

Rubin & Hays

ATTORNEYS AT LAW

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

CHARLES S. MUSSON
W. RANDALL JONES
CHRISTIAN L. JUCKETT

December 5, 2018

RECEIVED

DEC 10 2018

PUBLIC SERVICE
COMMISSION

Ms. Gwen R. Pinson
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

Re: Hyden-Leslie County Water District PSC Application

Dear Director Pinson:

Enclosed please find the original and ten (10) copies of the Application of the Hyden-Leslie County Water District for an Order authorizing the District to issue securities pursuant to KRS 278.300.

Please be advised that the District is requesting the Commission to expedite this Application and issue the approving Order no later than January 23, 2019 as the outstanding obligation being refinanced in this Case matures on February 1, 2019.

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

Sincerely,

Rubin & Hays

By 
W. Randall Jones

WRJ:jlm
Enclosures

cc: Mr. LJ Turner, Hyden-Leslie County Water District
Ms. Kristen Millard, Raymond James and Associates

RECEIVED

DEC 10 2018

PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF:

THE APPLICATION OF HYDEN-LESLIE COUNTY)	
WATER DISTRICT TO ISSUE SECURITIES IN)	
THE APPROXIMATE PRINCIPAL AMOUNT OF)	
\$2,720,000 FOR THE PURPOSE OF REFINANCING)	CASE NO. 2018 - 00411
A CERTAIN SHORT-TERM OUTSTANDING)	
OBLIGATION OF THE DISTRICT TO)	
LONG-TERM OBLIGATIONS PURSUANT)	
TO THE PROVISIONS OF KRS 278.300 AND)	
807 KAR 5:001)	

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

APPLICATION

The Applicant, Hyden-Leslie County Water District (the "District"), files this Application pursuant to KRS 278.300, 807 KAR 5:001, and all other applicable laws and regulations, and requests that the Kentucky Public Service Commission (the "Commission") enter an Order authorizing the District to issue certain securities in the approximate principal amount of \$2,720,000 (subject to adjustment of up to 10%), for the purpose of refinancing an outstanding obligation of the District. In support of this Application, and in compliance with the rules and regulations of the Commission, the District states as follows:

1. The District was established pursuant to the provisions of Chapter 74 of the Kentucky Revised Statutes. The District is now, and has been since its inception, regulated by Commission, and all records and proceedings of the Commission with reference to the District

incorporated in this Application by reference. The District does not have any Articles of Incorporation because it is a statutorily created entity.

2. The governing body of the District is its Board of Commissioners, which is a public body corporate, with power to make contracts in furtherance of its lawful and proper purpose as provided for in KRS 74.070 and all applicable law and regulations.

3. The mailing address of the District is as follows:

Hyden-Leslie County Water District
c/o Mr. LJ Turner, Manager
356 Wendover Road
Hyden, Kentucky 41749
Telephone: (606) 672-2791
Fax: (606) 672-7510
Email: hlwater@tds.net

4. A general description of the District's water system property, together with a statement of the original cost, is contained in the District's Annual Report for 2017 which is on file with the Commission. The Annual Report is incorporated herein by reference.

5. The District proposes to borrow funds from the Kentucky Rural Water Finance Corporation ("KRWFC") in the estimated principal amount of \$2,720,000 (subject to adjustment of up to 10%) (the "KRWFC Loan") pursuant to an Assistance Agreement to refinance an outstanding short-term loan from KRWFC in the original principal amount of \$2,625,000, dated January 30, 2018, bearing interest at the rate of 4.00% per annum, and maturing on February 1, 2019 (the "2018 Loan"). The 2018 Loan was issued by the District to refinance an earlier short-term loan from KRWFC, the proceeds of which were used to construct improvements to District's water distribution system, including water tanks, pump stations and water lines, with appurtenances, all of which were approved by Order of the Commission issued on February 6,

2014 in Case No. 2013-00388. The February 6, 2014 Order of the Commission is incorporated herein by reference.

6. The estimated debt service for the KRWFC Loan is shown in **Exhibit A**, which is attached hereto and incorporated herein by reference. The debt service schedule and estimated interest rates are subject to change because of market conditions. The final terms and details of the KRWFC Loan may vary from the present assumptions based upon market conditions and other business judgment factors.

7. The KRWFC Loan will provide the District with the funds necessary to refinance the 2018 Loan; and (ii) pay the fees and expenses incident to the issuance of the KRWFC Loan.

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

9. The 2018 Loan matures on February 1, 2019 and the KRWFC Loan will refinance this loan and provide long-term financing, as detailed in **Exhibit A**.

10. The final principal amount of the KRWFC Loan will be adjusted based upon final interest rates which will be known on or about the date of sale of the proposed KRWFC Loan. Final financial figures will be submitted to the Commission in a timely manner.

11. The Debt Service Schedule of the outstanding 2018 Loan being refinanced is set forth in **Exhibit C**.

12. The District represents that the KRWFC Loan is in the public's interest and is intended to accomplish the purpose of strengthening the financial condition of the District by producing long-term financing of the previously completed project approved in the February 6, 2014 Order of the Commission. This is a lawful object within the corporate purposes of the District's utility operations. The KRWFC Loan is necessary, appropriate for, and consistent with

the proper performance by the District of its service to the public and will not impair its ability to perform that service.

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

14. The detailed Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows and Statement of Net Position for the twelve-month period ending on December 31, 2017 and 2016 are attached hereto and incorporated herein by reference as **Exhibit D** respectively.

15. Pursuant to 807 KAR 5:001, Section 12 - Financial Exhibit; the District hereby responds as follows:

- (i) Section 12(1)(b): The District states that it had less than \$5,000,000 in gross annual revenue in the immediate past calendar year and that no material changes to the District's financial condition have occurred since the end of the twelve (12) month period contained in the District's most recent annual report on file with the Commission.
- (ii) Section 12(2)(a), (b) and (c) Stock: The District does not have any authorized, issued or outstanding stock as of the date hereof.
- (iii) Section 12(2)(d) Mortgages: The District does not have any outstanding mortgages as of the date hereof.

- (iv) Section 12(2)(e), (f) and (g) Indebtedness: The information concerning the outstanding indebtedness of the District is contained in the 2017 Annual Report on file with this Commission.
 - (v) Section 12(2)(h) Dividends: The District has no outstanding stock and therefore pays no dividends.
 - (vi) Section 12(2)(i) Financial Statements: See paragraph #14 above.
16. Pursuant to 807 KAR 5:001, Section 18, the District hereby responds as follows:
- (i) Section 18(1)(a): The District has complied with the requirements of 807 KAR 5:001, Section 14.
 - (ii) Section 18(1)(b): A general description of the District's property, its field of operation and a statement of original cost of said property and the cost to the District is contained in the District's 2017 Annual Report on file with this Commission.
 - (iii) Section 18(1)(c): The District is not issuing any stock as part of this financing. The information concerning the proposed KRWFC Loan is contained in this Application and the Exhibits hereto. The KRWFC Loan will be secured by and payable from the gross revenues of the District's water system.
 - (iv) Section 18(1)(d): The proceeds of the KRWFC Loan are being used to refinance the 2018 Loan and provide long-term financing for project approved by the February 6, 2014 Order of the Commission in Case No. 2013-00388.

- (v) Section 18(1)(e): No property is being acquired with the proceeds of the KRWFC Loan.
- (vi) Section 18(1)(f): The details of the refinancing of the 2018 Loan are contained in this Application and the Exhibits hereto.
- (vii) Section 18(1)(g): Written notification of the proposed issuance of the KRWFC Loan is being provided to the State Local Debt Officer (see **Exhibit E** attached hereto).
- (viii) Section 18(2)(a): See paragraph #15 above.
- (ix) Section 18(2)(b): The District does not have any outstanding trust deeds or mortgages.
- (x) Section 18(2)(c): No property is being acquired with the proceeds of the KRWFC Loan.


17. No rate adjustment will be necessary.

[Remainder of this page intentionally left blank]


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

1. Authorize the issuance of the securities requested in the Application;
2. Due to the volatility of the present bond market and in order to achieve substantial interest cost savings to the District by taking full advantage of current low interest rates, the District requests that the Commission issue its Order as soon as possible; and
3. Process this Application without a formal hearing in order to save time and expense. The District will promptly respond to any information requests by the Commission's staff.

Hyden-Leslie County Water District

By 
Augustus Roberts, Chairman
356 Wendover Road
Hyden, Kentucky 41749
Telephone: (606) 672-2791
Fax: (606) 672-7510
Email: hlwater@tds.net

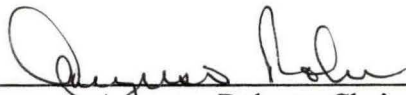
Rubin & Hays

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

STATE OF KENTUCKY)
) SS
COUNTY OF LESLIE)

The affiant, Augustus Roberts, being first duly sworn, states: That he is the Chairman of the Hyden-Leslie County Water District, the Applicant in this case; that he has read the foregoing Application and has noted the contents thereof; that the same are true of his own knowledge and belief, except as to matters which are herein stated to be based on information or belief, and that these matters, he believes to be true and correct.

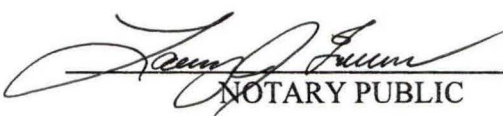
IN TESTIMONY WHEREOF, witness the signature of the undersigned on the 3rd day of December, 2018.



Augustus Roberts, Chairman

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by Augustus Roberts, Chairman of the Hyden-Leslie County Water District, on this the 3rd day of December, 2018.

My Commission expires: 05-02-2020.



NOTARY PUBLIC
556075

NOTARY PUBLIC ID NUMBER

Preliminary

\$2,720,000

Hyden-Leslie Water District
 Potential Loan through the
 Kentucky Rural Water Finance Corporation

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Expenses	Net New D/S	Fiscal Total
01/16/2019	-	-	-	-	-	-	-
08/01/2019	-	-	57,786.35	57,786.35	-	57,786.35	-
12/31/2019	-	-	-	-	-	-	57,786.35
02/01/2020	45,000.00	3.800%	53,341.25	98,341.25	450.00	98,791.25	-
08/01/2020	-	-	52,486.25	52,486.25	-	52,486.25	-
12/31/2020	-	-	-	-	-	-	151,277.50
02/01/2021	50,000.00	3.800%	52,486.25	102,486.25	450.00	102,936.25	-
08/01/2021	-	-	51,536.25	51,536.25	-	51,536.25	-
12/31/2021	-	-	-	-	-	-	154,472.50
02/01/2022	55,000.00	3.800%	51,536.25	106,536.25	450.00	106,986.25	-
08/01/2022	-	-	50,491.25	50,491.25	-	50,491.25	-
12/31/2022	-	-	-	-	-	-	157,477.50
02/01/2023	55,000.00	3.500%	50,491.25	105,491.25	450.00	105,941.25	-
08/01/2023	-	-	49,528.75	49,528.75	-	49,528.75	-
12/31/2023	-	-	-	-	-	-	155,470.00
02/01/2024	55,000.00	3.650%	49,528.75	104,528.75	450.00	104,978.75	-
08/01/2024	-	-	48,525.00	48,525.00	-	48,525.00	-
12/31/2024	-	-	-	-	-	-	153,503.75
02/01/2025	60,000.00	4.300%	48,525.00	108,525.00	450.00	108,975.00	-
08/01/2025	-	-	47,235.00	47,235.00	-	47,235.00	-
12/31/2025	-	-	-	-	-	-	156,210.00
02/01/2026	60,000.00	4.300%	47,235.00	107,235.00	450.00	107,685.00	-
08/01/2026	-	-	45,945.00	45,945.00	-	45,945.00	-
12/31/2026	-	-	-	-	-	-	153,630.00
02/01/2027	65,000.00	4.000%	45,945.00	110,945.00	450.00	111,395.00	-
08/01/2027	-	-	44,645.00	44,645.00	-	44,645.00	-
12/31/2027	-	-	-	-	-	-	156,040.00
02/01/2028	65,000.00	3.900%	44,645.00	109,645.00	450.00	110,095.00	-
08/01/2028	-	-	43,377.50	43,377.50	-	43,377.50	-
12/31/2028	-	-	-	-	-	-	153,472.50
02/01/2029	70,000.00	3.900%	43,377.50	113,377.50	450.00	113,827.50	-
08/01/2029	-	-	42,012.50	42,012.50	-	42,012.50	-
12/31/2029	-	-	-	-	-	-	155,840.00
02/01/2030	75,000.00	3.850%	42,012.50	117,012.50	450.00	117,462.50	-
08/01/2030	-	-	40,568.75	40,568.75	-	40,568.75	-
12/31/2030	-	-	-	-	-	-	158,031.25
02/01/2031	75,000.00	3.750%	40,568.75	115,568.75	450.00	116,018.75	-
08/01/2031	-	-	39,162.50	39,162.50	-	39,162.50	-
12/31/2031	-	-	-	-	-	-	155,181.25
02/01/2032	80,000.00	3.850%	39,162.50	119,162.50	450.00	119,612.50	-
08/01/2032	-	-	37,622.50	37,622.50	-	37,622.50	-
12/31/2032	-	-	-	-	-	-	157,235.00
02/01/2033	80,000.00	3.850%	37,622.50	117,622.50	450.00	118,072.50	-
08/01/2033	-	-	36,082.50	36,082.50	-	36,082.50	-
12/31/2033	-	-	-	-	-	-	154,155.00
02/01/2034	85,000.00	3.850%	36,082.50	121,082.50	450.00	121,532.50	-
08/01/2034	-	-	34,446.25	34,446.25	-	34,446.25	-
12/31/2034	-	-	-	-	-	-	155,978.75
02/01/2035	85,000.00	3.800%	34,446.25	119,446.25	450.00	119,896.25	-
08/01/2035	-	-	32,831.25	32,831.25	-	32,831.25	-
12/31/2035	-	-	-	-	-	-	152,727.50
02/01/2036	90,000.00	3.800%	32,831.25	122,831.25	450.00	123,281.25	-
08/01/2036	-	-	31,121.25	31,121.25	-	31,121.25	-
12/31/2036	-	-	-	-	-	-	154,402.50
02/01/2037	95,000.00	3.850%	31,121.25	126,121.25	450.00	126,571.25	-
08/01/2037	-	-	29,292.50	29,292.50	-	29,292.50	-
12/31/2037	-	-	-	-	-	-	155,863.75
02/01/2038	100,000.00	3.850%	29,292.50	129,292.50	450.00	129,742.50	-
08/01/2038	-	-	27,367.50	27,367.50	-	27,367.50	-
12/31/2038	-	-	-	-	-	-	157,110.00
02/01/2039	100,000.00	3.900%	27,367.50	127,367.50	450.00	127,817.50	-
08/01/2039	-	-	25,417.50	25,417.50	-	25,417.50	-
12/31/2039	-	-	-	-	-	-	153,235.00
02/01/2040	105,000.00	3.950%	25,417.50	130,417.50	450.00	130,867.50	-
08/01/2040	-	-	23,343.75	23,343.75	-	23,343.75	-
12/31/2040	-	-	-	-	-	-	154,211.25
02/01/2041	110,000.00	3.950%	23,343.75	133,343.75	450.00	133,793.75	-
08/01/2041	-	-	21,171.25	21,171.25	-	21,171.25	-
12/31/2041	-	-	-	-	-	-	154,965.00
02/01/2042	115,000.00	3.950%	21,171.25	136,171.25	450.00	136,621.25	-
08/01/2042	-	-	18,900.00	18,900.00	-	18,900.00	-
12/31/2042	-	-	-	-	-	-	155,521.25
02/01/2043	120,000.00	4.000%	18,900.00	138,900.00	450.00	139,350.00	-
08/01/2043	-	-	16,500.00	16,500.00	-	16,500.00	-
12/31/2043	-	-	-	-	-	-	155,850.00
02/01/2044	125,000.00	4.000%	16,500.00	141,500.00	-	141,500.00	-
08/01/2044	-	-	14,000.00	14,000.00	-	14,000.00	-
12/31/2044	-	-	-	-	-	-	155,500.00
02/01/2045	130,000.00	4.000%	14,000.00	144,000.00	-	144,000.00	-
08/01/2045	-	-	11,400.00	11,400.00	-	11,400.00	-
12/31/2045	-	-	-	-	-	-	155,400.00
02/01/2046	135,000.00	4.000%	11,400.00	146,400.00	-	146,400.00	-
08/01/2046	-	-	8,700.00	8,700.00	-	8,700.00	-
12/31/2046	-	-	-	-	-	-	155,100.00
02/01/2047	140,000.00	4.000%	8,700.00	148,700.00	-	148,700.00	-
08/01/2047	-	-	5,900.00	5,900.00	-	5,900.00	-
12/31/2047	-	-	-	-	-	-	154,600.00
02/01/2048	145,000.00	4.000%	5,900.00	150,900.00	-	150,900.00	-
08/01/2048	-	-	3,000.00	3,000.00	-	3,000.00	-
12/31/2048	-	-	-	-	-	-	153,900.00
02/01/2049	150,000.00	4.000%	3,000.00	153,000.00	-	153,000.00	-
12/31/2049	-	-	-	-	-	-	153,000.00
Total	\$2,720,000.00		\$1,976,347.60	\$4,696,347.60	\$10,800.00	\$4,707,147.60	

Hyden-Leslie Co WD Bonds | SINGLE PURPOSE | 12/4/2018 | 4:03 PM

Raymond James & Associates, Inc.

Public Finance

Preliminary

\$2,720,000

Hyden-Leslie Water District
Potential Loan through the
Kentucky Rural Water Finance Corporation

Sources & Uses

Dated 01/16/2019 | Delivered 01/16/2019

Sources Of Funds

Par Amount of Bonds	\$2,720,000.00
---------------------	----------------

Total Sources	\$2,720,000.00
----------------------	-----------------------

Uses Of Funds

Original Issue Discount (OID)	1,705.40
-------------------------------	----------

Total Underwriter's Discount (1.550%)	42,160.00
---------------------------------------	-----------

Costs of Issuance	46,300.00
-------------------	-----------

Deposit to Project Construction Fund	2,625,000.00
--------------------------------------	--------------

Rounding Amount	4,834.60
-----------------	----------

Total Uses	\$2,720,000.00
-------------------	-----------------------

KENTUCKY RURAL WATER FINANCE CORPORATION FLEXIBLE TERM FINANCE PROGRAM SERIES 2018 A

Borrower: Hyden-Leslie Water District
 Closing Date: 01/30/18

Borrower Payment Schedule

Payment Date	Principal	Interest Rate	Interest	Capitalized Interest	Trustee Fees	Total	Fiscal Total
01/30/18							
08/01/18			52,791.67	(52,791.67)			
02/01/19	2,625,000.00	4.000%	52,500.00	(52,500.00)	450.00	2,625,450.00	2,625,450.00
08/01/19							
02/01/20							
Totals	<u>2,625,000.00</u>		<u>105,291.67</u>	<u>(105,291.67)</u>	<u>450.00</u>	<u>2,625,450.00</u>	

Hyden-Leslie County Water District
 Statements of Net Position
 For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 631,636	\$ 820,516
Investments	1,078,611	1,276,390
Receivables, less allowance for doubtful accounts of \$5,000	220,021	204,004
Unbilled accounts receivable	54,052	33,000
Inventories	35,766	45,376
Prepaid expenses	25,005	23,501
Grants receivable	13,775	-
Other current assets	5,522	5,265
Total Current Assets	<u>2,064,388</u>	<u>2,408,052</u>
Noncurrent Assets		
Restricted Assets		
Customer deposits	48,872	47,942
Depreciation reserves	104,400	85,840
Debt and interest funds	194,264	203,032
Total Restricted Assets	<u>347,536</u>	<u>336,814</u>
Capital Assets		
Land and improvements	32,169	32,169
Buildings and improvements	5,630,362	5,630,362
Source of supply and pumping	2,371,287	2,390,478
Water treatment equipment	3,647,342	3,649,814
Transmission and distribution plant	21,107,152	21,093,724
Vehicles and other equipment	978,184	1,006,265
Construction in progress	846,260	525,701
Less: accumulated depreciation	(8,988,765)	(8,232,694)
Net Capital Assets	<u>25,623,991</u>	<u>26,095,819</u>
Total Noncurrent Assets	<u>25,971,527</u>	<u>26,432,633</u>
Total Assets	<u>28,035,915</u>	<u>28,840,685</u>
Deferred Outflows of Resources		
Bond issue costs, net of amortization	38,862	38,862
Total Deferred Outflows of Resources	<u>38,862</u>	<u>38,862</u>

See accompanying notes to financial statements.

Hyden-Leslie County Water District
 Statements of Net Position (Continued)
 For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Liabilities		
Current Liabilities		
Current portion of long-term debt	90,700	89,000
Accounts payable	82,887	70,849
Accrued interest payable	7,361	7,490
Accrued salaries and taxes payable	12,774	11,016
Other current liabilities	3,390	4,178
Total Current Liabilities	<u>197,112</u>	<u>182,533</u>
Noncurrent Assets		
Customer deposits	48,872	47,942
Long-term debt, less current portion	6,036,919	6,062,464
Total Noncurrent Liabilities	<u>6,085,791</u>	<u>6,110,406</u>
Total Liabilities	<u>6,282,903</u>	<u>6,292,939</u>
Net Position		
Net investment in capital assets	19,496,372	19,944,355
Restricted	347,536	336,814
Unrestricted	1,947,966	2,305,439
Total Net Position	<u>\$ 21,791,874</u>	<u>\$ 22,586,608</u>

See accompanying notes to financial statements.

Hyden-Leslie County Water District
 Statements of Revenues, Expenses and Changes in Net Position
 For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating Revenues		
Water sales	\$ 1,480,415	\$ 1,473,353
Service charges	3,166	3,107
Tap fees	10,800	39,001
Penalties	46,888	44,749
Other revenues	353	1,848
Total Operating Revenues	<u>1,541,622</u>	<u>1,562,058</u>
Operating Expenses		
Salaries and wages	459,646	433,767
Employee benefits	260,660	239,062
Utilities	306,117	288,142
Chemicals	74,465	79,932
Materials and supplies	87,624	53,811
Contracted services	35,044	33,240
Vehicle and equipment expenses	33,880	31,067
Insurance	49,058	47,498
Bad debt expense, net of recoveries	22,160	15,086
Depreciation	846,466	846,888
Other operating expenses	63,516	50,091
Total Operating Expenses	<u>2,238,636</u>	<u>2,118,584</u>
Operating Income (Loss)	<u>(697,014)</u>	<u>(556,526)</u>
Non-operating Revenues (Expenses)		
Interest income	2,880	18,906
Grant revenue	72,686	53,742
Loss on sale of equipment	(1,514)	-
Interest expense	(171,772)	(157,146)
Total Non-operating Revenues (Expenses)	<u>(97,720)</u>	<u>(84,498)</u>
Change in Net Position	(794,734)	(641,024)
Net Position, Beginning of Year	<u>22,586,608</u>	<u>23,227,632</u>
Net Position, End of Year	<u>\$ 21,791,874</u>	<u>\$ 22,586,608</u>

Hyden-Leslie County Water District
 Statements of Cash Flows
 For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities		
Receipts from customers	\$ 1,482,970	\$ 1,524,289
Receipts from other activities	353	1,848
Payments to employees	(458,115)	(441,378)
Payments to suppliers	(832,401)	(830,405)
Payments for other activities	<u>(63,516)</u>	<u>(50,091)</u>
Net Cash Provided by Operating Activities	<u>129,291</u>	<u>204,263</u>
Cash Flows From Capital and Related Financing Activities		
Purchases of property, plant and equipment	(371,167)	(117,457)
Principal payments on debt	(89,000)	(87,200)
Interest payments on debt	(171,901)	(177,563)
Proceeds from debt	65,155	107,854
Bond issuance costs	-	(38,862)
Grants	<u>58,911</u>	<u>53,742</u>
Net Cash Used by Capital and Related Financing Activities	<u>(508,002)</u>	<u>(259,486)</u>
Cash Flows From Investing Activities		
Purchases of investments	(236,385)	(666,658)
Proceeds from investments	420,000	646,165
Interest on investments	<u>16,938</u>	<u>21,073</u>
Net Cash Provided by Investing Activities	<u>200,553</u>	<u>580</u>
Net Decrease in Cash and Cash Equivalents	(178,158)	(54,643)
Cash and Cash Equivalents at Beginning of Year	<u>1,157,330</u>	<u>1,211,973</u>
Cash and Cash Equivalents at End of Year	<u>\$ 979,172</u>	<u>\$ 1,157,330</u>
Reconciliation of cash per Statements of Net Position to cash per Statements of Cash Flows:		
Cash and cash equivalents	\$ 631,636	\$ 820,516
Customer deposits	48,872	47,942
Depreciation reserves	104,400	85,840
Debt and interest funds	<u>194,264</u>	<u>203,032</u>
Cash and Cash Equivalents per Statements of Cash Flows	<u>\$ 979,172</u>	<u>\$ 1,157,330</u>

Hyden-Leslie County Water District
 Statements of Cash Flows (Continued)
 For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating income (loss)	\$ (697,014)	\$ (556,526)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	846,466	846,888
(Increase) Decrease in operating assets		
Accounts receivable	(16,017)	(21,505)
Unbilled accounts receivable	(21,052)	-
Inventory	9,610	(605)
Other current assets and prepaid expenses	(1,655)	591
Increase (Decrease) in operating liabilities		
Accounts payable	7,053	(61,595)
Accrued expenses and other liabilities	970	(3,655)
Customer deposits	930	670
	<hr/>	<hr/>
Net Cash Provided by Operating Activities	<u>\$ 129,291</u>	<u>\$ 204,263</u>

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

CHARLES S. MUSSON
W. RANDALL JONES
CHRISTIAN L. JUCKETT

December 5, 2018

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

Re: Hyden-Leslie County Water District
Notice of Intent to Issue Securities

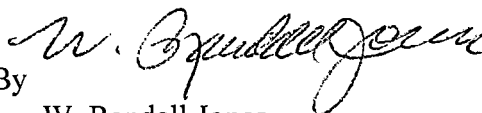
Dear Commissioner Dunahoo:

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

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

Very truly yours,

Rubin & Hays

By 

W. Randall Jones

WRJ:jlm
Enclosures
cc: Distribution List