32,368</u>
Total Deferred Inflows of Resources	<u>\$ 282,548</u>	<u>\$ 233,404</u>
 Net Position		
Invested in capital assets, net of related debt	18,055,661	17,737,208
Restricted for debt service and construction	896,520	846,319
Unrestricted	<u>772,545</u>	<u>1,470,138</u>
Total Net Position	<u>\$ 19,724,726</u>	<u>\$ 20,053,665</u>

OHIO COUNTY WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years Ended December 31, 2018 and 2017

	2018	2017
Operating Revenues		
Water sales	\$ 3,540,522	\$ 3,511,005
Miscellaneous service revenue	44,185	51,457
Penalties	71,306	69,091
Other revenues	<u>22,796</u>	<u>50,775</u>
Total Operating Revenues	3,678,809	3,682,328
Operating Expenses		
Salaries and wages	928,397	868,412
Payroll tax expense	75,951	67,251
Employee pension and benefits	640,129	539,668
Utilities	358,746	334,058
Chemicals	77,554	94,245
Materials and supplies	45,636	102,082
Contractual services	413,839	570,211
Rental of building and other real estate	1,560	1,026
Rental of equipment	2,906	1,347
Transportation expense	8,705	62,853
Insurance	79,084	80,676
Regulatory commission expense	7,552	7,272
Bad debt expense	18,000	19,445
Telephone expense	29,540	20,938
Miscellaneous	70,005	58,500
Depreciation	<u>1,147,618</u>	<u>1,139,914</u>
Total Operating Expenses	3,905,222	3,967,898
Operating Income	(226,413)	(285,570)
Non-operating Revenues / (Expenses)		
Interest income	42,823	43,565
Gain / (loss) on sale of equipment	(31,694)	32,261
Interest expense	(380,247)	(385,308)
KIA service fees	(6,659)	(5,379)
Non-utility income	12,000	11,600
Non-utility expense	<u>(7,502)</u>	<u>(5,505)</u>
Total Non-operating Revenues / (Expenses)	(371,279)	(308,766)
Income Before Contributed Capital	(597,692)	(594,336)

OHIO COUNTY WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (Continued)
Years Ended December 31, 2018 and 2017

	2018	2017
Income Before Contributed Capital <i>(carried forward)</i>	\$ (597,692)	\$ (594,336)
Contributed Capital		
Grant income	-0-	324,672
Capital contributions from customers	41,430	50,035
Capital contributions from other governments	<u>227,323</u>	<u>152,801</u>
Total Contributed Capital	<u>268,753</u>	<u>527,508</u>
Change in Net Position	(328,939)	(66,828)
Net Position, Beginning of Year	<u>20,053,665</u>	20,605,391
Change in Accounting Principle, GASB 75		<u>(484,898)</u>
Net Position, Beginning of Year, Restated		<u>20,120,493</u>
Net Position, End of Year	<u>\$ 19,724,726</u>	<u>\$ 20,053,665</u>

**OHIO COUNTY WATER DISTRICT
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2018 and 2017**

	2018	2017
Cash flows from operating activities		
Cash received from customers	\$ 3,633,483	\$ 3,724,803
Cash payment to suppliers	(720,875)	(1,356,983)
Cash payments to employees	<u>(1,607,722)</u>	<u>(1,457,668)</u>
Net cash provided by operating activities	1,304,886	910,152
Cash flows from noncapital financing activities		
Proceeds from noncapital financing	<u>-0-</u>	<u>-0-</u>
Net cash provided by noncapital financing activities	-0-	-0-
Cash flows from capital and related financing activities		
Proceeds from notes payable	87,546	237,780
Proceeds from equipment sales	290,137	32,261
Proceeds from capital contributions	268,753	527,508
Principal paid on bonds and notes payable	(470,434)	(433,104)
Interest paid on bonds and notes payable	(383,606)	(386,222)
Other interest	-0-	(4,667)
Net capital expenditures	<u>(1,410,684)</u>	<u>(1,123,006)</u>
Net cash used by capital and related financing activities	(1,618,288)	(1,149,450)
Cash flows from investing activities		
Purchase of investments	(31,911)	(31,426)
Interest income	42,733	42,988
Other non-utility income / (expense)	<u>(489)</u>	<u>2,069</u>
Net cash provided by investing activities	<u>10,333</u>	<u>13,631</u>
Net (decrease) in cash and cash equivalents	(303,069)	(225,667)
Cash and cash equivalents, beginning of year	<u>2,117,444</u>	<u>2,343,111</u>
Cash and cash equivalents, end of year	<u>\$ 1,814,375</u>	<u>\$ 2,117,444</u>
Reflected in the Statements of Net Position		
Cash and cash equivalents	\$ 484,451	\$ 436,229
Restricted cash and cash equivalents – debt service fund	520,098	533,227
Restricted cash and cash equivalents – construction fund	6,296	6,296
Restricted cash and cash equivalents – depreciation fund	362,936	759,570
Restricted cash and cash equivalents – replacement reserve fund	<u>440,594</u>	<u>382,122</u>
Total cash and cash equivalents	<u>\$ 1,814,375</u>	<u>\$ 2,117,444</u>

OHIO COUNTY WATER DISTRICT
STATEMENTS OF CASH FLOWS (Continued)
Years Ended December 31, 2018 and 2017

	2018	2017
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ (226,413)	\$ (285,570)
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	1,147,618	1,139,914
(Increase) decrease in deferred outflows of resources	(13,696)	(354,036)
Increase (decrease) in deferred inflows of resources	49,144	195,164
Change in assets and liabilities		
(Increase) decrease in customers' receivables	(29,780)	15,286
(Increase) decrease in other receivables	(11,299)	34,614
(Increase) decrease in prepaid expenses	(2,712)	8,263
(Increase) decrease in unbilled revenue receivable	(4,247)	(7,425)
Increase (decrease) in accounts payable	78,761	(109,011)
Increase (decrease) in construction payable	-0-	(98,834)
Increase (decrease) in accrued taxes and retirement	(8,992)	3,790
Increase (decrease) in accrued salaries	14,695	5,717
Increase (decrease) in compensated absences	21,391	(3,760)
Increase (decrease) in customer deposits	21,160	(18,871)
Increase (decrease) in net pension liability	280,863	251,609
Increase (decrease) in net OPEB liability	<u>(11,607)</u>	<u>133,302</u>
Net cash provided (used) by operating activities	<u>\$ 1,304,886</u>	<u>\$ 910,152</u>

EXHIBIT F

Notification to State Local Debt Officer

Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202-1410
Telephone (502) 569-7525 Telefax (502) 569-7555 www.rubinhays.com

CHARLES S. MUSSON
W. RANDALL JONES
CHRISTIAN L. JUCKETT
NICHOLAS J. LOCOCO

November 7, 2019

Honorable Sandra K. Dunahoo
Commissioner and State Local Debt Officer
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601

Re: Ohio County Water District
Notice of Intent to Issue Securities

Dear Commissioner Dunahoo:

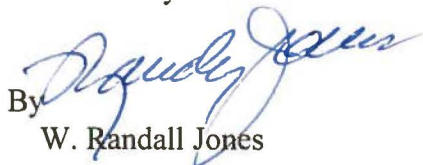
Pursuant to the regulations of the Kentucky Public Service Commission, specifically 807 KAR 5:001: Section 18(1)(g), please be advised that the Ohio County Water District (the "District") hereby notifies the State Local Debt Officer that the District intends on issuing securities in the form of a loan from the Kentucky Rural Water Finance Corporation ("KRWFC") for the purpose of refinancing certain outstanding indebtedness of the District in order to achieve substantial interest cost savings for the District.

We will file the appropriate documents with your office in accordance with the requirements of KRS 65.117 once the securities are issued.

Very truly yours,

Rubin & Hays

By



W. Randall Jones

WRJ:jlm
Enclosures