

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF MEADE COUNTY WATER)
DISTRICT FOR APPROVAL TO ENTER INTO A)
LEASE AGREEMENT WITH THE KENTUCKY)
LEAGUE OF CITIES LEASING TRUST, IN AN)
APPROXIMATE PRINCIPAL AMOUNT OF) CASE NO. 2021- 00124
\$2,260,000 FOR THE PURPOSE OF)
REFINANCING OUTSTANDING OBLIGATIONS)
OF THE MEADE COUNTY WATER DISTRICT.)

APPLICATION

The applicant Meade County Water District (the “District”), by counsel, 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 enter into a Lease Agreement (the “Lease”) with the Kentucky Bond Corporation (“KBC”), a bond issuing corporation established by parties to an Interlocal Cooperation Agreement (the “Interlocal Agreement”). KBC is managed by the Kentucky League of Cities, and the District has become a party to the Interlocal Agreement. Proceeds of the Lease will be used by the District to refund and retire all of the District’s outstanding debt described in paragraph (5) and will provide debt service savings to the District and resulting savings to ratepayers.

In support of this Application, the District states as follows:

(1) That it is a water district organized pursuant to KRS Chapter 74, and its full legal name is Meade County Water District (807 KAR 5:001, Section 8(1)).

(2) The governing body of the District is its Board of Commissioners, a body corporate with the power to make contracts in the furtherance of its lawful and proper purposes as KRS 74.010 provides. The District is now, and has been since its formation, regulated by the Commission, 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.

(3) The mailing address of the District is:

1003 Armory Place	(270) 422-5006
Brandenburg, KY 40108	(270) 270-422-5068 Fax

(4) A description of the District's water system and its property, together with a statement of the original cost is contained in its current Annual Report which is on file with the Commission, the Annual Report is incorporated herein by reference.

(5) The District proposes to enter into the Lease with KBC in the approximate principal amount of \$2,260,000. The Lease will be secured by a pledge of district revenues. The Lease is being entered into for the purpose of refunding for debt service savings the following outstanding obligations of the District (the "Prior Obligations"):

(i) Water and Sewer Revenue Bond, Series 1992, of which \$232,000 remains outstanding (the "Series 1992 Bonds"); and

(ii) Water and Sewer Revenue Bond, Series 2009, of which \$1,880,000 remains outstanding (the "Series 2009 Bonds");

(6) The estimated debt service for the Lease is shown in Exhibit A, hereto, which is incorporated by reference.. Payments under the Lease will match debt service payments on related bonds to be issued by KBC, as described below. Once the bonds underlying the KBC deal are sold, the final price will be fixed, which determines the payments to be made under the lease by the District.

(7) Proceeds from the sale of the Lease will be used to: (i) refund and retire the Prior Obligations for debt service savings to the District, and (ii) pay the transaction costs related to the Lease.

(8) A detailed explanation of the sources and uses of the proceeds of the Lease is provided in Exhibit B, hereto, which is incorporated by reference. The Sources and Uses table

contains estimated fees to be paid as part of the closing of the financing, and will be updated post-sale.

(9) The final principal amount of the Lease which will be adjusted based upon the lowest bid received at the advertised competitive sale of Kentucky Bond Corporation Revenue Bonds (the “Bonds”) associated with the Lease. Final financial figures will be submitted to the Commission upon sale of the Bonds.

(10) A combined debt service schedule for the Prior Obligations is shown in Exhibit C.

(11) The District has determined and represents that the Lease is in the public interest and is intended to accomplish the purpose of strengthening the financial condition of the District by producing debt service savings. This is a lawful objective within the public purposes of the District’s utility operations. The Lease 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.

(12) The District represents that it will, as soon as reasonably possible after the closing of the Lease, file with the Commission a statement setting forth the date of issuance of the Bonds and related Lease, the final par amount, all fees and expenses incurred with respect to the Lease, and the terms and interest rates of the Lease.

(13) The District’s Audited Financial Statements for the twelve month period ending December 31, 2020 are attached as Exhibit D, hereto and are incorporated by reference. The remaining financial information required is contained in the most recent Annual Report which is on file with the Commission.

(14) No rate adjustment is being proposed.

(15) The following information is provided in response to 807 KAR 5:001 (8):

- a. Articles of Incorporation - None, the District is a statutorily created water district under KRS Chapter 74.

- (16) The following information is supplied pursuant to 807 KAR 5:001(9):
- a. Facts relied upon to show that the application is in the public interest: See the Plan of Refinancing in Exhibit C.
- (17) The following information is provided as required by 807 KAR 5:001 (11):
- a. A general description of the property is contained in the Annual Report.
 - b. No stock is to be issued. The Prior Obligations to be refinanced and their terms are described in Exhibit D.
 - c. The refunding of the Prior Obligations and refinancing is described in Exhibits B and C.
 - d. The proceeds of the Lease are to refinance the Prior Obligations to provide debt service savings.
 - e. The par value, expenses, use of proceeds, interest rates and other information is contained in Exhibits B and C.
- (18) The following exhibits are provided pursuant to 807 KAR 5:001 (11)(2):
- a. There are no trust deeds. All notes, indebtedness and mortgages are included in Exhibit E.
 - b. No property is to be acquired.
- (19) The following information is provided pursuant to 807 KAR 5:001(6):
- a. No stock is authorized.
 - b. No stock is issued.
 - c. There are no stock preferences.
 - d. Any mortgages are listed in the Annual Report.
 - e. Any bonds are listed in Exhibit E.
 - f. Any notes are listed in Exhibit E.
 - g. Any other indebtedness is listed in Exhibit E.

h. No dividends have been paid.

i. A current balance sheet and income statement is attached as Exhibit D.

(20) The District requests that it be granted a deviation under 807 KAR 5:004(14), if necessary to accommodate any situation where inflexible compliance with a regulation would be impracticable, onerous or which would hinder the District's daily operations.

The District states that there has been no material change in the financial condition or operation of the District since December 31, 2020. The financial data filed with this Application is the most recent published financial data available.

Due to the volatility of the bond market, the District's risk is associated with any delay in the sale of the Bonds related to the Lease, and the compilation of more current financial data would cause a delay and increase the risk of achieving savings. Additionally, the Lease is being financed through a time sensitive transaction involving KBC.

For these reasons, the District requests that it be granted an order authorizing the refinancing of these bonds in the manner most beneficial to the District.

SUBMITTED BY:

**MEADE COUNTY WATER
DISTRICT**

A handwritten signature in blue ink, appearing to read "Tim Gossett", is written over a horizontal line.

Tim Gossett

Daniel D. Briscoe, Jr., Esq
Dinsmore & Shohl LLP
50 East RiverCenter Blvd., Suite 1150
Covington, KY 41011
Bond Counsel

AFFIDAVIT OF TIM GOSSETT

COMMONWEALTH OF KENTUCKY

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COUNTY OF MEADE, KENTUCKY

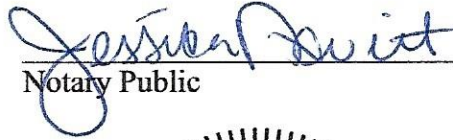
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Tim Gossett, General Manager, after being sworn, states that he is authorized to submit this Petition on behalf of Meade County Water District and that the statements contained in the Petition are true and correct to the best of his information and knowledge.

Sworn and acknowledged before me by Tim Gossett on the 2nd day of MARCH, 2021.



Tim Gossett, General Manager



Notary Public

My Commission Expires on: 09/01/2024



EXHIBIT A

ESTIMATED DEBT SERVICE

The chart below depicts the estimated principal and interest on the bonds that, if approved, the District will issue to refund its outstanding obligations.

Net Debt Service

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+I	Expenses	DSR	Net New D/S
04/21/2021	-	-	-	-	-	-	(2,716.47)
02/01/2022	40,000.00	0.650%	33,718.22	73,718.22	4,394.45	-	78,112.67
08/01/2022	-	-	21,546.00	21,546.00	-	-	21,546.00
02/01/2023	80,000.00	0.750%	21,546.00	101,546.00	5,550.00	-	107,096.00
08/01/2023	-	-	21,246.00	21,246.00	-	-	21,246.00
02/01/2024	80,000.00	0.800%	21,246.00	101,246.00	5,350.00	-	106,596.00
08/01/2024	-	-	20,926.00	20,926.00	-	-	20,926.00
02/01/2025	80,000.00	0.850%	20,926.00	100,926.00	5,150.00	-	106,076.00
08/01/2025	-	-	20,586.00	20,586.00	-	-	20,586.00
02/01/2026	80,000.00	0.950%	20,586.00	100,586.00	4,950.00	-	105,536.00
08/01/2026	-	-	20,206.00	20,206.00	-	-	20,206.00
02/01/2027	80,000.00	1.100%	20,206.00	100,206.00	4,750.00	-	104,956.00
08/01/2027	-	-	19,766.00	19,766.00	-	-	19,766.00
02/01/2028	85,000.00	1.250%	19,766.00	104,766.00	4,550.00	-	109,316.00
08/01/2028	-	-	19,234.75	19,234.75	-	-	19,234.75
02/01/2029	85,000.00	1.350%	19,234.75	104,234.75	4,337.50	-	108,572.25
08/01/2029	-	-	18,661.00	18,661.00	-	-	18,661.00
02/01/2030	85,000.00	1.500%	18,661.00	103,661.00	4,125.00	-	107,786.00
08/01/2030	-	-	18,023.50	18,023.50	-	-	18,023.50
02/01/2031	90,000.00	1.650%	18,023.50	108,023.50	3,912.50	-	111,936.00
08/01/2031	-	-	17,281.00	17,281.00	-	-	17,281.00
02/01/2032	90,000.00	1.750%	17,281.00	107,281.00	3,687.50	-	110,968.50
08/01/2032	-	-	16,493.50	16,493.50	-	-	16,493.50
02/01/2033	65,000.00	1.850%	16,493.50	81,493.50	3,462.50	-	84,956.00
08/01/2033	-	-	15,892.25	15,892.25	-	-	15,892.25
02/01/2034	65,000.00	1.950%	15,892.25	80,892.25	3,300.00	-	84,192.25
08/01/2034	-	-	15,258.50	15,258.50	-	-	15,258.50
02/01/2035	65,000.00	2.050%	15,258.50	80,258.50	3,137.50	-	83,396.00
08/01/2035	-	-	14,592.25	14,592.25	-	-	14,592.25
02/01/2036	70,000.00	2.150%	14,592.25	84,592.25	2,975.00	-	87,567.25
08/01/2036	-	-	13,839.75	13,839.75	-	-	13,839.75
02/01/2037	70,000.00	2.250%	13,839.75	83,839.75	2,800.00	-	86,639.75
08/01/2037	-	-	13,052.25	13,052.25	-	-	13,052.25
02/01/2038	70,000.00	2.300%	13,052.25	83,052.25	2,625.00	-	85,677.25
08/01/2038	-	-	12,247.25	12,247.25	-	-	12,247.25
02/01/2039	75,000.00	2.340%	12,247.25	87,247.25	2,450.00	-	89,697.25
08/01/2039	-	-	11,369.75	11,369.75	-	-	11,369.75
02/01/2040	75,000.00	2.370%	11,369.75	86,369.75	2,262.50	-	88,632.25
08/01/2040	-	-	10,481.00	10,481.00	-	-	10,481.00
02/01/2041	80,000.00	2.400%	10,481.00	90,481.00	2,075.00	-	92,556.00
08/01/2041	-	-	9,521.00	9,521.00	-	-	9,521.00
02/01/2042	80,000.00	2.430%	9,521.00	89,521.00	1,875.00	-	91,396.00
08/01/2042	-	-	8,549.00	8,549.00	-	-	8,549.00
02/01/2043	80,000.00	2.450%	8,549.00	88,549.00	1,675.00	-	90,224.00

Net Debt Service

Part 2 of 2

Date	Principal	Coupon	Interest	Total P+I	Expenses	DSR	Net New D/S
08/01/2043	-	-	7,569.00	7,569.00	-	-	7,569.00
02/01/2044	85,000.00	2.500%	7,569.00	92,569.00	1,475.00	-	94,044.00
08/01/2044	-	-	6,506.50	6,506.50	-	-	6,506.50
02/01/2045	90,000.00	2.520%	6,506.50	96,506.50	1,262.50	-	97,769.00
08/01/2045	-	-	5,372.50	5,372.50	-	-	5,372.50
02/01/2046	90,000.00	2.550%	5,372.50	95,372.50	1,037.50	-	96,410.00
08/01/2046	-	-	4,225.00	4,225.00	-	-	4,225.00
02/01/2047	95,000.00	2.600%	4,225.00	99,225.00	812.50	-	100,037.50
08/01/2047	-	-	2,990.00	2,990.00	-	-	2,990.00
02/01/2048	95,000.00	2.600%	2,990.00	97,990.00	575.00	-	98,565.00
08/01/2048	-	-	1,755.00	1,755.00	-	-	1,755.00
02/01/2049	95,000.00	2.600%	1,755.00	96,755.00	337.50	-	97,092.50
08/01/2049	-	-	520.00	520.00	-	-	520.00
02/01/2050	40,000.00	2.600%	520.00	40,520.00	100.00	(45,200.00)	(4,580.00)
Total	\$2,260,000.00	-	\$769,139.72	\$3,029,139.72	\$84,994.45	(45,200.00)	\$3,066,217.70

Yield Statistics

Average Coupon	2.2623235%
True Interest Cost (TIC)	2.3536580%
All Inclusive Cost (AIC)	2.7349982%

EXHIBIT B

ESTIMATED SOURCES AND USES

The below chart depicts the estimated “sources and uses” of the financing. Of the \$2,260,000 par amount of the bonds: (1) \$33,900.00 will go to the institution that buys the bonds (the underwriter’s discount, or, the price the District pays the lender); (2) \$35,228.67 will go to the team of bankers and attorneys who assemble the deal—the financial advisor, bond counsel, trustee/paying agent—and includes things like costs of preparing an official statement, publishing costs, documentation fees, etc.; (3) \$45,200.00 goes to a debt service reserve fund as additional security for the bonds and to improve the District’s interest rate; and (4) \$2,716.47 goes to the “rounding amount” which is a cushion built into deals to allow for variations in expenses and to account for the fact that bonds get sold in even \$5,000 increments.

After all of these expenses are paid, the District nets \$2,142,954.86, which is an amount sufficient to refund the District’s outstanding obligations.

Sources & Uses

Dated 04/21/2021 | Delivered 04/21/2021

Sources Of Funds

Par Amount of Bonds	\$2,260,000.00
Total Sources	\$2,260,000.00

Uses Of Funds

Total Underwriter's Discount (1.500%)	33,900.00
Costs of Issuance	35,228.67
Deposit to Debt Service Reserve Fund (DSRF)	45,200.00
Deposit to Current Refunding Fund	2,142,954.86
Rounding Amount	2,716.47
Total Uses	\$2,260,000.00

EXHIBIT C

DEBT SERVICE FOR PRIOR OBLIGATIONS

Series 1992 Bonds Maturity Schedule

1992 BOND PAYABLE		
	<u>PRINCIPAL</u>	<u>INTEREST</u>
2020	41,000	7,588
2021	44,000	5,270
2022	47,000	2,794
2023	49,000	211
2024	4,000	-
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
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	<u>\$ 185,000</u>	<u>\$ 15,863</u>

Series 2009 Bonds Maturity Schedule

	<u>PRINCIPAL</u>	<u>INTEREST</u>
2020	31,500	79,540
2021	32,500	78,220
2022	34,000	76,849
2023	36,000	75,406
2024	37,500	73,890
2025	39,000	72,311
2026	41,000	70,661
2027	43,000	68,928
2028	45,000	67,114
2029	47,000	65,216
2030	49,000	63,236
2031	51,500	61,164
2032	54,000	58,988
2033	56,500	56,709
2034	59,000	54,327
2035	61,500	51,841
2036	64,500	49,242
2037	67,500	46,559
2038	70,500	43,674
2039	74,000	40,694
2040	77,500	37,569
2041	81,000	34,299
2042	84,500	30,885
2043	88,500	27,318
2044	92,500	23,584
2045	97,000	19,225
2046	101,500	15,581
2047	106,000	11,302
2048	111,000	6,827
2049	110,000	2,269
2050		
2051		
2052		
2053		
2054		
2055		
2056		
	<u>\$ 1,944,000</u>	<u>\$ 1,463,428</u>

EXHIBIT D
FINANCIAL INFORMATION

MEADE COUNTY WATER DISTRICT

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL
STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2019

MEADE COUNTY WATER DISTRICT

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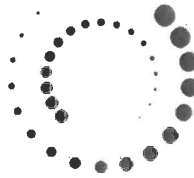
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HCA

Heartland CPAs and Advisors PLLC

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Meade County Water District
Brandenburg, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of Meade County Water District as of and for the year ended December 31, 2019, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Meade County Water District, as of December 31, 2019, and the respective changes in financial position and cash flows, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, during the year ended December 31, 2019, the District adopted Governmental Accounting Standards Board Statement 84, *Fiduciary Activities*, Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* and Statement 90, *Majority Equity Interests- An Amendment of GASB Statements No. 14 and No. 61*. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 8, schedule of proportionate share of the net pension and OPEB liabilities on pages 28 and 29 and schedule of contributions on pages 30 and 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Meade County Water District's basic financial statements. Schedules I and II are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Schedules I and II are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedules I and II are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Schedule III has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2020, on our consideration of Meade County Water District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Meade County Water District's internal control over financial reporting and compliance.

Heartland CPAs and Advisors PLLC
Heartland CPAs and Advisors, PLLC
Elizabethtown, Kentucky
August 28, 2020

REQUIRED SUPPLEMENTARY INFORMATION

**MEADE COUNTY WATER DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED DECEMBER 31, 2019**

The discussion and analysis of Meade County Water District's financial performance provides an overall review of the District's financial activities for the year ended December 31, 2019. The intent of this discussion and analysis is to review the District's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

- The ending cash balance for the District was \$462 thousand. The balance at December 31, 2018, was \$960 thousand. This reflects a \$498 thousand decrease in cash during the year.
- The District invested approximately \$639 thousand in capital assets during the year.

USING THIS ANNUAL REPORT

The basic financial statements report information about the District using full accrual accounting methods as utilized by similar business activities in the private sector. The basic financial statements include a statement of net position; a statement of revenues, expenses, and changes in fund net position; a statement of cash flows; and notes to the basic financial statements.

The **statement of net position** presents the financial position of the District on a full accrual historical cost basis. The statement presents information on all of the District's assets, deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases and decreases in net position are one indicator of whether the financial position of the District is improving or deteriorating.

While the statement of net position provides information about the nature and amount of resources and obligations at year-end, the **statement of revenues, expenses, and changes in fund net position** presents the results of the District's activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also provides certain information about the District's recovery of its costs. Rate setting policies use different methods of cost recovery not fully provided for by generally accepted accounting principles. The primary objectives of the rate model are to improve equity among customer classes and to ensure that capital costs are allocated on the basis of long-term capacity needs, ensuring that growth pays for growth.

The **statement of cash flows** presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

The **notes to the basic financial statements** provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the District's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

ENTITY-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$10.1 million and \$10.3 million as of December 31, 2019 and 2018.

The largest portion of the District's net position reflects its investment in infrastructure and capital assets (e.g., land, buildings, vehicles, equipment, transmission and distribution systems and construction in progress), less any related debt used to acquire those assets that is outstanding. The District uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

(Table 1)
Summary of Net Position
as of December 31, 2019 and 2018

	2019	2018
Assets		
Current and Other Assets	\$ 2,168,450	\$ 2,528,860
Capital Assets	14,479,125	14,504,514
Total Assets	<u>16,647,575</u>	<u>17,033,374</u>
Deferred Outflows of Resources	<u>254,806</u>	<u>238,140</u>
Liabilities		
Long-term Liabilities	6,179,079	6,168,093
Other Liabilities	404,159	588,225
Total Liabilities	<u>6,583,238</u>	<u>6,756,318</u>
Deferred Inflows of Resources	<u>173,557</u>	<u>179,425</u>
Net Position		
Net investment in capital assets	9,555,126	9,264,280
Restricted	285,201	790,681
Unrestricted	305,259	280,812
Total Net Position	<u>\$ 10,145,586</u>	<u>\$ 10,335,773</u>

Unrestricted net position, the portion of net position that can be used to finance day-to-day operations (without constraints established by debt covenants, enabling legislation or other legal requirements), increased by \$24 thousand at December 31, 2019. Restricted net position decreased \$506 thousand. Net investment in capital assets increased by \$291 thousand.

(Table 2)
Changes in Net Position
Years Ending December 31, 2019 and 2018

	2019	2018
OPERATING REVENUES:		
Water sales	\$ 2,519,552	\$ 2,405,194
TOTAL OPERATING REVENUES	2,519,552	2,405,194
OPERATING EXPENSES:		
Water purchased	902,256	792,073
Power purchased	46,978	39,744
Meter labor and expense	463,844	433,161
Repairs and maintenance	85,491	44,318
General and administrative expense	483,317	436,240
Depreciation	664,488	635,761
TOTAL OPERATING EXPENSES	2,646,374	2,381,297
OPERATING INCOME (LOSS)	(126,822)	23,897
NON-OPERATING REVENUES (EXPENSES):		
Interest income	945	1,187
Other income	5,031	18,248
Interest expense on long-term debt	(172,396)	(137,593)
TOTAL NON-OPERATING (EXPENSES)	(166,420)	(118,158)
CAPITAL CONTRIBUTIONS	103,055	60,610
CHANGE IN NET POSITION	(190,187)	(33,651)
NET POSITION, beginning of year	10,335,773	10,369,424
NET POSITION, end of year	\$ 10,145,586	\$ 10,335,773

Operating revenue increased 4.8% as compared to the prior year as new customers were added. Total operating expenses increased by 11.1%. Interest expense on long-term debt increased by 25.2%.

Capital Assets and Debt Administration

Capital Assets

At December 31, 2019 and 2018, the District had \$14.5 million and \$14.5 million invested in a variety of capital assets, as reflected in the following table:

(Table 3)
Capital Assets (Net of Depreciation)
as of December 31, 2019 and 2018

	2019	2018
Non-Depreciable Assets:		
Land	\$ 75,043	\$ 75,043
Depreciable Assets:		
Plant and equipment, net of depreciation	14,404,082	14,429,471
Total capitals, net of depreciation	\$ 14,479,125	\$ 14,504,514

(Table 4)
Changes in Capital Assets
Years Ended December 31, 2019 and 2018

	2019	2018
Beginning Balance	\$ 14,504,514	\$ 13,391,274
Additions	639,099	1,749,001
Retirements	-	-
Depreciation	(664,488)	(635,761)
Ending Balance	\$ 14,479,125	\$ 14,504,514

Debt

At December 31, 2019 and 2018, the District had \$4.4 million and \$4.5 million in revenue bonds outstanding and \$554 thousand and \$752 thousand of notes payable. A total of \$172 thousand is due within the 2020 calendar year.

(Table 5)
Outstanding Debt
as of December 31, 2019 and 2018

	2019	2018
Revenue bonds	\$ 4,382,500	\$ 4,504,000
Notes payable	554,378	751,868
Unamortized discount premium	(12,878)	(14,114)
Total	\$ 4,924,000	\$ 5,241,754

District Challenges for the Future

The District continues to be financially sound. However, the current state and national financial climate requires the District to remain prudent.

The District will continue to use careful planning and monitoring of finances to provide quality services to its customers.

Contacting the District's Financial Management

This financial report is designed to provide our customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives and spends. If you have questions about this report or need additional financial information, contact Tim Gossett, General Manager, 1003 Armory Road, Brandenburg, Kentucky 40108 or (270) 422-5006.

MEADE COUNTY WATER DISTRICTSTATEMENT OF NET POSITIONDECEMBER 31, 2019ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 176,476
Accounts receivable, net	127,028
Unbilled receivables	137,428
Prepaid insurance	13,356
Materials and supplies	67,509

TOTAL CURRENT ASSETS	521,797
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NONCURRENT ASSETS:

Restricted cash and cash equivalents	285,201
Regulatory asset- CERS OPEB	1,058,551
Regulatory asset- CERS Pension	302,901
Non-depreciable capital assets	75,043
Depreciable capital assets, net of accumulated depreciation	14,404,082

TOTAL NONCURRENT ASSETS	16,125,778
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TOTAL ASSETS	16,647,575
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DEFERRED OUTFLOWS OF RESOURCES

CERS- Pension	170,597
CERS- OPEB	84,209
	254,806

LIABILITIES

CURRENT LIABILITIES:

Payroll and other taxes payable	10,337
Accrued vacation	45,808
Accrued interest	76,396
Other accrued liabilities	4,328
Customer deposits	79,669
Notes and bonds payable	187,621

TOTAL CURRENT LIABILITIES	404,159
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NONCURRENT LIABILITIES:

Net pension liability- CERS	1,164,321
Net OPEB liability- CERS	278,380
Notes and bonds payable	4,736,378

TOTAL NONCURRENT LIABILITIES	6,179,079
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TOTAL LIABILITIES	6,583,238
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DEFERRED INFLOWS OF RESOURCES

CERS- Pension	64,827
CERS- OPEB	108,730
	173,557

NET POSITION

Net investment in capital assets	9,555,126
Restricted net position	285,201
Unrestricted	305,259
TOTAL NET POSITION	\$ 10,145,586

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

MEADE COUNTY WATER DISTRICTSTATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITIONYEAR ENDED DECEMBER 31, 2019

OPERATING REVENUES:	
Water sales	\$ 2,519,552
TOTAL OPERATING REVENUES	2,519,552
OPERATING EXPENSES:	
Water purchased	902,256
Power purchased	46,978
Meter labor and expense	463,844
Repairs and maintenance	85,491
General and administrative expenses	483,317
Depreciation	664,488
TOTAL OPERATING EXPENSES	2,646,374
OPERATING LOSS	(126,822)
NON-OPERATING REVENUES (EXPENSES):	
Interest income	945
Other income	5,031
Interest expense on long-term debt	(172,396)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(166,420)
CAPITAL CONTRIBUTIONS	103,055
CHANGE IN NET POSITION	(190,187)
NET POSITION, beginning of year	10,335,773
NET POSITION, end of year	\$ 10,145,586

The accompanying notes are integral part of these financial statements.

MEADE COUNTY WATER DISTRICTSTATEMENT OF CASH FLOWSYEAR ENDED DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 2,497,160
Payments to suppliers	(1,314,198)
Payments to employees	(662,709)
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	520,253
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Principal payments on debt	(318,990)
Acquisition and construction of capital assets	(636,344)
Other income	5,031
Capital contributions	103,055
Interest on long-term debt	(172,396)
	<hr/>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,019,644)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest income	945
	<hr/>
NET CASH PROVIDED BY INVESTING ACTIVITIES	945
	<hr/>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(498,446)
CASH AND CASH EQUIVALENTS, beginning of year	960,123
	<hr/>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 461,677</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating loss	\$ (126,822)
Adjustments to reconcile net operating loss to net cash provided by operating activities:	
Depreciation	664,488
Decrease in accounts receivable	2,835
Increase in unbilled receivables	(25,227)
Decrease in accounts payable	(19,276)
Decrease in payroll and other taxes payable	(660)
Increase in customer deposits	17,066
Increase in accrued interest	48
Increase in accrued vacation	7,801
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 520,253</u>

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

NOTES TO FINANCIAL STATEMENTS

MEADE COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Brief history - Meade County Water District was organized pursuant to the provisions of Kentucky Revised Statutes KRS 74.010 and KRS 44.020 in order to provide a water supply for the residents of Meade County, Kentucky.

The District's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements set forth by the National Association of Regulatory Utility Commissioners and the guidance provided by the American Water Works Association in *Water Utility Accounting* and is regulated by the Kentucky Public Service Commission. The more significant accounting policies established in GAAP and used by the District are discussed below.

A. REPORTING ENTITY

These financial statements present the District's financial activities. As defined by GASB No. 14, *The Financial Reporting Entity*, as amended by GASB No. 39, *Determining Whether Certain Organizations Are Component Units* the criteria for inclusion in the reporting entity involve those cases where the District or its officials appoint a voting majority of an organization's governing body, and is either able to impose its will on the organization or there is a potential for the organization to provide specific financial benefits to or to impose specific financial burdens on the District or the nature and significance of the relationship between the District and the organization is such that exclusion would cause the District's financial statements to be incomplete. Applying this definition, the District does not include any component units in its reporting entity.

B. BASIC FINANCIAL STATEMENTS

All activities of the District are accounted for within a single proprietary (enterprise) fund. The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The GAAP applicable are those similar to businesses in the private sector. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues.

C. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. The proprietary fund financial statements are presented on the accrual basis of accounting. Nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

(Continued next page)

MEADE COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. FINANCIAL STATEMENT AMOUNTS

1. Accounts Receivable – The allowance method is used to record uncollectible accounts. At December 31, 2019, accounts receivable was stated net of an allowance for uncollectible accounts of \$24,373. Bad debt expense for the year ended December 31, 2019 was \$-0-. The District does not believe there is any credit risk associated with these receivables due to the large customer base and small individual account balances.
2. Materials and Supplies – Materials and supplies are composed of items used for the construction of capital projects.
3. Restricted Assets – Restricted assets consist of demand deposit savings accounts and certificates of deposit plus accrued interest.
4. Capital assets – Capital assets in service and construction in progress are recorded at cost, if purchased or constructed. Assets acquired through contributions from developers or other customers are capitalized at their estimated fair market value, if available, or at engineers' estimated fair market value or cost to construct at the date of the contribution. Maintenance and repairs, which do not significantly extend the value or life of property, plant and equipment, are expensed as incurred. The District does not have a capitalization policy.

Assets are depreciated on the straight-line method. Depreciation is calculated using the following estimated useful lives:

	Years
Source of supply equipment	15-50
Water treatment plant	10-40
Transmission and distribution systems	10-75
Equipment	3-20
Structures and improvements, including buildings	10-50
Office furniture, equipment and vehicles	3-20
Meters and installation	10-40

5. Amortization – Bond discounts and premiums are being amortized using the straight-line method over the life of each respective bond issue.
6. Cash Equivalents – For purposes of the statement of cash flows, the District considers all highly liquid debt instruments (including restricted assets) purchased with a maturity of three months or less to be cash equivalents.
7. Compensation for Future Absences – Accumulated vacation to be paid to employees is recorded as an expense as the benefit is used and a liability as the benefit is earned.
8. Claims and Judgments – These events and obligations are recorded on the accrual basis, when the event occurs and the obligation arises.

(Continued next page)

MEADE COUNTY WATER DISTRICTNOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2019NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. Revenues and Rate Structure – Revenues from water services are recognized on the accrual basis and as earned. Services are supplied to customers under a rate structure designed to produce revenues sufficient to provide for operating and maintenance costs, capital outlay, debt service, reserves and debt service coverage.
10. Capital Contributions – Contributions are recognized in the Statements of Revenues, Expenses and Changes in Fund Net Position when earned. Contributions include capacity fees, capital grants, and other supplemental support by other utilities and industrial customers and federal, state and local grants in support of system improvements.
11. Long-term obligations are reported at face value, net of applicable premiums and discounts.
12. Defining Operating Revenues and Expenses – The District distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses consist of charges for services and the costs of providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as non-operating.
13. Use of Restricted Resources – When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District's policy is first apply the expense toward restricted resources and then toward unrestricted resources.
14. Net Position – Net position is divided into three components:
 - a. Net investment in capital assets – consists of the historical cost of capital assets less accumulated depreciated and less any debt that remains outstanding that was used to finance those assets.
 - b. Restricted net position – consists of assets that are restricted by the District's creditors (for example, through debt covenants), by grantors (federal, state and local) and by other contributors.
 - c. Unrestricted – all other net position is reported in this category.
15. Use of Estimates – The preparation of financial assets in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, designated net position, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(Continued next page)

MEADE COUNTY WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

16. Pension and OPEB – For purposes of measuring the net pension and OPEB liabilities, deferred outflows/inflows of resources, and pension and OPEB expense, information about the fiduciary net position of the County Employees Retirement System (CERS) and additions to/deductions from CERS's fiduciary net position have been determined on the same basis as they are reported by CERS except that CERS's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The District's rates are regulated by the Kentucky Public Service Commission. In accordance with GASB Statement No. 62, Paragraphs 476-500, Regulated Operations, which requires that the effects of the rate-making process be recorded in the financial statements, the District has elected to record a regulatory asset for the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB. Accordingly, the District recognizes the actuarially determined contribution as the current year pension expense and OPEB.

17. Impact of Recently Issued Accounting Principles

Recently Issued And Adopted Accounting Principles

In January 2017, the GASB issued Statement 84, Fiduciary Activities. This statement is effective for periods beginning after December 15, 2018. The statement was adopted during the year and did not have an effect on the District's financial statements.

In April 2018, the GASB issued Statement 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. This statement is effective for periods beginning after June 15, 2018. The statement was adopted during the year and did not have an effect on the District's financial statements.

In August 2018, the GASB issued Statement 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. This statement is effective for periods beginning after December 15, 2018. The statement was adopted during the year and did not have an effect on the District's financial statements.

Recently Issued Accounting Pronouncements

In June 2017, the GASB issued Statement 87, Leases. This statement is effective for periods beginning after December 15, 2019. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In June 2018, the GASB issued Statement 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. This statement is effective for periods beginning after December 15, 2019. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

(Continued next page)

MEADE COUNTY WATER DISTRICTNOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2019NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In May 2019, the GASB issued Statement 91, Conduit Debt Obligations. This statement is effective for periods beginning after December 15, 2020. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In January 2020, the GASB issued Statement 92, Omnibus 2020. This statement is effective for periods beginning after June 15, 2020, except for the provisions applicable to Statement 87 and Implementation Guide 2019-3 which are effective upon issuance. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In March 2020, the GASB issued Statement 93, Replacement of Interbank Offered Rates. The requirements of this Statement, except for paragraphs 11b, 13, and 14 are effective for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years periods beginning after June 15, 2021, and all reporting periods thereafter. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In March 2020, the GASB issued Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In May 2020, the GASB issued Statement 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The requirements of this Statement are effective immediately. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In May 2020, the GASB issued Statement 96, Subscription-Based Information Technology Arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In June 2020, the GASB issued Statement 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an Amendment of GSB Statements No. 14 and No. 84, and Supersession of GASB Statement No. 32. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021, and all reporting periods thereafter. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

NOTE 2 – DEPOSITS

Custodial Credit Risk—Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned or that the District will not be able to recover collateral securities in the possession of an outside party. As of December 31, 2019, \$113,497 of the District's bank balance of \$504,708 was exposed to custodial credit risk. This remaining amount was collateralized by securities held by the pledging financial institution.

(Continued next page)

MEADE COUNTY WATER DISTRICTNOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2019NOTE 3 – RESTRICTED CASH

The District has restricted cash and certificates of deposit for debt service and construction. The following schedule represents restricted cash at December 31, 2019:

<u>Restricted For</u>	<u>December 31, 2019</u>
Customer Deposits	\$ 10,761
Construction	40,055
Debt Service	152,629
Reserve & Depreciation	81,756
	<u>\$ 285,201</u>

NOTE 4 – CAPITAL ASSETS

Capital assets are recorded at cost. Capital asset costs and accumulated depreciation at December 31, 2019, is summarized as follows:

	<u>Balance</u> <u>12/31/2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2019</u>
Non-depreciable assets				
Land and land rights	\$ 75,043	\$ -	\$ -	\$ 75,043
Depreciable assets:				
	22,664,042	639,099	-	23,303,141
	(8,234,571)	(664,488)	-	(8,899,059)
Total capital assets being depreciated, net	<u>14,429,471</u>	<u>(25,389)</u>	<u>-</u>	<u>14,404,082</u>
Capital assets, net	<u>\$ 14,504,514</u>	<u>\$ (25,389)</u>	<u>\$ -</u>	<u>\$ 14,479,125</u>

During the year ended December 31, 2019, the District capitalized \$-0- of interest.

(Continued next page)

MEADE COUNTY WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 5 – LONG-TERM OBLIGATIONS

The construction cost of the District's water facilities have been financed by issuance of revenue bonds and notes payable authorized under Kentucky Revised Statutes. All assets of the District are pledged as collateral for these bonds. Bond maturities and Sinking Fund requirements in each of the next five years and in subsequent five year increments are as follows:

Year	Notes and Bonds Payable		Sinking Fund Requirements
	Principal	Interest	
2020	\$ 187,621	\$ 171,262	\$ 358,883
2021	194,954	163,804	358,758
2022	198,341	156,007	354,348
2023	201,286	147,267	348,553
2024	161,789	142,631	304,420
2025-2029	740,387	635,605	1,375,992
2030-2034	568,000	509,537	1,077,537
2035-2039	586,500	407,384	993,884
2040-2044	709,000	292,393	1,001,393
2045-2049	852,000	151,970	1,003,970
2050-2054	373,000	48,771	421,771
2055-2056	164,000	4,538	168,538
Total	<u>\$ 4,936,878</u>	<u>\$ 2,831,169</u>	<u>\$ 7,768,047</u>

Changes in long-term obligations during the year ended December 31, 2019 were:

	Balance 12/31/2018	Additions	Reductions	Balance 12/31/2019	Due Within One Year
Bonds and notes payable:					
Revenue Bonds Payable	\$ 4,504,000		\$ (121,500)	\$ 4,382,500	\$ 127,000
Notes Payable	751,868		(197,490)	554,378	60,621
Unamortized Issuance Costs	(14,114)		1,236	(12,878)	(1,236)
Total	<u>\$ 5,241,754</u>	<u>\$ -</u>	<u>\$ (317,754)</u>	<u>\$ 4,924,000</u>	<u>\$ 186,385</u>

Information relating to the outstanding bond and notes is summarized below:

Date of Issue	Interest Rate	Original Amount of Each Issue	Bonds and Notes Payable Outstanding December 31, 2019
2001 Bond Series A	5.08%	\$ 605,000	\$ 259,000
1992 Bond Payable	5.00%	415,000	185,000
KIA Bond Payable	4.68%	165,000	25,000
KIA Note Payable	3.00%	394,760	121,751
KIA Note Payable	3.00%	753,447	432,627
USDA Bond Payable	4.13%	2,150,000	1,944,000
2018 Bond Series A	2.75%	2,000,000	1,969,500

(Continued next page)

MEADE COUNTY WATER DISTRICTNOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2019NOTE 6 - RETIREMENT PLANPlan Description

The District participates in the County Employees' Retirement System (CERS), a component unit of the Commonwealth of Kentucky which is a cost-sharing multiple-employer defined benefit plan. CERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Under the provisions of KRS Section 61.645, the Board of Trustees of Kentucky Retirement Systems (KERS) administers the CERS. The CERS issues a publicly available financial report that includes financial statements, required supplementary information and detailed information about CERS. CERS' report may be obtained at www.kyret.ky.gov.

Benefits Provided

The system provides for retirement, disability, and death benefits to system members. Retirement benefits may be extended to beneficiaries of members under certain circumstances. Prior to July 1, 2009, cost-of-living adjustments (COLA) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. Effective July 1, 2009, and on July 1 of each year thereafter, the COLA is limited to 1.5% provided the recipient has been receiving a benefit for at least 12 months prior to the effective date of the COLA. If the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA, the increase shall be reduced on a pro-rata basis for each month the recipient has not been receiving benefits in the 12 months preceding the effective date of the COLA. The Kentucky General Assembly has the authority to increase, suspend or reduce COLAs. Senate Bill 2 of 2013 eliminated all future COLAs unless the State Legislature so authorizes on a biennial basis and either (1) the system is over 100% funded or (2) the Legislature appropriates sufficient funds to pay the increased liability for the COLA. No COLA has been granted since July 1, 2011.

Contributions

For the calendar year ended December 31, 2019, plan members were required to contribute 5% of their annual creditable compensation. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board.

The District's contractually required contribution rate for the calendar year ended December 31, 2019, was 16.22 percent of creditable compensation from January 1 to June 30 and 19.30 percent of creditable compensation from July 1 to December 31. The District's contractually required contribution rate for the calendar year ended December 31, 2018, was 14.48 percent of creditable compensation from January 1 to June 30 and 16.22 percent of creditable compensation from July 1 to December 31. Contributions to the pension plan for the years ended December 31, 2019 were \$79,444. At December 31, 2019, the District owed \$8,071 to the plan for employer and member contributions for December.

(Continued next page)

MEADE COUNTY WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 6 - RETIREMENT PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2019, the District reported a liability of \$1,164,321 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 using standard roll-forward techniques. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all, actuarially determined. At June 30, 2019, the District's proportion was 0.016555 percent, which was a decrease of .000030 percent from its proportion measured as of June 30, 2018.

For the years ended December 31, 2019, the District recognized pension expense of \$79,480. At December 31, 2019, the District reported its proportionate share of the CERS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 29,729	\$ 4,920
Changes in actuarial assumptions	117,842	-
Difference between projected and actual investment earnings	22,350	41,120
Changes in proportionate share of contributions	676	18,787
	<u>\$ 170,597</u>	<u>\$ 64,827</u>

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31</u>	<u>Pension Expense Amount</u>
2020	\$ 66,944
2021	25,594
2022	11,901
2023	1,331
	<u>\$ 105,770</u>

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MEADE COUNTY WATER DISTRICTNOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2019NOTE 6 - RETIREMENT PLAN (CONTINUED)

The total pension liability in the June 30, 2019 actuarial valuation using standard roll-forward techniques was determined using the following actuarial assumptions, applied to all periods included in the measurement:

The total pension liability in the June 30, 2019 actuarial valuation using standard roll-forward techniques was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	6.25 percent
Inflation	2.30 percent
Salary increases	3.05 percent, to 10.30, including inflation
Investment rate of return	6.25 percent, net of pension plan investment expense, including inflation

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (setback for one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back four years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018.

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the table below.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	18.75%	4.30%
Non- U.S. Equity	18.75%	4.80%
Private Equity	10.00%	6.65%
Specialty Credit/ High Yield	15.00%	2.60%
Core Bonds	13.50%	1.35%
Cash	1.00%	20.00%
Real Estate	5.00%	4.85%
Opportunistic	3.00%	2.97%
Real Return	15.00%	4.10%
Total	<u>100.00%</u>	

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MEADE COUNTY WATER DISTRICTNOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2019NOTE 6 - RETIREMENT PLAN (CONTINUED)Discount Rate

The discount rate used to measure the total pension liability as of the Measurement Date was 6.25%. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24 year (closed) amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 6.25%. The long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of The District's Proportionate Share Of The Net Pension Liability To Changes In The Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.25 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25 percent) or 1-percentage-point higher (7.25 percent) than the current rate:

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
District's proportionate share of the net pension liability	\$ 1,456,235	\$ 1,164,321	\$ 921,013

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position, which has been determined on the same basis as that used by the plan, is available in the separately issued CERS financial report. The financial statements are prepared on the accrual basis of accounting. Member contributions and employer matching contributions are recognized in the fiscal year due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS PLANPlan Description

The District participates in the County Employees' Retirement System (CERS), a component unit of the Commonwealth of Kentucky and is a cost-sharing multiple-employer defined benefit plan. CERS provides other post-employment benefits to plan members and beneficiaries. The Board of Trustees of Kentucky Retirement Systems (KERS) administers CERS. CERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained at www.kyret.ky.gov. The Kentucky Retirement Systems' Insurance Fund (Insurance Fund) was established to provide hospital and medical insurance for eligible members receiving benefits from CERS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. KRS submits the premium payments to DEI. The Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance.

(Continued next page)

MEADE COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS PLAN (CONTINUED)

Benefits Provided

For members participating prior to July 1, 2003, KRS pays a percentage of the monthly premium for single coverage based upon the service credit accrued at retirement. Members participating on or after July 1, 2003, and before September 1, 2008, are required to earn at least 10 years of service credit in order to be eligible for insurance benefits at retirement. Members participating on or after September 1, 2008 are required to earn at least 15 years of service credit in order to be eligible for insurance benefits at retirement. The monthly health insurance contribution will be \$10 for each year of earned service increased by the CPI prior to July 1, 2009, and by 1.5% annually from July 1, 2009.

Contributions

For the fiscal year ended June 30, 2019, plan members who began participating prior to September 1, 2008, were required to contribute 0% of their annual creditable compensation. Those members who began participating on, or after, September 1, 2008 and before January 1, 2014 were required to contribute 1% of their annual creditable compensation. Those members who began participating on, or after, January 1, 2014 were required to contribute 1% of their annual creditable compensation but their contribution is not credited to their account and is not refundable. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board.

The District's contractually required contribution rate for the calendar year ended December 31, 2019, was 5.26 percent of creditable compensation from January 1 to June 30 and 4.76 percent of creditable compensation from July 1 to December 31. The District's contractually required contribution rate for the calendar year ended December 31, 2019, was 4.70 percent of creditable compensation from January 1 to June 30 and 5.26 percent of creditable compensation from July 1 to December 31. Contributions to the OPEB plan from the District were \$22,350 for the period ended December 31, 2019. At December 31, 2019 the District owed \$2,266 to the plan for employer and member contributions for December.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At December 31, 2019, the District reported a liability of \$287,380 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2019, the District's proportion was 0.016551 percent, which was a decrease of .000033 percent from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the District recognized OPEB expense of \$22,350. At December 31, 2019, the District reported its proportionate share of the CERS deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

(Continued next page)

MEADE COUNTY WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS PLAN (CONTINUED)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 83,994
Changes in actuarial assumptions	82,375	551
Difference between projected and actual investment earnings	1,834	14,198
Changes in proportionate share of contributions	-	9,987
	<u>\$ 84,209</u>	<u>\$ 108,730</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

<u>Year Ending December 31</u>	<u>Pension Expense Amount</u>
2019	\$ (4,368)
2020	(4,368)
2021	(437)
2022	(7,962)
2023	(6,346)
Thereafter	(1,040)
	<u>\$ (24,521)</u>

Actuarial assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	6.25%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.05% to 11.55%, including inflation
Inflation rate	2.30%
Real Wage Growth	2.00%
Healthcare Trend Rate:	
Pre-65	Initial trend starting at 7.25% at January 1, 2019, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years.
Post-65	Initial trend starting at 5.10% at January 1, 2019, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years.
Municipal Bond Index Rate	3.13%
Discount Rate	5.68%

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MEADE COUNTY WATER DISTRICTNOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2019NOTE 7 – OTHER POST EMPLOYMENT BENEFITS PLAN (CONTINUED)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2013 — June 30, 2018.

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set-back for one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back four years for males) is used for the period after disability retirement.

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the table below.

The projection of cash flows used to determine the discount rate of 5.68% assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 3.13%, as reported in Fidelity Index's "20 -Year Municipal GO AA Index" as of June 28, 2019. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the CAFR.

Sensitivity of The District's Proportionate Share of The Net OPEB Liability To Changes In The Discount Rate

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.68%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.68%) or 1-percentage-point higher (6.68%) than the current rate:

	1% Decrease (4.68%)	Current Discount Rate (5.68%)	1% Increase (6.68%)
District's proportionate share of the net OPEB liability	\$ 372,915	\$ 278,380	\$ 200,490

(Continued next page)

MEADE COUNTY WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS PLAN (CONTINUED)

Sensitivity Of The District’s Proportionate Share Of The Collective Net OPEB Liability To Changes In The Healthcare Cost Trend Rates

The following presents the District’s proportionate share of the collective net OPEB liability, as well as what the District’s proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 207,033	\$ 278,380	\$ 364,898

OPEB plan fiduciary net position – Detailed information about the OPEB plan’s fiduciary net position, which has been determined on the same basis as that used by the plan, is available in the separately issued CERS financial report. The financial statements are prepared on the accrual basis of accounting. Member contributions and employer matching contributions are recognized in the fiscal year due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

NOTE 8 – CAPITAL CONTRIBUTIONS

The following schedule details the sources of capital contributions for the year ended December 31, 2019:

Source	Amount
Tap fees	\$ 103,055

NOTE 9 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District was insured for workers’ compensation, general liability coverage under a retrospectively rated commercial policy.

NOTE 10 – ECONOMIC DEPENDENCY

The District obtains a majority of its revenues from customers in Meade County, Kentucky. An economic downturn in the area could have a negative impact on the financial condition of the District.

MEADE COUNTY WATER DISTRICTNOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2019NOTE 11 – ACCOUNTING FOR THE EFFECTS OF RATE REGULATION

The District is subject to the provisions of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement recognizes the economic ability of regulators, through the ratemaking process, to create future economic benefits and obligations affecting rate-regulating entities. Accordingly, the District records these future economic benefits and obligations as regulatory assets and regulatory liabilities.

Regulatory assets represent probable future revenues associated with previously incurred costs that are expected to be recovered from customers. Regulatory liabilities represent probable future reductions in revenues associated with amounts that are expected to be refunded to customers through the ratemaking process.

In order for rate-regulated entity to continue to apply the provisions of GASB Statement No. 62, it must continue to meet the following three criteria:

1. The entities' rates for regulated services provided to its customers must be established by an independent third-party regulator or its own governing board empowered by a statute to establish rates that bind customers;
2. The regulated rates must be designed to recover the specific entities cost of providing the regulated services;
3. In view of the demand for the regulated services and the level of competition, it is reasonable to assume that the rates set at levels that will recover the entities' cost can be charged to and collected from customers.

Based on the District's management evaluation of the three criteria discussed above in relation to its operations, and the effects of competition on its ability to recover its costs, the District believes that GASB Statement No. 62 continues to apply.

REQUIRED SUPPLEMENTARY INFORMATION

MEADE COUNTY WATER DISTRICT**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE CERS NET PENSION LIABILITY**

December 31, 2019

Last 10 Years *

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.16555%	0.165845%	0.017207%	0.018260%	0.018106%
Proportionate share of the net pension liability	\$ 1,164,321	\$ 1,010,077	\$ 1,007,179	\$ 899,077	\$ 778,456
Covered - employee payroll	\$ 446,856	\$ 429,772	\$ 448,477	\$ 408,472	\$ 396,057
Proportionate share of the net pension liability as percentage of covered payroll	260.6%	235.0%	224.6%	220.1%	196.6%
Plan fiduciary net position as a percentage of the total pension liability	50.45%	53.54%	53.30%	55.50%	59.97%

* Calendar year 2015 was the first year of implementation, therefore, only five years are shown.

MEADE COUNTY WATER DISTRICT**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE CERS NET OPEB LIABILITY**

December 31, 2019

Last 10 Years *

	<u>2019</u>	<u>2018</u>
Proportion of the net OPEB liability	0.016551%	0.016584%
Proportionate share of the net OPEB liability	\$ 287,380	\$ 294,441
Covered - employee payroll	\$ 444,856	\$ 429,772
Proportionate share of the net OPEB liability as percentage of covered payroll	64.6%	68.5%
Plan fiduciary net position as a percentage of the total OPEB liability	60.44%	57.62%

* Calendar year 2018 was the year of implementation, therefore, only two years are shown.

MEADE COUNTY WATER DISTRICT

SCHEDULE OF CONTRIBUTIONS TO CERS PENSION

December 31, 2019

Last 10 Years *

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 79,444	\$ 62,878	\$ 58,442	\$ 51,879	\$ 54,057
Contribution in relation to the actuarially determined contributions	<u>79,444</u>	<u>62,878</u>	<u>58,442</u>	<u>51,879</u>	<u>54,057</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 446,856	\$ 397,101	\$ 448,477	\$ 408,472	\$ 396,057
Contributions as a percentage of covered employee payroll	17.78%	15.83%	13.03%	12.70%	13.65%

* Calendar year 2015 was the first year of implementation, therefore, only five years are shown.

MEADE COUNTY WATER DISTRICT**SCHEDULE OF CONTRIBUTIONS TO CERS OPEB**

December 31, 2019

Last 10 Years *

	<u>2019</u>	<u>2018</u>
Contractually required contribution (actuarially determined)	\$ 22,350	\$ 19,856
Contribution in relation to the actuarially determined contributions	<u>22,350</u>	<u>19,856</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 446,856	\$ 397,101
Contributions as a percentage of covered employee payroll	5.00%	5.00%

* Calendar year 2018 was the year of implementation, therefore, only two years are shown.

MEADE COUNTY WATER DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2019

CERS PENSION

Changes of benefit terms. There were no changes in benefit terms from 2015 through 2019.

Changes of assumptions (as of June 30 of the year measurement date):

2015- The assumed investment rate of return was decreased from 7.75% to 7.50%. The assumed rate of inflation was reduced from 3.50% to 3.25%. The assumed rate of wage inflation was reduced from 1.00% to 0.75%. Payroll growth assumption was reduced from 4.50% to 4.00%. The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

The assumed rates of retirement, withdrawal and disability were updated to more accurately reflect experience.

2016 and 2017- No changes.

2018- The assumed investment return was changed from 7.50% to 6.25%. The price inflation assumption was changed from 3.25% to 2.30%, which also resulted in a 0.95% decrease in the salary increase assumption at all years of service. The payroll growth assumption (applicable for the amortization unfunded actuarial accrued liabilities) was changed from 4.00% to 2.00%.

2019- Annual salary increases and annual rates of retirement, disability, withdrawal and mortality were updated based on the 2018 experience study and the percent of disabilities assumed to occur in the line of duty was updated from 0% to 2% for non-hazardous members.

CERS OPEB

Changes of benefit terms. There were no changes in benefit terms for 2018 or 2019.

Changes of assumptions (as of June of the year measurement date):

2018- The assumed investment return was changed from 7.50% to 6.25%. The price inflation assumption was changed from 3.25% to 2.30%, which also resulted in a 0.95% decrease in the salary increase assumption at all years of service. The payroll growth assumption (applicable for the amortization of unfunded actuarial accrued liabilities) was changed from 4.00% to 2.00%.

2019- The discount rate was changed from 5.85% to 5.68%. Annual salary increases and annual rates of retirement, disability, withdrawal and mortality were updated based on the 2018 experience study and the percent of disabilities assumed to occur in the line of duty was updated from 0% to 2% for non-hazardous members.

SUPPLEMENTARY INFORMATION

MEADE COUNTY WATER DISTRICT

SCHEDULE I - PRINCIPAL AND INTEREST REQUIREMENTS

DECEMBER 31, 2019

	1992 BOND PAYABLE		2001 SERIES A BOND PAYABLE	
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2020	41,000	7,588	13,000	13,088
2021	44,000	5,270	14,000	12,425
2022	47,000	2,794	15,000	11,713
2023	49,000	211	16,000	10,095
2024	4,000	-	17,000	10,138
2025			18,000	9,275
2026			20,000	8,350
2027			20,000	7,350
2028			22,000	6,325
2029			23,000	5,213
2030			25,000	4,038
2031			27,000	2,750
2032			29,000	975
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	<u>\$ 185,000</u>	<u>\$ 15,863</u>	<u>\$ 259,000</u>	<u>\$ 101,735</u>

MEADE COUNTY WATER DISTRICT

SCHEDULE I - PRINCIPAL AND INTEREST REQUIREMENTS

DECEMBER 31, 2019

	KIA BOND PAYABLE		KIA NOTE PAYABLE	
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2020	10,000	1,137	22,922	3,482
2021	10,000	687	23,615	2,789
2022	5,000	231	24,329	2,075
2023			25,064	1,340
2024			25,821	582
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	<u>\$ 25,000</u>	<u>\$ 2,056</u>	<u>\$ 121,751</u>	<u>\$ 10,268</u>

MEADE COUNTY WATER DISTRICT

SCHEDULE I - PRINCIPAL AND INTEREST REQUIREMENTS

DECEMBER 31, 2019

	KIA NOTE PAYABLE		2010 SERIES BOND PAYABLE	
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2020	37,699	12,698	31,500	79,540
2021	38,839	11,558	32,500	78,220
2022	40,012	10,384	34,000	76,849
2023	41,222	9,175	36,000	75,406
2024	42,468	7,930	37,500	73,890
2025	43,751	6,646	39,000	72,311
2026	45,074	5,323	41,000	70,661
2027	46,436	3,961	43,000	68,928
2028	47,840	2,558	45,000	67,114
2029	49,286	1,111	47,000	65,216
2030			49,000	63,236
2031			51,500	61,164
2032			54,000	58,988
2033			56,500	56,709
2034			59,000	54,327
2035			61,500	51,841
2036			64,500	49,242
2037			67,500	46,559
2038			70,500	43,674
2039			74,000	40,694
2040			77,500	37,569
2041			81,000	34,299
2042			84,500	30,885
2043			88,500	27,318
2044			92,500	23,584
2045			97,000	19,225
2046			101,500	15,581
2047			106,000	11,302
2048			111,000	6,827
2049			110,000	2,269
2050				
2051				
2052				
2053				
2054				
2055				
2056				
	<u>\$ 432,627</u>	<u>\$ 71,344</u>	<u>\$ 1,944,000</u>	<u>\$ 1,463,428</u>

MEADE COUNTY WATER DISTRICT

SCHEDULE I - PRINCIPAL AND INTEREST REQUIREMENTS

DECEMBER 31, 2019

2018 SERIES A
BOND PAYABLE

	<u>PRINCIPAL</u>	<u>INTEREST</u>
2020	31,500	53,728
2021	32,000	52,855
2022	33,000	51,961
2023	34,000	51,040
2024	35,000	50,091
2025	36,000	49,115
2026	37,000	48,111
2027	38,000	47,080
2028	39,000	46,021
2029	40,000	44,935
2030	41,000	43,821
2031	42,000	42,680
2032	43,500	41,504
2033	44,500	40,294
2034	46,000	39,050
2035	47,000	37,771
2036	48,500	36,458
2037	49,500	35,111
2038	51,000	33,729
2039	52,500	32,306
2040	54,000	30,841
2041	55,500	29,336
2042	57,000	27,789
2043	58,500	26,201
2044	60,000	24,571
2045	62,000	22,894
2046	63,500	21,168
2047	65,000	19,401
2048	67,000	17,586
2049	69,000	15,716
2050	70,500	13,798
2051	72,500	11,832
2052	74,500	9,811
2053	76,500	7,734
2054	79,000	5,596
2055	81,000	3,396
2056	83,000	1,141
	<u>\$ 1,969,500</u>	<u>\$ 1,166,474</u>

MEADE COUNTY WATER DISTRICTSCHEDULE II - GENERAL AND ADMINISTRATIVE EXPENSESYEAR ENDED DECEMBER 31, 2019

Retirement expense	\$	101,806
Insurance - health		97,059
Auto expense		18,304
Office supplies and postage		4,767
Payroll and regulatory tax expense		34,003
Other general and administrative		141,970
Insurance - general liability		22,674
Professional fees		28,656
Insurance - workmens' compensation		2,214
Commissioners' salaries		26,750
Training		5,114
		<hr/>
	\$	<u>483,317</u>

MEADE COUNTY WATER DISTRICT

SCHEDULE III - ORGANIZATION DATA

DECEMBER 31, 2019

WATER COMMISSIONERS

Douglas Cornett – Chairman
Allen Stivers – Treasurer
Richard Myers – Commissioner
Wesley Prather – Commissioner
Norman Boothe – Commissioner

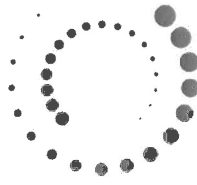
APPROVING BOND COUNSEL

Rubin & Hays - Louisville, Kentucky

CALENDAR YEAR

January 1 to December 31

INTERNAL CONTROL AND FISCAL COMPLIANCE



HCA

Heartland CPAs and Advisors PLLC

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Meade County Water District
Brandenburg, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Meade County Water District, as of and for the year ended December 31, 2019, and have issued our report thereon dated August 28, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Meade County Water District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Meade County Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of Meade County Water District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged by governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2019-001, 2019-002 and 2019-003 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Meade County Water District's financial statements are free of material misstatement, we performed test of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect of the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Meade County Water District's Responses to Findings

Meade County Water District's responses to the findings identified in our audit is described in the accompanying schedule of findings and responses. Meade County Water District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Heartland CPAs and Advisors PLLC

Heartland CPAs and Advisors, PLLC
Elizabethtown, Kentucky
August 28, 2020

MEADE COUNTY WATER DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES

December 31, 2019

REFERENCE NUMBER 2019-001 ADEQUATE SEGREGATION OF DUTIES

Criteria: The District's management is responsible for ensuring adequate segregation of duties to properly safeguard assets from misappropriation.

Condition: The District had only one employee responsible for the collection of cash receipts during a significant portion of the year.

Cause: An employee with cash collection responsibility left the District during the year and management did not assign a second employee into cash collection process.

Effect: The District was susceptible to misappropriation of cash.

Recommendation: We recommend the District's management include a second employee in the cash collection process.

Views of Responsible Officials: A second person has been assigned to check and initial daily balances and deposits to ensure accuracy and security of report. We report no issues or discrepancies in daily balance since May 2020.

REFERENCE NUMBER 2019-002 PREPARATION OF FINANCIAL STATEMENTS

Criteria: The District's management is responsible for establishing and maintaining internal controls over the application of transactions and the preparation of financial statements.

Condition: The District does not have sufficient controls over the preparation of the financial statements, including footnotes disclosures.

Cause: The District has financial personnel with limited financial reporting experience.

Effect: The design of the internal controls over financial reporting limits the ability of the District to provide accurate financial information.

Recommendation: We recommend District management and financial personnel continue to increase their awareness and knowledge of all procedures and processes involved in preparing financial statements.

Views of Responsible Officials: The District is working to increase its knowledge.

MEADE COUNTY WATER DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES (CONCLUDED)

December 31, 2019

REFERENCE NUMBER 2019-003 FINANCIAL STATEMENT PRESENTATION

Criteria: The District's management is responsible for establishing and maintaining internal controls over the application of transactions and the preparation of financial statements.

Condition: As part of the audit we noted that generally accepted accounting principles were not always applied and that material adjustments were not identified by the District's internal control.

Cause: The District has a limited number of personnel with limited financial reporting experience.

Effect: The design of the internal controls over financial reporting limits the ability of the District to provide accurate financial information.

Recommendation: We recommend District management and financial personnel increase their awareness and knowledge of all procedures and processes involved in preparing financial statements and develop internal control policies to ensure proper financial statement presentation.

Views of Responsible Officials: It would be beneficial to have financial training.

EXHIBIT E

EXISTING OBLIGATIONS

- (i) Water Revenue Bonds, Series 1992, of which \$185,000 remains outstanding;
- (ii) Water Revenue Bonds, Series 2001, of which \$259,000 remains outstanding;
- (iii) KIA Bond #1, of which \$25,000 remains outstanding;
- (iv) KIA Note #1, of which \$121,751 remains outstanding;
- (v) KIA Note #2, of which \$432,627 remains outstanding;
- (vi) Water Revenue Bonds, Series 1999 of which \$1,944,000 remains outstanding; and
- (vii) Water Revenue Bonds, Series 2018 of which \$1,969,500 remains outstanding.

EXHIBIT F

**DRAFT STATEMENT OF NOTIFICATION OF INTENT TO FINANCE AND
APPLICATION OF DEBT APPROVAL WITH THE STATE AND LOCAL DEBT
OFFICE**

Page 1	NOTIFICATION OF INTENT TO FINANCE AND APPLICATION OF DEBT APPROVAL Form # SLDO-1 Revised 1/1/2011	For DLG staff use only: File # _____ Received _____
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Completion and delivery of this form to the address below shall satisfy the requirements of KRS 65.117, which prohibits any city, county, urban-county, consolidated local government, charter county, special district, or taxing district from entering into any financing obligation of any nature, except leases under \$200,000, without first notifying the state local debt officer in writing. This form shall also serve as application for approval of debt issuance when applicable. An electronic version of the form is available at www.dlg.ky.gov.

√ Type of debt to be issued (must check one):	SLDO Approval Required	Complete Sections
<input type="checkbox"/> Short Term Borrowing – KRS 65.7701 et. seq.	No	A,B,C
<input type="checkbox"/> Lease from \$200,000 - \$500,000 – KRS 65.940 et. seq.	No	A,B,D
<input checked="" type="checkbox"/> Lease exceeding \$500,000 – KRS 65.940 et. seq.	Yes (Counties only)	A,B,D
<input type="checkbox"/> General Obligation Bond – KRS Chapter 66	Yes (Counties only)	A,B,E
<input type="checkbox"/> Public Project Rev. Bond – KRS Chapter 58	No	A,B,E
<input type="checkbox"/> Public Project Rev. Bonds w/Lease - KRS 65.310(2)	Yes (Counties only)	A,B,D,E
<input type="checkbox"/> Industrial Revenue Bond – KRS Chapter 103	Yes (All Borrowers)	A,B,F
<input type="checkbox"/> Other Bonds (True Revenue, Utility Assessment, TIF)	No	A,B,E

Section A – Borrower Information

Agency Name: Meade County Water District	
Governing Body: Special District	
Street Address: 1003 Armory Place	
PO Box: 367	City: Brandenburg
County: Meade County	Zip: 40108
Authorized Official: General Manager	

Section B – Terms of Financial Obligation

Please provide all relevant information. Fields in bold are mandatory.

Principal Amount: \$2,260,000	Date of Issue: April 1, 2021
Maturity Date(s): 02/01/2050	Payment Schedule: (must attach schedule)
Term: 30 years	Number of Renewal Periods: N/A
Interest Rate(s): 2.000-4.000%	Type of Interest (fixed or variable): Fixed
Retirement Method: Lease payments	
Lender's Name: N/A	
Lender's Address: N/A	
Right of Termination: N/A	

Termination Penalties: N/A
Prepayment Provisions: Bonds maturing on and after February 1, 2030 are subject to optional redemption on any date on and after February 1, 2029
Trustee or Paying Agent: The Bank of New York Mellon Trust Company, N.A.
AOC Funding Percentage: 0%

Page 2	NOTIFICATION OF INTENT TO FINANCE AND APPLICATION OF DEBT APPROVAL Form # SLDO-1 Revised 1/1/2011
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Section C – Note (Loan) Information/Documentation

Purpose – Briefly explain the documented need that necessitates this note (loan) and the public purpose it is intended to address. (Attach additional information if necessary):

Pledge of Taxes/Description:

Pledge of Revenue/Description:

Pledge of Project Revenues (Attach documentation which substantiates the revenue projections):

Have bids been sought by the local governments to determine the financial and programmatic competitiveness of the note (loan) proposal? Yes No

If No, explain what steps were taken to ensure adequate competition.

Required Attachments

1. Certification from local government attesting to the ability to meet additional financial commitments necessitated by the note and statement as to taxes and revenues to be collected during the term of the note.

Section D – Lease Information/Documentation

Describe the real or personal property to be acquired or constructed:

N/A, Refunding.

Type of Lease: General Obligation Revenue

Is Lease Annually Renewable? Yes No

Does Agency seek approval without a hearing? Yes No Jurisdiction: Revenue Refunding

If yes, please state the name, date and principal amount of original issue(s) being refunded:

Water Revenue Bonds, Series 1992, of which \$232,000 remains outstanding; and
Water Revenue Bonds, Series 2009 of which \$1,880,000 remains outstanding.

Required Attachments (If lease requires SLDO approval)

1. Minutes from the local public hearing
2. Affidavit of publication of SLDO hearing (if hearing is required) and newspaper advertisement tear sheet
3. Copy of lease
4. Executed copy of ordinance/resolution of fiscal court authorizing the lease
5. Certification from local government attesting to the ability to meet additional financial commitments necessitated by the lease and statement as to taxes and revenues to be collected during the term of the lease

Page 3	NOTIFICATION OF INTENT TO FINANCE AND APPLICATION OF DEBT APPROVAL Form # SLDO-1 Revised 1/1/2011
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Section E – Bond Information/Documentation

Please provide all relevant information. Fields in bold are mandatory.

Describe the purpose of the bond:

The bond is being issued to refinance a portion of the District’s outstanding obligations for debt service savings.

Bond Counsel: Dinsmore & Shohl LLP

Counsel Address: 50 East RiverCenter Boulevard, Suite 1150, Covington, KY

Financial Advisor: RSA Advisors, LLC

Advisor Address: 325 West Main Street, Suite 300, Lexington, KY 40507

Bond Series: Financing Program Revenue Bonds, 2021 Series B

Call Date: Bonds maturing on and after February 1, 2028 are subject to optional redemption on any date on and after February 1, 2027

Does this bond refund a prior bond? Yes

If yes, please state the name, date and principal amount of original issue(s) being refunded:

Water Revenue Bonds, Series 1992, of which \$232,000 remains outstanding; and
 Water Revenue Bonds, Series 2009 of which \$1,880,000 remains outstanding.

Required Attachments (If SLDO Approval is Required)

1. Minutes from the local public hearing
2. Affidavit of publication of SLDO hearing and newspaper advertisement tear sheet
3. Executed copy of ordinance/resolution of fiscal court authorizing financial plan for the issuance of the bonds
4. Proposed plan of financing
5. Preliminary official statement (if applicable)
6. Sources and uses table

Additional Required Attachments for KRS Chapter 103 Bonds

1. Documentation in an appropriate form substantiating the project’s eligibility under KRS 103.2101(1)(a)-(e).
2. If the project requires approval of the reduction in property taxes, attach any documentation provided to agency responsible for approval.

By signing below, the Authorized Official certifies that the foregoing is true and accurate to the best of his or her knowledge.

Name (please print): Daniel D. Briscoe, Jr.	Date: 4/1/2021
Title: Bond Counsel	Signature:

Mail to:
Department for Local Government
Attn: State Local Debt Officer
1024 Capital Center Drive, Suite 340
Frankfort, KY 40601

Fax to: 502-573-3712

Attachment A
Estimated Debt Service

Net Debt Service

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+I	Expenses	DSR	Net New D/S
04/21/2021	-	-	-	-	-	-	(2,716.47)
02/01/2022	40,000.00	0.650%	33,718.22	73,718.22	4,394.45	-	78,112.67
08/01/2022	-	-	21,546.00	21,546.00	-	-	21,546.00
02/01/2023	80,000.00	0.750%	21,546.00	101,546.00	5,550.00	-	107,096.00
08/01/2023	-	-	21,246.00	21,246.00	-	-	21,246.00
02/01/2024	80,000.00	0.800%	21,246.00	101,246.00	5,350.00	-	106,596.00
08/01/2024	-	-	20,926.00	20,926.00	-	-	20,926.00
02/01/2025	80,000.00	0.850%	20,926.00	100,926.00	5,150.00	-	106,076.00
08/01/2025	-	-	20,586.00	20,586.00	-	-	20,586.00
02/01/2026	80,000.00	0.950%	20,586.00	100,586.00	4,950.00	-	105,536.00
08/01/2026	-	-	20,206.00	20,206.00	-	-	20,206.00
02/01/2027	80,000.00	1.100%	20,206.00	100,206.00	4,750.00	-	104,956.00
08/01/2027	-	-	19,766.00	19,766.00	-	-	19,766.00
02/01/2028	85,000.00	1.250%	19,766.00	104,766.00	4,550.00	-	109,316.00
08/01/2028	-	-	19,234.75	19,234.75	-	-	19,234.75
02/01/2029	85,000.00	1.350%	19,234.75	104,234.75	4,337.50	-	108,572.25
08/01/2029	-	-	18,661.00	18,661.00	-	-	18,661.00
02/01/2030	85,000.00	1.500%	18,661.00	103,661.00	4,125.00	-	107,786.00
08/01/2030	-	-	18,023.50	18,023.50	-	-	18,023.50
02/01/2031	90,000.00	1.650%	18,023.50	108,023.50	3,912.50	-	111,936.00
08/01/2031	-	-	17,281.00	17,281.00	-	-	17,281.00
02/01/2032	90,000.00	1.750%	17,281.00	107,281.00	3,687.50	-	110,968.50
08/01/2032	-	-	16,493.50	16,493.50	-	-	16,493.50
02/01/2033	65,000.00	1.850%	16,493.50	81,493.50	3,462.50	-	84,956.00
08/01/2033	-	-	15,892.25	15,892.25	-	-	15,892.25
02/01/2034	65,000.00	1.950%	15,892.25	80,892.25	3,300.00	-	84,192.25
08/01/2034	-	-	15,258.50	15,258.50	-	-	15,258.50
02/01/2035	65,000.00	2.050%	15,258.50	80,258.50	3,137.50	-	83,396.00
08/01/2035	-	-	14,592.25	14,592.25	-	-	14,592.25
02/01/2036	70,000.00	2.150%	14,592.25	84,592.25	2,975.00	-	87,567.25
08/01/2036	-	-	13,839.75	13,839.75	-	-	13,839.75
02/01/2037	70,000.00	2.250%	13,839.75	83,839.75	2,800.00	-	86,639.75
08/01/2037	-	-	13,052.25	13,052.25	-	-	13,052.25
02/01/2038	70,000.00	2.300%	13,052.25	83,052.25	2,625.00	-	85,677.25
08/01/2038	-	-	12,247.25	12,247.25	-	-	12,247.25
02/01/2039	75,000.00	2.340%	12,247.25	87,247.25	2,450.00	-	89,697.25
08/01/2039	-	-	11,369.75	11,369.75	-	-	11,369.75
02/01/2040	75,000.00	2.370%	11,369.75	86,369.75	2,262.50	-	88,632.25
08/01/2040	-	-	10,481.00	10,481.00	-	-	10,481.00
02/01/2041	80,000.00	2.400%	10,481.00	90,481.00	2,075.00	-	92,556.00
08/01/2041	-	-	9,521.00	9,521.00	-	-	9,521.00
02/01/2042	80,000.00	2.430%	9,521.00	89,521.00	1,875.00	-	91,396.00
08/01/2042	-	-	8,549.00	8,549.00	-	-	8,549.00
02/01/2043	80,000.00	2.450%	8,549.00	88,549.00	1,675.00	-	90,224.00

Net Debt Service

Part 2 of 2

Date	Principal	Coupon	Interest	Total P+I	Expenses	DSR	Net New D/S
08/01/2043	-	-	7,569.00	7,569.00	-	-	7,569.00
02/01/2044	85,000.00	2.500%	7,569.00	92,569.00	1,475.00	-	94,044.00
08/01/2044	-	-	6,506.50	6,506.50	-	-	6,506.50
02/01/2045	90,000.00	2.520%	6,506.50	96,506.50	1,262.50	-	97,769.00
08/01/2045	-	-	5,372.50	5,372.50	-	-	5,372.50
02/01/2046	90,000.00	2.550%	5,372.50	95,372.50	1,037.50	-	96,410.00
08/01/2046	-	-	4,225.00	4,225.00	-	-	4,225.00
02/01/2047	95,000.00	2.600%	4,225.00	99,225.00	812.50	-	100,037.50
08/01/2047	-	-	2,990.00	2,990.00	-	-	2,990.00
02/01/2048	95,000.00	2.600%	2,990.00	97,990.00	575.00	-	98,565.00
08/01/2048	-	-	1,755.00	1,755.00	-	-	1,755.00
02/01/2049	95,000.00	2.600%	1,755.00	96,755.00	337.50	-	97,092.50
08/01/2049	-	-	520.00	520.00	-	-	520.00
02/01/2050	40,000.00	2.600%	520.00	40,520.00	100.00	(45,200.00)	(4,580.00)
Total	\$2,260,000.00	-	\$769,139.72	\$3,029,139.72	\$84,994.45	(45,200.00)	\$3,066,217.70

Yield Statistics

Average Coupon	2.2623235%
True Interest Cost (TIC)	2.3536580%
All Inclusive Cost (AIC)	2.7349982%

Attachment B

Estimated Sources and Uses

Sources & Uses

Dated 04/21/2021 | Delivered 04/21/2021

Sources Of Funds

Par Amount of Bonds	\$2,260,000.00
Total Sources	\$2,260,000.00

Uses Of Funds

Total Underwriter's Discount (1.500%)	33,900.00
Costs of Issuance	35,228.67
Deposit to Debt Service Reserve Fund (DSRF)	45,200.00
Deposit to Current Refunding Fund	2,142,954.86
Rounding Amount	2,716.47
Total Uses	\$2,260,000.00