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RECEIVED

JUN 25 2018

PUBLIC SERVICE  
COMMISSION

June 22, 2018

**Via Federal Express**

Gwen R. Pinson  
Executive Director  
Public Service Commission  
211 Sower Blvd.  
P. O. Box 615  
Frankfort, KY 40601

**Re: *Application of Whitley County Water District for Approval to Enter into a Lease Agreement for the Purpose of Refinancing Certain Outstanding Obligations – Kentucky PSC Case No. 2018- 00211***

Dear Ms. Pinson:

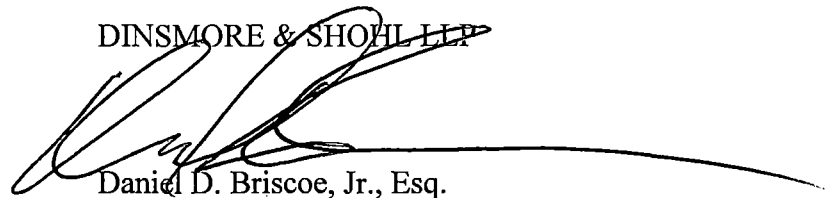
Enclosed for filing is an original and eleven (11) copies of Whitley County Water District's application for approval by the Commission to enter into a Lease Agreement with the Kentucky Association of Counties financing program for the purpose of refinancing certain outstanding obligations for debt savings.

Please return a file stamped copy and return to me in the stamped self-addressed envelope.

Thank you, and if you have any questions with regard to this matter, please call me.

Sincerely,

DINSMORE & SHOHL LLP



Daniel D. Briscoe, Jr., Esq.

Enclosures

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

JUN 25 2018

PUBLIC SERVICE  
COMMISSION

In the Matter of:

APPLICATION OF WHITLEY COUNTY WATER )  
DISTRICT FOR APPROVAL TO ENTER INTO A )  
LEASE AGREEMENT WITH THE KENTUCKY )  
ASSOCIATION OF COUNTIES LEASING )  
TRUST, IN AN APPROXIMATE PRINCIPAL ) CASE NO. 2018- 00211  
AMOUNT OF \$2,715,000 FOR THE PURPOSE OF )  
REFINANCING CERTAIN OUTSTANDING )  
OBLIGATIONS OF THE WHITLEY COUNTY )  
WATER DISTRICT. )

APPLICATION

The applicant Whitley 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 Association of Counties Finance Corporation ("KACOFC"), a bond issuing corporation established by parties to an Interlocal Cooperation Agreement (the "Interlocal Agreement"). KACOFC is managed by the Kentucky Association of Counties, 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 the entirety of the District's outstanding debt described in paragraph (5) below, which 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 Whitley 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:

19 S Highway 25 W (606) 539-3600  
Williamsburg, KY 40769 Fax: (606) 549-5795

(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 KACOFC in the approximate principal amount of \$2,715,000. The Lease will be secured by a pledge of district revenues. The Lease is being entered into for the purpose of refunding, in their entirety, the following outstanding obligations of the District (the "Prior Obligations"):

(A) \$750,000 Assistance Agreement with the U.S. Department of Agriculture's Rural Development, approved by the Commission on November 23, 1993 in Case No. 93-398;

(b) \$600,000 Assistance Agreement with the U.S. Department of Agriculture's Rural Development, approved by the Commission on May 13, 1998 in Case No. 98-253;

(c) \$377,000 Assistance Agreement with the U.S. Department of Agriculture's Rural Development, approved by the Commission on October 9, 2000 in Case No. 2000-433; and

(d) \$1,860,000 Water District Revenue Bonds, purchased by the U.S. Department of Agriculture's Rural Development, approved by the Commission on December 3, 2002 in Case No. 2002-00380.

(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 KACOF, as described below.

(7) Proceeds from the sale of the Lease will be used to: (i) completely refund and retire the Prior Obligations and (ii) pay the transaction costs related to the Lease. (An itemized list of the fees and transaction costs associated with the transaction is attached as Exhibit G.) The net present value calculations of the savings, with and without fees, is described in Exhibit H.

(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.

(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 Association of Counties Finance Corporation Revenue Bonds (the "Bonds") associated with the Lease. Final financial figures will be submitted to the Commission in a timely manner, upon sale of the Bonds. The rate of interest shall be fixed upon the sale of 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 attaches as Exhibit F a draft copy of the notice to the state local debt officer regarding the issuance. The District represents that it will, as soon as reasonably possible after the closing of the Lease, file with the state and local debt officer a final notice regarding the

proposed issuance, as well as 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) A detailed Statement of Revenue and Expenses, Balance Sheet and Statement of Cash Flows for the twelve month period ending December 31, 2017 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 B.

(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 E.
- 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, 2017. The financial data filed with the Commission 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 KACOFC.

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:

**WHITLEY COUNTY WATER  
DISTRICT**

  
Chair

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

**AFFIDAVIT OF CHAIR**

COMMONWEALTH OF KENTUCKY )  
 ) SS  
KENTUCKY ASSOCIATION OF COUNTIES LEASING TRUST )

Andy Meadors, Chair, after being sworn, states that he is authorized to submit this Petition on behalf of Whitley 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 Andy Meadors on the 12<sup>th</sup> day of June, 2018.

Andy Meadors  
Andy Meadors, Chair  
Sandra Smith  
Notary Public

My Commission Expires on: Nov. 28, 2020



**EXHIBIT A**

**ESTIMATED DEBT SERVICE**

**Net Debt Service Schedule**

Part 2 of 2

Date	Principal	Coupon	Interest	Total P+I	Program	
					Exp.	Net New D/S
08/01/2040	-	-	3,468.75	3,468.75	-	3,468.75
02/01/2041	90,000.00	3.750%	3,468.75	93,468.75	962.50	94,431.25
08/01/2041	-	-	1,781.25	1,781.25	-	1,781.25
02/01/2042	95,000.00	3.750%	1,781.25	96,781.25	737.50	97,518.75
08/01/2042	-	-	-	-	-	-
<b>Total</b>	<b>\$2,715,000.00</b>	<b>-</b>	<b>\$1,252,246.12</b>	<b>\$3,967,246.12</b>	<b>\$95,712.41</b>	<b>\$4,062,958.53</b>

**Net Debt Service Schedule**

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+I	Program	
					Exp.	Net New D/S
02/01/2019	90,000.00	4.000%	51,095.80	141,095.80	3,874.91	144,970.71
08/01/2019	-	-	49,581.26	49,581.26	-	49,581.26
02/01/2020	90,000.00	4.000%	49,581.26	139,581.26	7,062.50	146,643.76
08/01/2020	-	-	47,781.26	47,781.26	-	47,781.26
02/01/2021	90,000.00	4.000%	47,781.26	137,781.26	6,837.50	144,618.76
08/01/2021	-	-	45,881.26	45,881.26	-	45,881.26
02/01/2022	95,000.00	4.000%	45,881.26	140,881.26	6,612.50	147,493.76
08/01/2022	-	-	44,081.26	44,081.26	-	44,081.26
02/01/2023	95,000.00	4.000%	44,081.26	139,081.26	6,375.00	145,456.26
08/01/2023	-	-	42,181.26	42,181.26	-	42,181.26
02/01/2024	105,000.00	4.000%	42,181.26	147,181.26	6,157.50	153,338.76
08/01/2024	-	-	40,081.26	40,081.26	-	40,081.26
02/01/2025	110,000.00	4.000%	40,081.26	150,081.26	5,875.00	155,956.26
08/01/2025	-	-	37,881.26	37,881.26	-	37,881.26
02/01/2026	110,000.00	4.000%	37,881.26	147,881.26	5,600.00	153,481.26
08/01/2026	-	-	35,681.26	35,681.26	-	35,681.26
02/01/2027	115,000.00	4.000%	35,681.26	150,681.26	5,325.00	156,006.26
08/01/2027	-	-	33,381.26	33,381.26	-	33,381.26
02/01/2028	120,000.00	4.000%	33,381.26	153,381.26	5,037.50	158,418.76
08/01/2028	-	-	30,981.26	30,981.26	-	30,981.26
02/01/2029	125,000.00	4.000%	30,981.26	155,981.26	4,737.50	160,718.76
08/01/2029	-	-	28,481.26	28,481.26	-	28,481.26
02/01/2030	130,000.00	3.000%	28,481.26	158,481.26	4,425.00	162,906.26
08/01/2030	-	-	26,531.26	26,531.26	-	26,531.26
02/01/2031	140,000.00	3.125%	26,531.26	166,531.26	4,100.00	170,631.26
08/01/2031	-	-	24,343.76	24,343.76	-	24,343.76
02/01/2032	145,000.00	3.375%	24,343.76	169,343.76	3,750.00	173,093.76
08/01/2032	-	-	21,896.88	21,896.88	-	21,896.88
02/01/2033	150,000.00	3.375%	21,896.88	171,896.88	3,387.50	175,284.38
08/01/2033	-	-	19,365.63	19,365.63	-	19,365.63
02/01/2034	110,000.00	4.000%	19,365.63	129,365.63	3,012.50	132,378.13
08/01/2034	-	-	17,165.63	17,165.63	-	17,165.63
02/01/2035	120,000.00	4.000%	17,165.63	137,165.63	2,737.50	139,903.13
08/01/2035	-	-	14,765.63	14,765.63	-	14,765.63
02/01/2036	120,000.00	4.000%	14,765.63	134,765.63	2,437.50	137,203.13
08/01/2036	-	-	12,365.63	12,365.63	-	12,365.63
02/01/2037	130,000.00	4.000%	12,365.63	142,365.63	2,137.50	144,503.13
08/01/2037	-	-	9,765.63	9,765.63	-	9,765.63
02/01/2038	125,000.00	3.625%	9,765.63	134,765.63	1,812.50	136,578.13
08/01/2038	-	-	7,500.00	7,500.00	-	7,500.00
02/01/2039	105,000.00	3.750%	7,500.00	112,500.00	1,500.00	114,000.00
08/01/2039	-	-	5,531.25	5,531.25	-	5,531.25
02/01/2040	110,000.00	3.750%	5,531.25	115,531.25	1,257.50	116,788.75

**EXHIBIT B**  
**SOURCES AND USES**

**Sources & Uses**

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Dated 08/02/2018 | Delivered 08/02/2018

**Sources Of Funds**

Par Amount of Bonds	\$2,715,000.00
Reoffering Premium	60,333.15

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<b>Total Sources</b>	<b>\$2,775,333.15</b>
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**Uses Of Funds**

Total Underwriter's Discount (1.500%)	40,725.00
Costs of Issuance	45,510.00
Deposit to Current Refunding Fund	2,688,557.38
Rounding Amount	2,530.79

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<b>Total Uses</b>	<b>\$2,775,333.15</b>
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## EXHIBIT C

### DEBT SERVICE FOR PRIOR OBLIGATIONS

#### Total Refunded Debt Service

Part 1 of 2

DATE	1994	1998	2001	2003	TOTAL P+1
08-02-2018	-	-	-	-	-
01-01-2019	31,435.07	33,799.89	14,510.59	68,959.34	139,704.88
07-01-2019	9,774.00	9,327.70	4,225.90	32,624.63	57,952.23
01-01-2020	32,936.00	33,483.30	14,329.10	70,165.37	140,913.77
07-01-2020	9,311.91	9,065.10	4,059.79	31,974.66	56,432.47
01-01-2021	33,414.35	34,164.71	15,147.62	71,326.05	144,053.61
07-01-2021	8,725.19	8,680.56	5,846.55	30,923.69	54,180.98
01-01-2022	33,869.81	34,824.44	14,943.45	72,441.32	146,079.02
07-01-2022	8,167.32	8,323.53	5,645.71	30,013.77	52,150.33
01-01-2023	34,802.68	34,461.48	14,739.29	72,511.33	146,514.68
07-01-2023	7,575.97	7,966.48	5,444.88	29,076.53	50,043.86
01-01-2024	35,201.53	35,098.52	15,535.12	73,558.47	149,395.64
07-01-2024	7,090.77	7,629.04	5,250.58	28,249.89	48,130.28
01-01-2025	36,077.70	35,712.88	15,308.27	74,560.35	151,659.18
07-01-2025	6,315.16	7,185.45	4,998.58	27,068.18	45,567.37
01-01-2026	36,419.84	36,304.55	16,081.42	76,516.82	153,322.63
07-01-2026	5,645.71	6,761.47	4,753.11	25,974.74	43,155.03
01-01-2027	37,239.28	36,873.53	15,831.89	77,405.26	157,349.97
07-01-2027	4,942.79	6,315.16	4,507.64	24,836.67	40,602.26
01-01-2028	38,024.71	36,419.84	16,352.36	78,248.33	159,275.24
07-01-2028	4,329.63	5,901.29	4,269.29	23,784.66	38,178.87
01-01-2029	38,776.11	36,956.14	16,310.14	80,046.03	162,098.42
07-01-2029	3,436.52	5,400.25	3,972.68	22,404.33	35,213.18
01-01-2030	39,493.48	37,489.75	17,037.82	80,775.67	164,796.82
07-01-2030	2,633.13	4,909.22	3,681.89	21,110.65	32,334.54
01-01-2031	40,176.52	37,990.68	16,743.01	82,459.95	167,370.46
07-01-2031	1,796.36	4,396.07	3,391.89	19,748.84	29,333.16
01-01-2032	41,226.14	38,468.93	17,448.11	83,076.16	170,319.34
07-01-2032	919.97	3,881.84	3,096.49	18,444.33	26,342.63
01-01-2033	41,850.08	38,924.49	18,130.52	85,647.01	173,632.10
07-01-2033	-	3,280.32	2,744.75	16,847.89	22,872.95
01-01-2034	-	30,334.68	17,790.25	87,127.12	135,252.05
07-01-2034	-	2,677.81	2,410.63	15,285.82	20,373.66
01-01-2035	-	30,722.19	18,449.87	88,539.18	137,711.24
07-01-2035	-	2,053.88	2,052.89	13,656.82	17,762.80
01-01-2036	-	31,087.01	19,087.01	89,883.18	140,057.20
07-01-2036	-	1,415.62	1,482.89	12,076.86	15,123.46
01-01-2037	-	32,429.15	19,701.37	92,139.12	144,289.64
07-01-2037	-	714.08	1,271.86	10,175.67	12,161.71
01-01-2038	-	32,725.92	19,293.04	93,344.33	145,363.29
07-01-2038	-	-	870.29	8,523.52	9,193.81
01-01-2039	-	-	19,884.71	95,461.48	115,346.19
07-01-2039	-	-	446.30	6,382.11	6,828.41
01-01-2040	-	-	20,453.70	97,487.89	117,941.59

#### Total Refunded Debt Service

Part 2 of 2

DATE	1994	1998	2001	2003	TOTAL P+1
07-01-2040	-	-	-	4,375.48	4,375.48
01-01-2041	-	-	-	89,423.56	89,423.56
07-01-2041	-	-	-	2,231.51	2,231.51
01-01-2042	-	-	-	102,268.49	102,268.49
<b>Total</b>	<b>5632,598.00</b>	<b>5855,163.15</b>	<b>5481,977.53</b>	<b>52,448,937.40</b>	<b>54,188,676.08</b>

**EXHIBIT D**

**FINANCIAL INFORMATION**

**WHITLEY COUNTY WATER DISTRICT  
FINANCIAL STATEMENTS  
FISCAL YEAR ENDED  
DECEMBER 31, 2017 AND 2016**

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G

W

**Gary R. Williams,**

*Certified Public Accountant*

180 CLARENCE LANE  
HARROGATE, TN 37752  
606-269-3306  
[gary8730@bellsouth.net](mailto:gary8730@bellsouth.net) email

**INDEPENDENT AUDITOR'S REPORT**

To the Commissioners  
Whitley County Water District  
Williamsburg, Kentucky

I have audited the accompanying financial statements of the governmental activities and the business-type activities each major fund Whitley County Water District as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic 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 that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

***Opinions***

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Whitley County Water District, as of December 31, 2017 and 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis pages 5 - 9 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Whitley County Water District's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget

Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards and the financial data schedule 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 my opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Barry R. Williams CPA*

Harrogate, Tennessee  
March 22, 2018



# **WHITLEY COUNTY WATER DISTRICT**

**19 S Hwy. 25W**

**Williamsburg, KY 40769**

**606-549-3600**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017**

The financial management team of the Whitley County Water District: Andrew D. Meadors, Chairman, Peggy Byrd, Treasurer presents this narrative to help those who review these financial statements to better understand them, their schedules, and notes. It is our intent that this discussion provide all parties interested in the District's financial condition, especially the citizens of Whitley County, Kentucky, a better understanding of the District's operations and financial status.

The District reports its annual financial statements in a required model format issued by the Governmental Accounting Standards Board.

Should any of reader of these statements have any questions or desire additional information, please contact Andrew D. Meadors, Chairman.

### ***Financial Highlights***

- As of December 31, 2017, the District's assets \$15,532,136 exceeded liabilities \$4,721,592 by \$10,810,544. This excess includes the net value of capital assets \$9,613,538 plus resources restricted to specific projects by law, regulation, or contractual agreement \$1,236,404 and unrestricted resources \$(39-398).
- Unrestricted cash balance as of December 31, 2017 was \$42,052, receivables of \$36,897, and provision for uncollectible accounts of \$(10,648), for a total current assets of \$68,301 and current liabilities payable from those funds were \$146,986. Net assets, decreased in the proprietary fund by \$181,619, to a December 31 balance of \$10,810,544. The District anticipated this decrease in the net assets of the proprietary fund, and which was primarily due to depreciation charges.
- The District's total long-term debt increased net by \$682,406 due to normal debt service payments and loan activity of \$751,074 for line renovations.

### ***Overview of the Financial Statements***

The District provides one major category of services one major activity: business-type activity, which is funded with user fees and charges. The business-type activity is water services.

The statements report separately on the detail of business activity. The financial statements include two major sections: 1) fund financial statements, and 2) notes to the financial statements.

The first two statements, the Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position present an overview of the District's business-type service. The former reports the financial condition of the District as of December 31. It reports all of the District's short-term and long-term assets and liabilities. The latter reports how the District's net position changed during the 2017 fiscal year, it summarizes the revenues and expenditures of the past year and shows there was a reasonable decrease in net position. User fees and charges are evaluated yearly to insure coverage of expenses.

***Proprietary Fund Statements***

**The three primary statements reporting on the proprietary of business-type activities are:**

**Statement of Net Position-Proprietary Funds**

**Statement of Revenues, Expenses, and Changes in Net Position-Proprietary Funds**

**Statement of Cash Flows-Proprietary Funds**

**The three Proprietary Fund Statements demonstrate that the utility operations continue to grow and to be financially sound. Net assets decreased by less than 1% this year, primarily due depreciation charges.**

**Proprietary Fund current liabilities exceed current assets by \$78,765, management anticipated this deficit and will use available restricted funds to pay required debt service which are set aside for this purpose.**

**Each of the reserve funds (Depreciation, Debt Service, Operations and Maintenance) required under contractual agreements with the District's debt holders is being funded to levels required.**

**The Proprietary Fund operation is currently producing sufficient revenue to fund payments for past capital improvements, maintenance and operating expenses, and minor on-going additions to the infrastructure.**

**STATEMENTS OF NET ASSETS - PROPRIETARY FUND  
WHITLEY COUNTY WATER DISTRICT  
DECEMBER 31, 2017 and 2016**

<b>ASSETS</b>		<u>2017</u>	<u>2016</u>
<b>Current assets:</b>			
Cash and cash equivalents		\$ 42,052	\$ 269
Accounts receivable - customers		36,897	52,841
Provision for uncollectible accounts		(10,648)	(10,648)
	<b>Total current assets</b>	<u>68,301</u>	<u>42,462</u>
<b>Non-current assets:</b>			
<b>Restricted assets -</b>			
Cash and cash equivalents		1,289,174	1,195,957
Investments - CD		18,157	18,085
	<b>Total restricted assets</b>	<u>1,307,331</u>	<u>1,214,042</u>
<b>Capital assets:</b>			
Land		48,638	48,638
Equipment, structures, vehicles		827,737	752,765
Distribution system		18,864,499	18,070,321
Accumulated depreciation		(5,587,347)	(5,094,700)
	<b>Capital assets, net of</b>	<u>14,153,527</u>	<u>13,777,024</u>
<b>Other assets:</b>			
Miscellaneous other assets		9,665	9,665
Bond related costs		(6,688)	(5,721)
Accumulated amortization bond costs		2,977	3,944
	<b>Total other assets</b>	<u>2,977</u>	<u>3,944</u>
	<b>Total non-current assets</b>	<u>15,463,835</u>	<u>14,995,010</u>
	<b>Total assets</b>	<u>15,532,136</u>	<u>15,037,472</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable/accrued liabilities		17,965	24,078
Note payable - current portion		45,236	44,430
Current bonds payable		80,300	77,100
	<b>Total current liabilities</b>	<u>143,491</u>	<u>145,608</u>
<b>Non-current liabilities:</b>			
Customer deposits		163,648	162,110
Note payable - KIA		1,442,693	733,091
Bonds payable		2,919,900	3,004,500
	<b>Total non-current liabilities</b>	<u>4,526,241</u>	<u>3,899,701</u>
	<b>Total liabilities</b>	<u>4,669,732</u>	<u>4,045,309</u>
<b>NET POSITION</b>			
Invested in capital assets, net of		9,665,398	9,917,903
<b>Restricted for:</b>			
Deposits		211,723	162,110
Capital projects		502,017	502,017
Debt service		522,664	650,184
Unreserved		(91,258)	(140,051)
	<b>Total net position</b>	<u>\$ 10,810,544</u>	<u>\$ 10,992,163</u>

See accompanying notes to the financial statements.

**STATEMENTS OF REVENUE, EXPENSE AND CHANGES IN FUND NET ASSETS**  
**- PROPRIETARY FUND**  
**WHITLEY COUNTY WATER DISTRICT**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Operating revenues:</b>		
Water sales	\$ 1,654,059	\$ 1,653,409
Other operating revenue	50,946	143,556
<b>Total operating revenues</b>	<u>1,705,005</u>	<u>1,796,965</u>
<b>Operating expense:</b>		
Salaries and wages	222,555	218,148
Employee benefits	101,660	72,093
Purchased water	589,725	609,845
Repairs, maintenance, and supplies	80,108	56,240
Contracted services	162,069	98,467
Rental	3,507	40
Transportation	49,340	41,452
Insurance	22,608	26,358
Miscellaneous	760	971
Taxes	26,405	30,097
Depreciation and amortization	493,614	514,167
<b>Total operating expense</b>	<u>1,752,351</u>	<u>1,667,868</u>
<b>Income from operations</b>	<u>(47,346)</u>	<u>129,097</u>
<b>Non-operating revenues (expenses):</b>		
Interest income	9,626	5,267
Other non-operating revenue (expense)	(958)	4,791
Interest expense	(142,931)	(144,488)
<b>Total non-operating revenues (expenses)</b>	<u>(134,273)</u>	<u>(134,430)</u>
<b>Change in net assets</b>	<u>(181,619)</u>	<u>(5,333)</u>
<b>Net position, beginning of year</b>	<u>10,992,163</u>	<u>10,997,496</u>
<b>Net position, end of year</b>	<u>\$ 10,810,544</u>	<u>\$ 10,992,163</u>

See accompanying notes to the financial statements.

**STATEMENTS OF CASH FLOWS - PROPRIETARY FUND  
WHITLEY COUNTY WATER DISTRICT  
FOR THE YEARS ENDED DECEMBER 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers and others	\$ 1,720,949	\$ 1,788,255
Cash payments to suppliers for goods and services	(1,042,305)	(915,307)
Cash payments to employees for services	(222,555)	(218,148)
	<u>456,089</u>	<u>654,800</u>
<b>Net cash provided by operating activities</b>		
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(816,719)	(115,040)
Principal paid on capital debt	(122,067)	(117,598)
Interest paid on capital debt	(142,931)	(146,893)
Capital loan proceeds	751,074	
	<u>(330,643)</u>	<u>(379,531)</u>
<b>Net cash provided from capital and related financing activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest earned	9,626	5,267
	<u>9,626</u>	<u>5,267</u>
<b>Net cash provided by investing activities</b>		
<b>Net Increase (decrease) in cash and cash equivalents</b>	<b>135,072</b>	<b>280,536</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,214,311</b>	<b>933,775</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,349,383</b>	<b>\$ 1,214,311</b>
<b>Reconciliation of (loss) from operations to net cash provided by operating activities</b>		
Income from operations	\$ (47,346)	\$ 129,097
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	493,614	514,157
(Increase) decrease in receivables	15,944	(8,710)
Increase (decrease) in accounts payable and accrued expenses	(6,123)	20,256
	<u>456,089</u>	<u>654,800</u>
<b>Net cash provided by operating activities</b>		

See accompanying notes to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
WHITLEY COUNTY WATER DISTRICT  
DECEMBER 31, 2017 AND 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A – REPORTING ENTITY**

Whitley County Water District was created pursuant to Kentucky Revised Statute 74 through the Whitley County Fiscal Court, September 13, 1960. The District is operated under the direction of three commissioners. The District provides water service to customers within its service area.

The criteria used to determine which accounting entities, agencies, commissions, boards, and authorities are part of the District's operations include how the budget is adopted, whether debt is secured by general obligation of the District, the District's duty to cover and deficits that may occur and supervision over the accounting functions.

The District does not have any blended or discreetly present component units.

**B – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (the statement of net position and the statement of activities) report information on all the activities of the primary government and its component units. There are not governmental activities, only a business-type activity is reported. Business-type activities rely mostly on fees and charges that are designed to recover the costs of operations, including the cost of capital.

The statement of activities outlines the direct expenses of the District's major function and the program revenues generated by that program. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

The fund statements include separate statements for the proprietary fund and the enterprise fund is reported as separate columns in the financial statements.

**C – MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Commercial accounting standards of accounting and financial reporting issued on or before December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

**NOTES TO THE FINANCIAL STATEMENTS  
WHITLEY COUNTY WATER DISTRICT (CONTINUED)  
DECEMBER 31, 2017 AND 2016**

**C – MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT  
PRESENTATION (CONTINUED)**

Governments also have the option of following subsequent commercial accounting guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

**D – ASSETS, LIABILITIES AND NET ASSETS OR EQUITY**

**Cash and investments**

Unrestricted Cash and Investments - Unrestricted operating cash funds are classified as cash and cash equivalents in the Financial Statements.

Restricted Cash and Investments - Restricted cash is set apart to satisfy debt service and reserve requirements defined in bonding ordinances and long term notes.

**Receivables**

Accounts receivable recorded in the Enterprise fund are net of an allowance for uncollectible accounts receivable of \$10,648.

**Inventories**

The District does not stock an inventory, items are ordered as needed.

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure, are reported in the applicable business-type activities columns in the government-wide financial statements.

The District has established a capitalization policy to recognize capital assets as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical costs or estimated historical costs if purchased or constructed. The costs or normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Fixed assets are recorded in the respective funds and depreciated using the straight-line method. Major additions are recorded in the respective property accounts; replacements, maintenance, and repairs, which do not materially improve or extend the life of the respective assets, are charged to earnings. Distribution system assets and buildings are depreciated on the straight-line basis with an estimated useful life of 40 - 50 years. Other equipment is depreciated on a straight-line basis with an estimated useful life of 5 - 7 years.

**Compensated Absences**

It is the District's policy to grant paid leave to employees. The District allows a limited carryover each year which is not material. As of December 31, 2017 no provision has been made for compensating balances for accumulated absences.

**NOTES TO THE FINANCIAL STATEMENTS  
WHITLEY COUNTY WATER DISTRICT (CONTINUED)  
DECEMBER 31, 2017 AND 2016**

**D – ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (CONTINUED)**

**Long-Term Obligation**

In the government-wide financial statements, and proprietary fund types, long-term debt is reported as liabilities in the applicable business-type activities and proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable unamortized issuance costs.

**E - ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY  
BUDGETARY INFORMATION**

The budget is only for planning purposes and is not an ordinance.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

The District reporting entity considers highly liquid investments (including restricted assets) to be cash and cash equivalents. *Deposits* – At year-end, the carrying amount of the District's deposits were \$1,349,383. The bank balances were covered by federal deposit insurance and are secured by pledged securities. The District's deposits are Category 1 credit risk.

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2017, is as follows:

<u>Business-type Activities</u>	<u>Balance 1/1/17</u>	<u>Additions/ Completions</u>	<u>Retirements/ Adjustments</u>	<u>Balance 12/31/17</u>
Capital assets at historical cost				
Land	\$ 48,638	\$	\$	\$ 48,638
Equipment/vehicles	752,765	74,972		827,737
Distribution system	18,070,321	794,178		18,864,499
Total capital assets at historical cost	18,871,724	869,150		19,740,874
Less accumulated depreciation	5,094,700	493,614	(967)	5,587,347
Business-type activities				
Capital assets, net	\$ 13,777,024	\$ 375,536	\$ 967	\$ 14,153,527



**NOTES TO THE FINANCIAL STATEMENTS  
WHITLEY COUNTY WATER DISTRICT (CONTINUED)  
DECEMBER 31, 2017 and 2016**

**NOTE 5 - LONG-TERM LIABILITIES**

The Kentucky Retirement System has informed the Whitley County Water District of a pension liability share assigned to them due to lack of funding at the state level and actuarial under assessments over the years. As of December 31, 2016 (when the latest data is available, is \$344,425. This is the maximum as of that date, however legislative action is in progress at this date. No liability has been set up on the balance sheet due to uncertainty of the actual liability. A long-term payment increase is being proposed.

**Revenue Bonds** - Revenue bonds outstanding consist of debt issued by the District for water infrastructure acquisitions. Bond indentures contain significant requirements for annual debt service and flow of funds through various restricted accounts. The District is in compliance with all significant requirements of the bond covenants.

**Long-term Note** – The District entered into a long-term note with Kentucky Infrastructure Authority for infrastructure acquisitions. The term of the note is for twenty (20) years, with a 0.60 % interest rate. The note terms require principal and interest payments twice per year on June 1 and December 1, and payments into a replacement and maintenance reserve of \$2,350 each year till a balance of \$23,500 is available.

The following is a summary of the scheduled changes in long-term debt for the year ended December 31, 2017:

Rural Development Agency is the holder of all the outstanding bonds.

As of December 31, 2017 the District was current on all bonds and the note.

The following is a summary of scheduled debt service requirements to retire the District's long-term debt:

	Balance			Balance	Due
	January 1,	Additions	Deductions	December 31,	Within
Bonds	2017			2017	One Year
Series 1994	\$ 501,500	\$	\$ (19,500)	\$ 482,000	\$ 20,500
Series 1998	456,000		(13,000)	443,000	13,000
Series 2000	302,000		(7,000)	295,000	8,000
Series 2003	1,561,000		(33,000)	1,528,000	34,000
Series 2006	261,100		(4,600)	256,500	4,800
<b>Long-term note</b>					
F15-030		751,074		751,074	
KIA B08-03	777,522		(44,967)	732,555	45,236
<b>Total</b>	<b>\$ 3,859,122</b>	<b>\$</b>	<b>\$ (122,067)</b>	<b>\$ 4,488,129</b>	<b>\$ 125,536</b>

Rural Development Agency is the holder of all the outstanding bonds.

As of December 31, 2016 the District was current on all bonds and the notes.

**NOTES TO THE FINANCIAL STATEMENTS  
WHITLEY COUNTY WATER DISTRICT (CONTINUED)  
DECEMBER 31, 2017 AND 2016**

**NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)**

The following is a summary of scheduled debt service requirements to retire the District's long-term debt (the KIA note F15-030 has not closed as of the date of this report and has not been amortized, it is not included in this schedule, the total to be amortized as of the date of this report is \$751,074 and needs to be considered in the totals below):

Year	Interest	Principal	Total
2018	139,257	125,537	264,794
2019	135,184	130,108	265,292
2020	130,963	132,582	263,545
2021	126,574	138,057	264,631
2022	121,969	143,034	265,003
2023 - 2027	533,123	790,078	1,323,201
2028 - 2032	383,993	934,952	1,318,945
2033 - 2037	220,415	694,906	915,321
2038 - 2042	75,077	605,200	680,277
2043 - 2047	3,088	42,601	45,689
<b>Total</b>	<b>\$ 1,869,643</b>	<b>\$ 3,737,055</b>	<b>\$ 5,606,698</b>
KIA F15-030		751,074	
<b>Grand total</b>		<b>\$ 4,488,129</b>	

Other information on the District's long-term indebtedness is summarized below:

Obligation	Interest Rate	Final Maturity	Principal Original Amount	Security
Series 1994 Bonds	4.50%	1/1/2033	750,000	Water revenues
Series 1998 Bonds	4.50%	1/1/2038	600,000	Water revenues
Series 2000 Bonds	4.50%	1/1/2040	377,000	Water revenues
Series 2003 Bonds	4.50%	1/1/2042	1,860,000	Water revenues
Series 2006 Bonds	4.125%	1/1/2045	295,000	Water revenues
KIA Note B08-03	0.06%	6/1/1933	932,800	Water revenues
KIA Note F15-030			751,074	Water revenues

**NOTE 6 - MAJOR SUPPLIER/CONTRACT**

The District has entered into contracts to purchase water for resale from the City of Williamsburg, City of Corbin City Utilities Commission, and the City of Jellico Municipal Board of Public Utilities. For the period ended December 31, 2017, the District paid \$589,725 for these services.

**NOTE 7 - SUBSEQUENT EVENTS**

There have been no subsequent events that are likely to have a material adverse impact on the affected funds of the District.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
WHITLEY COUNTY WATER DISTRICT  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017**

<u>Federal Program Information</u>	<u>Grant ID Number</u>	<u>Federal CFDA Number</u>	<u>Total Expended</u>
<b>PASSED THRU THE STATE OF KENTUCKY</b>			
<b>U.S. Enviromental Protrction Agency Capitalization Grant for Clean Water</b>		<b>66.468</b>	<b>\$ <u>751,074</u></b>
<b>TOTAL FEDERAL FUNDS</b>			<b>\$ <u><u>751,074</u></u></b>

**WHITLEY COUNTY WATER DISTRICT  
SCHEDULE OF AUDIT RESULTS  
DECEMBER 31, 2017**

**NOTE A - Basis of Presentation**

**Whitley County Water District complies with OMB Circular A-133 minimum requirements for the schedule of expenditures of federal awards. Federal programs are listed individually by federal awarding agency. Federal awards expended are identified by catalog of domestic assistance numbers or other identifying numbers.**

**The schedule of expenditures of federal awards is prepared on the same fiscal year as Whitley County Water District.**

**Expenditures for direct costs are recognized as incurred using cost accounting principles contained in OMB Circular A-87, Cost Principles For State, Local, and Indian Tribal Governments.**

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Gary R. Williams,

*Certified Public Accountant*

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

To the Commissioners  
Whitley County Water District  
Williamsburg, Kentucky

I 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 governmental activities, the business-type activities, and each major fund Whitley County Water District, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Whitley County Water District's basic financial statements, and have issued my report thereon dated March 22, 2018.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Whitley 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Whitley County Water District's internal control. Accordingly, I do not express an opinion on the effectiveness of Whitley 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 a 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 with governance.

My 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. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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.

Harrogate, Tennessee  
March 22, 2018

*Gary R. Williams CPA*

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**Gary R. Williams,**

*Certified Public Accountant*

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Commissioners  
Whitley County Water District  
Williamsburg, Kentucky

**Report on Compliance for Each Major Federal Program**

I have audited Whitley County Water District compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Whitley County Water District's major federal programs for the year ended December 31, 2017. Whitley County Water District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

My responsibility is to express an opinion on compliance for each of Whitley County Water District's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Whitley County Water District compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Whitley County Water District's compliance.

**Opinion on Each Major Federal Program**

In my opinion, Whitley County Water District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

**Report on Internal Control Over Compliance**

Management of Whitley County Water District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Whitley County Water District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Whitley County Water District's internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Rory A. Webb CPA*

March 22, 2018  
Harrogate, Tennessee



**WHITLEY COUNTY WATER DISTRICT  
SCHEDULE OF AUDIT RESULTS  
DECEMBER 31, 2017**

**SUMMARY OF AUDIT RESULTS**

- 1. The auditor's report expresses an unqualified opinion on the financial statements of Whitley County Water District.**
- 2. No significant deficiencies or material weaknesses were disclosed during the audit of the general purpose financial statements and reported in the 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**
- 3. No instances of noncompliance material to the basic financial statements of Whitley County Water District were disclosed during the audit.**
- 4. No significant deficiencies or material weakness were disclosed during the audit of internal control over major federal awards programs**
- 5. The auditor's report on compliance for the audit of the major federal award program for Whitley County Water District expresses an unqualified opinion on all major federal programs.**
- 6. There are no audit findings relative to the major federal award programs for Whitley County Water District reported in this schedule.**
- 7. The program tested as a major program was: U.S. EPA Capitalization Grant for Clean Water (CFDA #66.468).**
- 8. The threshold for distinguishing Type A and Type B programs was \$300,000.**
- 9. Whitley County Water District was determined to be a low-risk auditee.**

**CURRENT YEAR FINDINGS – FINANCIAL STATEMENT AUDIT**

**REPORTABLE CONDITIONS**

None.

**NON COMPLIANCES**

None.

**MATERIAL WEAKNESS**

None.

**PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

None.

## **EXHIBIT E**

### **PRIOR OBLIGATIONS**

1. \$750,000 Assistance Agreement with the U.S. Department of Agriculture's Rural Development, Series 1993;
2. \$600,000 Assistance Agreement with the U.S. Department of Agriculture's Rural Development, Series 1998;
3. \$377,000 Assistance Agreement with the U.S. Department of Agriculture's Rural Development, Series 2000; and
4. \$1,860,000 Whitley County Water District Revenue Bonds, Series 2002.

**EXHIBIT F**

**DRAFT NOTICE TO STATE LOCAL DEBT OFFICER**

Page 1	<b>NOTIFICATION OF INTENT TO FINANCE AND APPLICATION OF DEBT APPROVAL</b> 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](http://www.dlg.ky.gov).

<input checked="" type="checkbox"/> 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: Whitley County Water District	
Governing Body: Special District	
Street Address: 19 South Highway 25 West	
PO Box	City: Williamsburg
County: Whitley	Zip: 40769
Authorized Official: Chairman	

### Section B – Terms of Financial Obligation

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

Principal Amount: \$2,715,000	Date of Issue: 08/02/2018
Maturity Date(s): 02/01/2042	Payment Schedule: (must attach schedule)
Term: 24 years	Number of Renewal Periods: N/A
Interest Rate(s): See attached	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, 2029 are subject to optional redemption on any date on and after February 1, 2028	
Trustee or Paying Agent: U.S. Bank National Association	
AOC Funding Percentage: 0%	

**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:

\$750,000 Assistance Agreement with the U.S. Department of Agriculture’s Rural Development, Series 1993;  
 \$600,000 Assistance Agreement with the U.S. Department of Agriculture’s Rural Development, Series 1998;  
 \$377,000 Assistance Agreement with the U.S. Department of Agriculture’s Rural Development, Series 2000; and  
 \$1,860,000 Whitley County Water District Revenue Bonds, Series 2002.

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**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

**NOTIFICATION OF INTENT TO FINANCE  
AND APPLICATION OF DEBT APPROVAL**

Form # SLDO-1  
Revised 1/1/2011

**Section E – Bond Information/Documentation**

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

Describe the purpose of the bond:

**Bond Counsel:** Dinsmore & Shohl LLP

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

**Financial Advisor:** Compass Municipal Advisors, LLC

**Advisor Address:** 333 West Vine Street, Suite 1610, Lexington, Kentucky 40509

**Bond Series:** Financing Program Revenue Bonds 2018 First Series C

**Call Date:** Bonds maturing on and after February 1, 2029 are subject to optional redemption on any date on and after February 1, 2028

**Does this bond refund a prior bond?** Yes

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

\$750,000 Assistance Agreement with the U.S. Department of Agriculture's Rural Development, Series 1993;  
\$600,000 Assistance Agreement with the U.S. Department of Agriculture's Rural Development, Series 1998;  
\$377,000 Assistance Agreement with the U.S. Department of Agriculture's Rural Development, Series 2000; and  
\$1,860,000 Whitley County Water District Revenue Bonds, Series 2002.

**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, Esq.	Date: June 11, 2018
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

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	YTM	Call Date	Call Price	Dollar Price
02/01/2019	Serial Coupon	4.000%	1.970%	90,000.00	100.999%	-	-	-	90,899.10
02/01/2020	Serial Coupon	4.000%	2.100%	90,000.00	102.786%	-	-	-	92,507.40
02/01/2021	Serial Coupon	4.000%	2.240%	90,000.00	104.251%	-	-	-	93,825.90
02/01/2022	Serial Coupon	4.000%	2.350%	95,000.00	105.508%	-	-	-	100,232.60
02/01/2023	Serial Coupon	4.000%	2.470%	95,000.00	106.474%	-	-	-	101,150.30
02/01/2024	Serial Coupon	4.000%	2.600%	105,000.00	107.128%	-	-	-	112,484.40
02/01/2025	Serial Coupon	4.000%	2.770%	110,000.00	107.267%	-	-	-	117,993.70
02/01/2026	Serial Coupon	4.000%	2.940%	110,000.00	107.085%	-	-	-	117,793.50
02/01/2027	Serial Coupon	4.000%	3.070%	115,000.00	106.909%	-	-	-	122,945.35
02/01/2028	Serial Coupon	4.000%	3.160%	120,000.00	106.845%	-	-	-	128,214.00
02/01/2029	Serial Coupon	4.000%	3.250%	125,000.00	106.086%	c 3.309%	02/01/2028	100.000%	132,607.50
02/01/2030	Serial Coupon	3.000%	3.330%	130,000.00	96.869%	-	-	-	125,929.70
02/01/2031	Serial Coupon	3.125%	3.410%	140,000.00	97.119%	-	-	-	135,966.60
02/01/2032	Serial Coupon	3.375%	3.500%	145,000.00	98.664%	-	-	-	143,062.80
02/01/2033	Serial Coupon	3.375%	3.560%	150,000.00	97.918%	-	-	-	146,877.00
02/01/2034	Serial Coupon	4.000%	3.630%	110,000.00	102.949%	c 3.747%	02/01/2028	100.000%	113,243.90
02/01/2035	Serial Coupon	4.000%	3.670%	120,000.00	102.626%	c 3.785%	02/01/2028	100.000%	123,151.20
02/01/2036	Serial Coupon	4.000%	3.700%	120,000.00	102.383%	c 3.812%	02/01/2028	100.000%	122,859.60
02/01/2037	Serial Coupon	4.000%	3.730%	130,000.00	102.142%	c 3.837%	02/01/2028	100.000%	132,784.60
02/01/2038	Serial Coupon	3.625%	3.750%	125,000.00	98.281%	-	-	-	122,851.25
02/01/2039	Serial Coupon	3.750%	3.770%	105,000.00	99.716%	-	-	-	104,701.80
02/01/2040	Serial Coupon	3.750%	3.780%	110,000.00	99.561%	-	-	-	109,517.10
02/01/2041	Serial Coupon	3.750%	3.790%	90,000.00	99.398%	-	-	-	89,458.20
02/01/2042	Serial Coupon	3.750%	3.800%	95,000.00	99.227%	-	-	-	94,265.65
<b>Total</b>	-	-	-	<b>\$2,715,000.00</b>	-	-	-	-	<b>\$2,775,323.15</b>

**EXHIBIT G**

**ITEMIZED COSTS OF ISSUANCE**

Estimated Total Costs of Issuance:

Financial Advisor	\$19,720.00	
Bond Counsel	\$15,575.00	
Program Fee	\$2,715.00	
Trustee Origination	\$2,500.00	
Rating Agency Fee	\$5,000.00	
	<b>TOTAL</b>	<b>\$45,510.00</b>



## EXHIBIT H

### NET PRESENT VALUE CALCULATION

**Whitley County Water District**  
**Net Present Value Calculation**

Date	Gross Cashflow	Expenses	(Without Expenses)	Bond Yield	NPV Gross Cashflow	(Without Expenses)
			Net Cashflow	3.4726623%		NPV Net Cashflow
				PV Factor		
8/2/2018	\$2,530.79	\$0.00	\$2,530.79	1.000000	\$2,530.79	\$2,530.79
1/1/2019	\$139,704.88	\$0.00	\$139,704.88	0.985851	\$137,728.26	\$137,728.26
2/1/2019	-\$144,970.71	\$3,874.91	-\$141,095.80	0.983027	-\$142,510.13	-\$138,700.99
7/1/2019	\$57,952.23	\$0.00	\$57,952.23	0.969026	\$56,157.21	\$56,157.21
8/1/2019	-\$49,581.26	\$0.00	-\$49,581.26	0.966250	-\$47,907.88	-\$47,907.88
1/1/2020	\$140,912.77	\$0.00	\$140,912.77	0.952488	\$134,217.67	\$134,217.67
2/1/2020	-\$146,643.76	\$7,062.50	-\$139,581.26	0.949759	-\$139,276.20	-\$132,568.53
7/1/2020	\$56,432.47	\$0.00	\$56,432.47	0.936232	\$52,833.86	\$52,833.86
8/1/2020	-\$47,781.26	\$0.00	-\$47,781.26	0.933549	-\$44,606.16	-\$44,606.16
1/1/2021	\$144,052.61	\$0.00	\$144,052.61	0.920253	\$132,564.83	\$132,564.83
2/1/2021	-\$144,618.76	\$6,837.50	-\$137,781.26	0.917616	-\$132,704.55	-\$126,430.35
7/1/2021	\$54,180.98	\$0.00	\$54,180.98	0.904547	\$49,009.24	\$49,009.24
8/1/2021	-\$45,981.26	\$0.00	-\$45,981.26	0.901955	-\$41,473.05	-\$41,473.05
1/1/2022	\$146,079.02	\$0.00	\$146,079.02	0.889109	\$129,880.18	\$129,880.18
2/1/2022	-\$147,593.76	\$6,612.50	-\$140,981.26	0.886562	-\$130,850.99	-\$124,988.60
7/1/2022	\$52,150.32	\$0.00	\$52,150.32	0.873935	\$45,575.97	\$45,575.97
8/1/2022	-\$44,081.26	\$0.00	-\$44,081.26	0.871431	-\$38,413.77	-\$38,413.77
1/1/2023	\$146,514.68	\$0.00	\$146,514.68	0.859019	\$125,858.93	\$125,858.93
2/1/2023	-\$145,456.26	\$6,375.00	-\$139,081.26	0.856558	-\$124,591.75	-\$119,131.20
7/1/2023	\$50,063.86	\$0.00	\$50,063.86	0.844358	\$42,271.84	\$42,271.84
8/1/2023	-\$42,181.26	\$0.00	-\$42,181.26	0.841939	-\$35,514.06	-\$35,514.06
1/1/2024	\$149,393.64	\$0.00	\$149,393.64	0.829948	\$123,988.92	\$123,988.92
2/1/2024	-\$153,318.76	\$6,137.50	-\$147,181.26	0.827570	-\$126,882.01	-\$121,802.80
7/1/2024	\$48,130.28	\$0.00	\$48,130.28	0.815783	\$39,263.87	\$39,263.87
8/1/2024	-\$40,081.26	\$0.00	-\$40,081.26	0.813446	-\$32,603.94	-\$32,603.94
1/1/2025	\$151,659.18	\$0.00	\$151,659.18	0.801860	\$121,609.45	\$121,609.45
2/1/2025	-\$155,956.26	\$5,875.00	-\$150,081.26	0.799563	-\$124,696.83	-\$119,999.40
7/1/2025	\$45,567.37	\$0.00	\$45,567.37	0.788175	\$35,915.05	\$35,915.05
8/1/2025	-\$37,881.26	\$0.00	-\$37,881.26	0.785917	-\$29,771.52	-\$29,771.52
1/1/2026	\$155,322.63	\$0.00	\$155,322.63	0.774723	\$120,332.02	\$120,332.02
2/1/2026	-\$153,481.26	\$5,600.00	-\$147,881.26	0.772503	-\$118,564.81	-\$114,238.79
7/1/2026	\$43,135.03	\$0.00	\$43,135.03	0.761501	\$32,847.36	\$32,847.36
8/1/2026	-\$35,681.26	\$0.00	-\$35,681.26	0.759319	-\$27,093.47	-\$27,093.47
1/1/2027	\$157,349.97	\$0.00	\$157,349.97	0.748504	\$117,777.14	\$117,777.14
2/1/2027	-\$156,006.26	\$5,325.00	-\$150,681.26	0.746360	-\$116,436.82	-\$112,462.45
7/1/2027	\$40,602.26	\$0.00	\$40,602.26	0.735730	\$29,872.29	\$29,872.29
8/1/2027	-\$33,381.26	\$0.00	-\$33,381.26	0.733622	-\$24,489.22	-\$24,489.22
1/1/2028	\$159,275.24	\$0.00	\$159,275.24	0.723173	\$115,183.55	\$115,183.55
2/1/2028	-\$158,418.76	\$5,037.50	-\$153,381.26	0.721101	-\$114,235.94	-\$110,603.40
7/1/2028	\$38,178.87	\$0.00	\$38,178.87	0.710831	\$27,138.71	\$27,138.71

8/1/2028	-\$30,981.26	\$0.00	-\$30,981.26	0.708794	-\$21,959.33	-\$21,959.33
1/1/2029	\$162,098.42	\$0.00	\$162,098.42	0.698699	\$113,257.98	\$113,257.98
2/1/2029	-\$160,718.76	\$4,737.50	-\$155,981.26	0.696697	-\$111,972.30	-\$108,671.70
7/1/2029	\$35,213.18	\$0.00	\$35,213.18	0.686774	\$24,183.50	\$24,183.50
8/1/2029	-\$28,481.26	\$0.00	-\$28,481.26	0.684807	-\$19,504.16	-\$19,504.16
1/1/2030	\$164,796.82	\$0.00	\$164,796.82	0.675053	\$111,246.59	\$111,246.59
2/1/2030	-\$162,906.26	\$4,425.00	-\$158,481.26	0.673119	-\$109,655.31	-\$106,676.75
7/1/2030	\$32,334.54	\$0.00	\$32,334.54	0.663532	\$21,455.00	\$21,455.00
8/1/2030	-\$26,531.26	\$0.00	-\$26,531.26	0.661631	-\$17,553.90	-\$17,553.90
1/1/2031	\$167,370.46	\$0.00	\$167,370.46	0.652207	\$109,160.26	\$109,160.26
2/1/2031	-\$170,631.26	\$4,100.00	-\$166,531.26	0.650339	-\$110,968.15	-\$108,301.76
7/1/2031	\$29,333.16	\$0.00	\$29,333.16	0.641076	\$18,804.79	\$18,804.79
8/1/2031	-\$24,343.76	\$0.00	-\$24,343.76	0.639240	-\$15,561.50	-\$15,561.50
1/1/2032	\$170,319.34	\$0.00	\$170,319.34	0.630135	\$107,324.18	\$107,324.18
2/1/2032	-\$173,093.76	\$3,750.00	-\$169,343.76	0.628330	-\$108,759.95	-\$106,403.71
7/1/2032	\$26,342.63	\$0.00	\$26,342.63	0.619381	\$16,316.11	\$16,316.11
8/1/2032	-\$21,896.88	\$0.00	-\$21,896.88	0.617606	-\$13,523.64	-\$13,523.64
1/1/2033	\$175,632.10	\$0.00	\$175,632.10	0.608810	\$106,926.50	\$106,926.50
2/1/2033	-\$175,284.38	\$3,387.50	-\$171,896.88	0.607065	-\$106,409.07	-\$104,352.64
7/1/2033	\$22,872.95	\$0.00	\$22,872.95	0.598419	\$13,687.61	\$13,687.61
8/1/2033	-\$19,365.63	\$0.00	-\$19,365.63	0.596705	-\$11,555.56	-\$11,555.56
1/1/2034	\$135,252.05	\$0.00	\$135,252.05	0.588206	\$79,556.04	\$79,556.04
2/1/2034	-\$132,378.13	\$3,012.50	-\$129,365.63	0.586521	-\$77,642.51	-\$75,875.61
7/1/2034	\$20,373.66	\$0.00	\$20,373.66	0.578167	\$11,779.38	\$11,779.38
8/1/2034	-\$17,165.63	\$0.00	-\$17,165.63	0.576511	-\$9,896.17	-\$9,896.17
1/1/2035	\$137,711.34	\$0.00	\$137,711.34	0.568299	\$78,261.27	\$78,261.27
2/1/2035	-\$139,903.13	\$2,737.50	-\$137,165.63	0.566671	-\$79,279.08	-\$77,727.82
7/1/2035	\$17,762.80	\$0.00	\$17,762.80	0.558600	\$9,922.30	\$9,922.30
8/1/2035	-\$14,765.63	\$0.00	-\$14,765.63	0.557000	-\$8,224.45	-\$8,224.45
1/1/2036	\$140,057.20	\$0.00	\$140,057.20	0.549067	\$76,900.73	\$76,900.73
2/1/2036	-\$137,203.13	\$2,437.50	-\$134,765.63	0.547494	-\$75,117.83	-\$73,783.31
7/1/2036	\$15,123.46	\$0.00	\$15,123.46	0.539696	\$8,162.07	\$8,162.07
8/1/2036	-\$12,365.63	\$0.00	-\$12,365.63	0.538150	-\$6,654.56	-\$6,654.56
1/1/2037	\$144,289.64	\$0.00	\$144,289.64	0.530485	\$76,543.45	\$76,543.45
2/1/2037	-\$144,503.13	\$2,137.50	-\$142,365.63	0.528965	-\$76,437.09	-\$75,306.42
7/1/2037	\$12,161.71	\$0.00	\$12,161.71	0.521431	\$6,341.49	\$6,341.49
8/1/2037	-\$9,765.63	\$0.00	-\$9,765.63	0.519937	-\$5,077.51	-\$5,077.51
1/1/2038	\$145,363.29	\$0.00	\$145,363.29	0.512532	\$74,503.30	\$74,503.30
2/1/2038	-\$136,578.13	\$1,812.50	-\$134,765.63	0.511063	-\$69,800.08	-\$68,873.77
7/1/2038	\$9,193.81	\$0.00	\$9,193.81	0.503784	\$4,631.70	\$4,631.70
8/1/2038	-\$7,500.00	\$0.00	-\$7,500.00	0.502341	-\$3,767.56	-\$3,767.56
1/1/2039	\$115,346.19	\$0.00	\$115,346.19	0.495186	\$57,117.85	\$57,117.85
2/1/2039	-\$114,000.00	\$1,500.00	-\$112,500.00	0.493768	-\$56,289.51	-\$55,548.85
7/1/2039	\$6,828.41	\$0.00	\$6,828.41	0.486735	\$3,323.63	\$3,323.63
8/1/2039	-\$5,531.25	\$0.00	-\$5,531.25	0.485340	-\$2,684.54	-\$2,684.54
1/1/2040	\$117,941.59	\$0.00	\$117,941.59	0.478428	\$56,426.54	\$56,426.54
2/1/2040	-\$116,768.75	\$1,237.50	-\$115,531.25	0.477057	-\$55,705.37	-\$55,115.01
7/1/2040	\$4,375.48	\$0.00	\$4,375.48	0.470263	\$2,057.62	\$2,057.62
8/1/2040	-\$3,468.75	\$0.00	-\$3,468.75	0.468915	-\$1,626.55	-\$1,626.55
1/1/2041	\$99,423.56	\$0.00	\$99,423.56	0.462237	\$45,957.21	\$45,957.21
2/1/2041	-\$94,431.25	\$962.50	-\$93,468.75	0.460912	-\$43,524.52	-\$43,080.90
7/1/2041	\$2,231.51	\$0.00	\$2,231.51	0.454348	\$1,013.88	\$1,013.88
8/1/2041	-\$1,781.25	\$0.00	-\$1,781.25	0.453046	-\$806.99	-\$806.99

1/1/2042	\$102,268.49	\$0.00	\$102,268.49	0.446593	\$45,672.42	\$45,672.42
2/1/2042	-\$97,518.75	\$737.50	-\$96,781.25	0.445314	-\$43,426.45	-\$43,098.03
Total	\$128,248.34	\$95,712.41	\$223,960.75	---	\$97,083.80	\$169,078.24