

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF:

**ELECTRONIC APPLICATION OF THE SIMPSON)
COUNTY WATER DISTRICT TO ISSUE)
SECURITIES IN THE APPROXIMATE PRINCIPAL)
AMOUNT OF \$1,620,000 FOR THE PURPOSE OF) CASE NO. 2021 -00014
REFUNDING AND REAMORTIZING CERTAIN)
OUTSTANDING OBLIGATIONS OF THE)
DISTRICT PURSUANT TO THE PROVISIONS)
OF KRS 278.300 AND 807 KAR 5:001)**

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

APPLICATION

The Applicant, Simpson County Water District ("Simpson 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 Simpson District to issue certain securities in the approximate principal amount of \$1,620,000 (subject to adjustment of up to 10%), for the purpose of (i) refunding certain outstanding revenue bonds of Simpson District; and (ii) reamortizing an outstanding loan from the Kentucky Rural Water Finance Corporation ("KRWFC"). In support of this Application, and in compliance with the rules and regulations of the Commission, Simpson District states as follows:

1. Simpson 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. Simpson District is now, and has been since its inception, regulated by the Commission, and all records and proceedings of the Commission with reference to Simpson District are incorporated in this Application by reference. Simpson District does not have any Articles of Incorporation due to the fact that it is a statutory entity.

2. The governing body of Simpson 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 Simpson District is as follows:

Simpson County Water District
c/o Mr. John M. Dix, General Manager
P.O. Box 10180
Bowling Green, Kentucky 42102-4780
Telephone: (270) 842-0052
Fax: (270) 842-8360
email: johnd@warrenwater.com

4. A general description of Simpson District's system property, together with a statement of the original cost, is contained in Simpson District's Annual Report for 2019 which is on file with the Commission. The Annual Report is incorporated herein by reference.

5. Simpson District proposes to borrow funds from KRWFC pursuant to an Assistance Agreement (the "KRWFC Loan"), in the estimated principal amount of \$1,620,000 (subject to adjustment of up to 10%) for the purpose of (A) refunding certain outstanding obligations of Simpson District designated as Simpson County Water District Water System Revenue Bonds, Series 1995, dated June 11, 1996, in the original authorized principal amount of \$1,060,000, with an outstanding principal balance of \$601,000, bearing interest at the rate of 4.875% per annum (the "1995 Bonds") currently held by the United States Department of Agriculture, acting through Rural

Development ("RD"); and (B) reamortizing an outstanding loan from KRWFC designated as Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2012B, dated March 28, 2012, in the original principal amount of \$1,575,000, with an outstanding principal balance of \$1,015,000, bearing interest at the interest rate at various interest rates set forth in **Exhibit "D"** attached hereto (the "2012 KRWFC Loan") 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 vary from the present assumptions based upon market conditions and other business judgment factors.

7. The KRWFC Loan will provide Simpson District with the funds necessary to (i) refund the 1995 Bonds; (ii) reamortize the 2012 KRWFC Loan; and (iii) 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 refunding of the 1995 Bonds and the reamortization of the 2012 KRWFC Loan will result in a total net present value cashflow savings of approximately \$201,507.21. These savings are shown on the Debt Service Comparison spreadsheets which are 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 pooled bonds of KRWFC, the

proceeds of which will fund the proposed KRWFC Loan. Final financial figures will be submitted to the Commission in a timely manner. Simpson District will not issue the securities if interest rates in the bond market shift to a point where Simpson District will not achieve any debt service savings.

11. The Debt Service Schedules of the outstanding 1995 Bonds and the outstanding 2012 KRWFC Loan are set forth in **Exhibit "D"**.

12. Simpson District represents that the KRWFC Loan is in the public interest and is intended to accomplish the purpose of strengthening the financial condition of Simpson District by producing substantial debt service savings. This is a lawful object within the corporate purposes of Simpson District's utility operations. The KRWFC Loan is necessary, appropriate for, and consistent with the proper performance by Simpson District of its service to the public and will not impair its ability to perform that service.

13. Simpson 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 Fund Net Position, Statement of Net Position, and Statement of Cash Flows for the twelve month period ending on December 31, 2019 are attached hereto and incorporated herein by reference as **Exhibit "E"** respectively.

15. Pursuant to 807 KAR 5:001, Section 12 - Financial Exhibit; Simpson 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: Simpson District does not have any authorized, issued or outstanding stock as of the date hereof.
 - (iii) Section 12(2)(d) Mortgages: Simpson 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 Simpson District is contained in the 2019 Annual Report and the December 31, 2019 Audit Reports on file with this Commission.
 - (v) Section 12(2)(h) Dividends: Simpson 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, Simpson District hereby responds as follows:
- (i) Section 18(1)(a): Simpson District has complied with the requirements of 807 KAR 5:001, Section 14.
 - (ii) Section 18(1)(b): A general description of Simpson District's property, its field of operation and a statement of original cost of said property and the

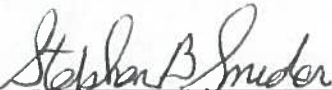
cost to Simpson District is contained in Simpson District's 2019 Annual Report on file with this Commission.

- (iii) Section 18(1)(c): Simpson 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 Simpson District's water system.
 - (iv) Section 18(1)(d): The proceeds of the KRWFC Loan are being used to refund the outstanding 1995 Bonds and reamortize the outstanding 2012 KRWFC 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 refunding and reamortization 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): Simpson 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 is being requested in connection with this Application.

WHEREFORE, Simpson 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 Simpson District by taking full advantage of current low interest rates, Simpson 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.
- Simpson District will promptly respond to any information requests by the Commission's staff.

Simpson County Water District

By 
Stephen Snider, Vice Chairman
P.O. Box 10180
Bowling Green, Kentucky 42012-4780
Phone: (270) 842-0052
Fax: (270) 842-8360
Email: johnd@warrenwater.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 Simpson County Water District

STATE OF KENTUCKY)
) SS
COUNTY OF SIMPSON)

The affiant, Stephen Snider, being first duly sworn, states: That he is the Vice 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 January 14, 2021.

Stephen B Snider
Stephen Snider, Vice Chairman

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by Stephen Snider, Vice Chairman of the Simpson County Water District, on this January 14, 2021.

My Commission expires: 2/14/24.



Shelly S Anderson
NOTARY PUBLIC

KYNP1988
NOTARY PUBLIC ID Number

EXHIBIT A

Estimated Debt Service Schedule

Preliminary

\$1,620,000

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

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
02/15/2021	-	-	-	-	-
08/01/2021	-	-	17,258.23	17,258.23	-
02/01/2022	115,000.00	2.600%	18,713.75	133,713.75	150,971.98
08/01/2022	-	-	17,218.75	17,218.75	-
02/01/2023	120,000.00	2.600%	17,218.75	137,218.75	154,437.50
08/01/2023	-	-	15,658.75	15,658.75	-
02/01/2024	120,000.00	2.200%	15,658.75	135,658.75	151,317.50
08/01/2024	-	-	14,338.75	14,338.75	-
02/01/2025	120,000.00	1.950%	14,338.75	134,338.75	148,677.50
08/01/2025	-	-	13,168.75	13,168.75	-
02/01/2026	125,000.00	1.950%	13,168.75	138,168.75	151,337.50
08/01/2026	-	-	11,950.00	11,950.00	-
02/01/2027	125,000.00	2.700%	11,950.00	136,950.00	148,900.00
08/01/2027	-	-	10,262.50	10,262.50	-
02/01/2028	130,000.00	2.550%	10,262.50	140,262.50	150,525.00
08/01/2028	-	-	8,605.00	8,605.00	-
02/01/2029	135,000.00	2.400%	8,605.00	143,605.00	152,210.00
08/01/2029	-	-	6,985.00	6,985.00	-
02/01/2030	140,000.00	2.250%	6,985.00	146,985.00	153,970.00
08/01/2030	-	-	5,410.00	5,410.00	-
02/01/2031	140,000.00	2.250%	5,410.00	145,410.00	150,820.00
08/01/2031	-	-	3,835.00	3,835.00	-
02/01/2032	145,000.00	2.250%	3,835.00	148,835.00	152,670.00
08/01/2032	-	-	2,203.75	2,203.75	-
02/01/2033	150,000.00	2.150%	2,203.75	152,203.75	154,407.50
08/01/2033	-	-	591.25	591.25	-
02/01/2034	55,000.00	2.150%	591.25	55,591.25	56,182.50
Total	\$1,620,000.00	-	\$256,426.98	\$1,876,426.98	-

Yield Statistics

Bond Year Dollars	\$11,267.00
Average Life	6.955 Years
Average Coupon	2.2759118%
Net Interest Cost (NIC)	2.0462859%
True Interest Cost (TIC)	2.0258231%
Bond Yield for Arbitrage Purposes	1.7560668%
All Inclusive Cost (AIC)	2.3127108%

IRS Form 8038

Net Interest Cost	1.7403852%
Weighted Average Maturity	6.940 Years

EXHIBIT B

Total Sources and Uses

Preliminary

\$1,620,000

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

Total Issue Sources And Uses

Dated 02/15/2021 | Delivered 02/15/2021

	KRWFC 2012 B	RD Series 1993	Issue Summary
Sources Of Funds			
Par Amount of Bonds	\$1,020,000.00	\$600,000.00	\$1,620,000.00
Reoffering Premium	35,223.30	18,998.65	54,221.95
Transfers from Prior Issue Debt Service Funds	-	5,191.56	5,191.56
Total Sources	\$1,055,223.30	\$624,190.21	\$1,679,413.51
Uses Of Funds			
Total Underwriter's Discount (1.750%)	17,850.00	10,500.00	28,350.00
Costs of Issuance	18,523.70	10,896.30	29,420.00
Deposit to Current Refunding Fund	1,016,408.22	604,580.96	1,620,989.18
Rounding Amount	2,441.38	(1,787.05)	654.33
Total Uses	\$1,055,223.30	\$624,190.21	\$1,679,413.51

EXHIBIT C

Debt Service Comparison

Preliminary

\$1,620,000

Simpson 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
2/01/2022	150,971.98	150,971.98	168,960.02	17,988.04
2/01/2023	154,437.50	154,437.50	172,111.26	17,673.76
2/01/2024	151,317.50	151,317.50	170,005.02	18,687.52
2/01/2025	148,677.50	148,677.50	167,801.26	19,123.76
2/01/2026	151,337.50	151,337.50	170,500.02	19,162.52
2/01/2027	148,900.00	148,900.00	167,841.26	18,941.26
2/01/2028	150,525.00	150,525.00	169,985.02	19,460.02
2/01/2029	152,210.00	152,210.00	172,752.50	20,542.50
2/01/2030	153,970.00	153,970.00	169,082.50	15,112.50
2/01/2031	150,820.00	150,820.00	171,315.00	20,495.00
2/01/2032	152,670.00	152,670.00	172,978.76	20,308.76
2/01/2033	154,407.50	154,407.50	169,298.76	14,891.26
2/01/2034	56,182.50	56,182.50	65,022.50	8,840.00
TOTAL	\$1,876,426.98	\$1,876,426.98	\$2,107,653.88	\$231,226.90

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	196,838.06
Effects of changes in Expenses	4,669.15
Net PV Cashflow Savings @ 2.313%(AIC)	201,507.21
Transfers from Prior Issue Debt Service Fund	(5,191.56)
Contingency or Rounding Amount	654.33
Net Benefit	226,689.67
Net Present Value Benefit	\$196,969.98
Net PV Benefit / \$1,616,000 Refunded Principal	12.189%
Net PV Benefit / \$1,620,000 Refunding Principal	12.159%

Refunding Bond Information

Refunding Dated Date	2/15/2021
Refunding Delivery Date	2/15/2021

EXHIBIT D

Prior Bonds Debt Service

Preliminary

\$1,575,000

Simpson County Water District

Refunding through the Kentucky Rural Water Finance Corporation

Public Projects Refunding Revenue Bonds, Series 2012 B

Debt Service To Maturity And To Call

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
02/15/2021	1,015,000.00	1,408.22	1,016,408.22	-	-	-	-
08/01/2021	-	-	-	-	-	18,105.63	18,105.63
02/01/2022	-	-	-	70,000.00	3.200%	18,105.63	88,105.63
08/01/2022	-	-	-	-	-	16,985.63	16,985.63
02/01/2023	-	-	-	75,000.00	3.200%	16,985.63	91,985.63
08/01/2023	-	-	-	-	-	15,785.63	15,785.63
02/01/2024	-	-	-	75,000.00	3.200%	15,785.63	90,785.63
08/01/2024	-	-	-	-	-	14,585.63	14,585.63
02/01/2025	-	-	-	75,000.00	3.200%	14,585.63	89,585.63
08/01/2025	-	-	-	-	-	13,385.63	13,385.63
02/01/2026	-	-	-	80,000.00	3.325%	13,385.63	93,385.63
08/01/2026	-	-	-	-	-	12,055.63	12,055.63
02/01/2027	-	-	-	80,000.00	3.450%	12,055.63	92,055.63
08/01/2027	-	-	-	-	-	10,675.63	10,675.63
02/01/2028	-	-	-	85,000.00	3.575%	10,675.63	95,675.63
08/01/2028	-	-	-	-	-	9,156.25	9,156.25
02/01/2029	-	-	-	90,000.00	3.700%	9,156.25	99,156.25
08/01/2029	-	-	-	-	-	7,491.25	7,491.25
02/01/2030	-	-	-	90,000.00	3.700%	7,491.25	97,491.25
08/01/2030	-	-	-	-	-	5,826.25	5,826.25
02/01/2031	-	-	-	95,000.00	3.950%	5,826.25	100,826.25
08/01/2031	-	-	-	-	-	3,950.00	3,950.00
02/01/2032	-	-	-	100,000.00	3.950%	3,950.00	103,950.00
08/01/2032	-	-	-	-	-	1,975.00	1,975.00
02/01/2033	-	-	-	100,000.00	3.950%	1,975.00	101,975.00
Total	\$1,015,000.00	\$1,408.22	\$1,016,408.22	\$1,015,000.00	-	\$259,956.32	\$1,274,956.32

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	2/15/2021
Average Life	6.858 Years
Average Coupon	3.7144899%
Weighted Average Maturity (Par Basis)	6.858 Years
Weighted Average Maturity (Original Price Basis)	6.833 Years

Refunding Bond Information

Refunding Dated Date	2/15/2021
Refunding Delivery Date	2/15/2021

Preliminary

\$601,000

Simpson County Water District

USDA-RD Series 1993

Debt Service To Maturity And To Call

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
02/15/2021	601,000.00	3,580.96	604,580.96	-	-	-	-
07/01/2021	-	-	-	-	-	14,649.38	14,649.38
01/01/2022	-	-	-	33,000.00	4.875%	14,649.38	47,649.38
07/01/2022	-	-	-	-	-	13,845.00	13,845.00
01/01/2023	-	-	-	35,000.00	4.875%	13,845.00	48,845.00
07/01/2023	-	-	-	-	-	12,991.88	12,991.88
01/01/2024	-	-	-	37,000.00	4.875%	12,991.88	49,991.88
07/01/2024	-	-	-	-	-	12,090.00	12,090.00
01/01/2025	-	-	-	39,000.00	4.875%	12,090.00	51,090.00
07/01/2025	-	-	-	-	-	11,139.38	11,139.38
01/01/2026	-	-	-	41,000.00	4.875%	11,139.38	52,139.38
07/01/2026	-	-	-	-	-	10,140.00	10,140.00
01/01/2027	-	-	-	43,000.00	4.875%	10,140.00	53,140.00
07/01/2027	-	-	-	-	-	9,091.88	9,091.88
01/01/2028	-	-	-	45,000.00	4.875%	9,091.88	54,091.88
07/01/2028	-	-	-	-	-	7,995.00	7,995.00
01/01/2029	-	-	-	48,000.00	4.875%	7,995.00	55,995.00
07/01/2029	-	-	-	-	-	6,825.00	6,825.00
01/01/2030	-	-	-	50,000.00	4.875%	6,825.00	56,825.00
07/01/2030	-	-	-	-	-	5,606.25	5,606.25
01/01/2031	-	-	-	53,000.00	4.875%	5,606.25	58,606.25
07/01/2031	-	-	-	-	-	4,314.38	4,314.38
01/01/2032	-	-	-	56,000.00	4.875%	4,314.38	60,314.38
07/01/2032	-	-	-	-	-	2,949.38	2,949.38
01/01/2033	-	-	-	59,000.00	4.875%	2,949.38	61,949.38
07/01/2033	-	-	-	-	-	1,511.25	1,511.25
01/01/2034	-	-	-	62,000.00	4.875%	1,511.25	63,511.25
Total	\$601,000.00	\$3,580.96	\$604,580.96	\$601,000.00	-	\$226,297.56	\$827,297.56

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	2/15/2021
Average Life	7.602 Years
Average Coupon	4.8750013%
Weighted Average Maturity (Par Basis)	7.602 Years
Weighted Average Maturity (Original Price Basis)	7.602 Years

Refunding Bond Information

Refunding Dated Date	2/15/2021
Refunding Delivery Date	2/15/2021

EXHIBIT E

Financial Statements

SIMPSON COUNTY WATER DISTRICT

STATEMENTS OF NET POSITION

December 31, 2019 and 2018

	2019	2018
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current assets		
Cash and cash equivalents	\$ 908,467	\$ 903,906
Accounts receivable		
Customer accounts receivable, net of allowance for uncollectibles of \$104,198 and \$99,040	57,051	61,876
Accounts receivable - other	24,418	17,184
Interest receivable	342	3,384
Prepaid expenses	<u>11,529</u>	<u>11,601</u>
Total current assets	<u>1,001,807</u>	<u>997,951</u>
Non-current assets		
Restricted cash and cash equivalents	<u>358,331</u>	<u>245,119</u>
Restricted investments	<u>662,535</u>	<u>753,764</u>
Investments	<u>-</u>	<u>150,000</u>
Other assets	<u>10,179</u>	<u>14,986</u>
Capital assets		
Utility plant in service	21,285,641	20,530,934
Construction in progress	337,849	267,578
Less: accumulated depreciation	<u>(6,691,856)</u>	<u>(6,239,110)</u>
Net capital assets	<u>14,931,634</u>	<u>14,559,402</u>
Total non-current assets	<u>15,962,679</u>	<u>15,723,271</u>
Total assets	16,964,486	16,721,222
Deferred outflows of resources		
Deferred amount on debt refundings	<u>8,120</u>	<u>9,350</u>
Total assets and deferred outflows of resources	<u>\$16,972,606</u>	<u>\$16,730,572</u>

See Notes to Financial Statements

	2019	2018
LIABILITIES AND NET POSITION		
Current liabilities		
Accounts payable	\$ 65,772	\$ 48,066
Accounts payable - WCWD	219,862	70,078
Accrued interest payable	33,336	35,293
Other current liabilities	24,766	15,624
Current portion of long-term debt	<u>125,000</u>	<u>134,000</u>
Total current liabilities	<u>468,736</u>	<u>303,061</u>
Non-current liabilities		
Rebates payable	<u>52,909</u>	<u>48,397</u>
Customer deposits	<u>144,651</u>	<u>143,045</u>
Other non-current liabilities	<u>118,408</u>	<u>114,140</u>
Long-term obligations:		
Bonds and loans payable	1,843,000	1,977,000
Less: net unamortized bond (discount)/premium	(10,085)	(11,409)
Less: current portion of long-term debt	<u>(125,000)</u>	<u>(134,000)</u>
Net long-term obligations	<u>1,707,915</u>	<u>1,831,591</u>
Total non-current liabilities	<u>2,023,883</u>	<u>2,137,173</u>
Total liabilities	<u>2,492,619</u>	<u>2,440,234</u>
Net Position		
Net investment in capital assets	13,106,839	12,603,161
Restricted for depreciation reserves	703,950	674,310
Unrestricted	<u>669,198</u>	<u>1,012,867</u>
Total net position	<u>14,479,987</u>	<u>14,290,338</u>
Total liabilities and net position	<u>\$16,972,606</u>	<u>\$16,730,572</u>

SIMPSON COUNTY WATER DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended December 31, 2019 and 2018

	2019	2018
Operating revenues		
Metered sales		
Residential	\$ 1,209,980	\$ 1,218,828
Commercial	<u>976,466</u>	<u>965,139</u>
Total metered sales	2,186,446	2,183,967
Forfeited discounts	31,556	29,957
Miscellaneous service revenue	<u>29,485</u>	<u>27,456</u>
Total operating revenues	<u>2,247,487</u>	<u>2,241,380</u>
Operating expenses		
Purchased water	<u>1,113,417</u>	<u>1,103,667</u>
Pumping expense		
Purchased power	23,166	21,721
Insurance	1,565	1,581
Miscellaneous	1,169	1,133
Professional services	<u>1,086</u>	<u>1,135</u>
Total pumping expense	<u>26,986</u>	<u>25,570</u>
General distribution expense		
Purchased power	4,703	4,601
Salaries and benefits	100,122	99,303
Materials and supplies	2,906	4,511
Insurance	7,696	7,773
Miscellaneous	20,098	17,880
Contractual services	11,826	11,202
Professional services	<u>1,085</u>	<u>1,135</u>
Total general distribution expense	<u>148,436</u>	<u>146,405</u>
Customer accounts expense		
Uncollectible accounts	5,159	3,879
Salaries and benefits	151,137	148,639
Materials and supplies	1,192	984
Insurance	1,565	1,581
Miscellaneous	16,743	14,725
Contractual services	30,662	34,262
Professional services	<u>2,171</u>	<u>2,271</u>
Total customer accounts expense	<u>208,629</u>	<u>206,341</u>

See Notes to Financial Statements

SIMPSON COUNTY WATER DISTRICT

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended December 31, 2019 and 2018**

	2019	2018
Maintenance expense		
Salaries and benefits	\$ 28,109	\$ 34,567
Materials and supplies	29,254	16,159
Miscellaneous	4,670	5,511
Contractual services	38,479	26,113
Professional services	<u>2,171</u>	<u>2,271</u>
Total maintenance expense	<u>102,683</u>	<u>84,621</u>
Administrative and general expense		
Salaries and benefits	55,049	50,561
Other post-employment benefits	2,645	64,582
Materials and supplies	3,896	2,240
Insurance	3,022	3,044
Miscellaneous	12,595	13,306
Contractual services	28,023	30,710
Professional services	<u>2,281</u>	<u>3,219</u>
Total administrative and general expense	<u>107,511</u>	<u>105,984</u>
Depreciation expense	<u>467,117</u>	<u>455,008</u>
Amortization expense	<u>2,554</u>	<u>2,658</u>
Total operating expenses	<u>2,177,333</u>	<u>2,191,932</u>
Operating income	<u>70,154</u>	<u>49,448</u>
Non-operating revenues (expenses)		
Interest income	24,765	18,974
Rental income	35,664	35,149
Interest expense on long-term debt	(73,793)	(78,206)
Interest expense on customer deposits	(3,805)	(1,978)
PSC taxes	<u>(4,453)</u>	<u>(4,328)</u>
Total non-operating revenues (expenses)	<u>(21,622)</u>	<u>(30,389)</u>
Income before capital contributions	48,532	19,059
Capital contributions	<u>141,117</u>	<u>172,622</u>
Change in net position	189,649	191,681
Net position, beginning of year	<u>14,290,338</u>	<u>14,098,657</u>
Net position, end of year	<u>\$ 14,479,987</u>	<u>\$ 14,290,338</u>

See Notes to Financial Statements

SIMPSON COUNTY WATER DISTRICT

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Receipts from customers and agencies	\$ 2,245,078	\$ 2,274,542
Payments to suppliers for goods and services	(1,150,137)	(1,261,631)
Payments for contractual services	(334,417)	(333,069)
Net cash provided by operating activities	<u>760,524</u>	<u>679,842</u>
Cash flows from noncapital financing activities		
Interest paid on customer deposits	(3,805)	(1,978)
Net cash used in noncapital financial activities	(3,805)	(1,978)
Cash flows from capital and related financing activities		
Principal repayment on long-term debt	(134,000)	(132,000)
Capital contributions	28,077	172,622
Purchases of capital assets	(726,309)	(520,668)
Interest paid on long-term debt	(75,750)	(80,114)
Net cash used in capital and related financing activities	(907,982)	(560,160)
Cash flows from investing activities		
Purchase of short-term investments	(412,535)	(395,815)
Maturity of short-term investments	653,764	389,393
Interest income	<u>27,807</u>	<u>15,649</u>
Net cash provided by investing activities	<u>269,036</u>	<u>9,227</u>
Net increase in cash and cash equivalents	117,773	126,931
Cash and cash equivalents, beginning of year	<u>1,149,025</u>	<u>1,022,094</u>
Cash and cash equivalents, end of year	<u>\$ 1,266,798</u>	<u>\$ 1,149,025</u>

See Notes to Financial Statements

SIMPSON COUNTY WATER DISTRICT

**STATEMENTS OF CASH FLOWS
Years Ended December 31, 2019 and 2018**

	2019	2018
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 70,154	\$ 49,448
Adjustment to reconcile net operating income to net cash provided by operating activities:		
Depreciation	467,117	455,008
Amortization	2,554	2,658
Payment of PSC taxes	(4,453)	(4,328)
Non-utility rental income	35,664	35,149
Changes in assets and liabilities		
Net (increase) decrease in accounts receivable, net	(2,409)	33,163
Net (increase) decrease in prepaid expenses	72	(3)
Net (increase) decrease in deferred charges	4,807	(4,256)
Net increase in accounts payable	167,490	17,844
Net increase (decrease) in rebates payable	4,512	(14,834)
Net increase in other current liabilities	9,142	1,292
Net increase in customer deposits	1,606	4,542
Net increase in other liabilities	<u>4,268</u>	<u>104,159</u>
Net cash provided by operating activities	<u>\$ 760,524</u>	<u>\$ 679,842</u>
Noncash Investing, Capital and Financing Activities		
Utility plant additions contributed from developers	<u>\$ 113,040</u>	<u>\$ —</u>

See Notes to Financial Statements

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

January 29, 2021

Honorable Dennis Keene
Commissioner and State Local Debt Officer
100 Airport Road, Third Floor
Frankfort, Kentucky 40601

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

Dear Commissioner Keene:

Pursuant to the regulations of the Kentucky Public Service Commission, specifically 807 KAR 5:001: Section 18(1)(g), please be advised that the Simpson 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