

Rubin & Hays

ATTORNEYS AT LAW

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

May 9, 2017

RECEIVED

MAY 10 2017

Public Service
Commission

Dr. Talina R. Mathews, Executive Director
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

Re: Gallatin County Water District PSC Application

Dear Dr. Mathews:

Enclosed please find the original and ten (10) copies of the Application of the Gallatin 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 as soon as possible due to the fact that an upward shift in the current interest rate market could negate any interest cost savings to the District.

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:jl
Enclosures

cc: Ms. Tammy Hendren, Gallatin County Water District
Ms. Kristen Millard, Raymond James and Associates

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

RECEIVED

MAY 10 2017

Public Service
Commission

IN THE MATTER OF:

THE APPLICATION OF GALLATIN COUNTY)
WATER DISTRICT TO ISSUE SECURITIES IN)
THE APPROXIMATE PRINCIPAL AMOUNT OF)
\$1,175,000 FOR THE PURPOSE OF REFUNDING) CASE NO. 2017 - 00197
CERTAIN OUTSTANDING REVENUE BONDS OF)
THE DISTRICT PURSUANT TO THE PROVISIONS)
OF KRS 278.300 AND 807 KAR 5:001)

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

APPLICATION

The Applicant, Gallatin 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 \$1,175,000 (subject to adjustment of up to 10%), for the purpose of refunding certain outstanding waterworks revenue bonds of the District. In support of this Application, and in compliance with the rules and regulations of the Commission, the District states as follows:

1. The District was established in accordance with the provisions of Chapter 74 of the Kentucky Revised Statutes pursuant to an Order of the County Judge/Executive of Gallatin County, which Order is on file in the County Court Order Books in the office of the Clerk of Gallatin County, Kentucky. The District is now, and has been since its inception, regulated by the

Commission, and all records and proceedings of the Commission with reference to the District are incorporated in this Application by reference. The District does not have any Articles of Incorporation due to the fact that it is a statutory entity.

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

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

Gallatin County Water District
c/o Ms. Tammy Hendren, Office Manager
4500 Highway 455
Sparta, Kentucky 41086
Telephone: (859) 643-5200
Fax: (859) 643-5222
Email: gallatin.water@fuse.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 2015 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") pursuant to an Assistance Agreement (the "KRWFC Loan"), in the estimated principal amount of \$1,175,000 (subject to adjustment of up to 10%) for the purpose of refunding the outstanding revenue bonds designated as (i) Gallatin County Water District Water Revenue Bonds of 1988 Series A, dated January 19, 1989, in the original principal amount of \$290,000 and bearing interest at the rate of 5.00% per annum (the "1988A Bonds"); (ii) Gallatin County Water District Water Revenue Bonds of 1988 Series B, dated January 19, 1989, in the original principal amount of \$108,000 and bearing interest at the rate of 5.00% per annum (the

"1988B Bonds"); (iii) Gallatin County Water District Water Revenue Bonds of 1993, dated November 15, 1993, in the original principal amount of \$420,000 and bearing interest at the rate of 5.00% per annum (the "1993 Bonds"); (iv) Gallatin County Water District Water Revenue Bonds of 1996, dated June 18, 1996, in the original principal amount of \$371,000 and bearing interest at the rate of 4.875% per annum (the "1996 Bonds"); (v) Gallatin County Water District Water Revenue Bonds of 2000 Series A, dated November 16, 2000, in the original principal amount of \$370,000 and bearing interest at the rate of 4.875% per annum (the "2000A Bonds"); (vi) Gallatin County Water District Water Revenue Bonds of 2000 Series B, dated November 16, 2000, in the original principal amount of \$112,000 and bearing interest at the rate of 5.00% per annum (the "2000B Bonds"); and (vii) Gallatin County Water District Water Revenue Bonds of 2002, dated February 14, 2003, in the original principal amount of \$130,000 and bearing interest at the rate of 4.625% per annum (the "2002 Bonds")(hereinafter, the 1988A Bonds, the 1988B Bonds, the 1993 Bonds, the 1996 Bonds, the 2000A Bonds, the 2000B Bonds and the 2002 Bonds shall be collectively referred to as the "Prior Bonds"). The Prior Bonds are held by the U.S. Department of Agriculture, acting through Rural Development.

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 (i) refund the Prior Bonds; and (iii) pay the fees and expenses incident to the issuance of the KRWFC Loan.

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

9. It is anticipated that the proposed refinancing will result in a net present value cashflow savings of approximately \$136,293.64. These savings are shown on the Debt Service Comparison, which is attached hereto and incorporated herein by reference as **Exhibit C**.

10. The final principal amount of the KRWFC Loan will be adjusted based upon final interest rates which will be known on or about the date of sale of the proposed KRWFC Loan. Final financial figures will be submitted to the Commission in a timely manner. The Applicant will not issue the securities if interest rates in the bond market shift to a point where the Applicant will not achieve any debt service savings.

11. The Debt Service Schedule of the outstanding Prior Bonds being refunded is set forth in **Exhibit D**.

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

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

14. The detailed Statement of Revenues, Expenses and Changes in Fund Net Position, Statement of Cash Flows and Statement of Net Position for the twelve month period ending on December 31, 2015 are attached hereto and incorporated herein by reference as **Exhibit E** respectively.

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

- (i) Section 12(1)(b): The District states that it had less than \$5,000,000 in gross annual revenue in the immediate past calendar year and that no material changes to the District's financial condition have occurred since the end of the twelve (12) month period contained in the District's most recent annual report on file with the Commission.
- (ii) Section 12(2)(a), (b) and (c) Stock: The District does not have any authorized, issued or outstanding stock as of the date hereof.
- (iii) Section 12(2)(d) Mortgages: The District does not have any outstanding mortgages as of the date hereof.
- (iv) Section 12(2)(e), (f) and (g) Indebtedness: The information concerning the outstanding indebtedness of the District is contained in the 2015 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 2015 Annual Report on file with this Commission.
- (iii) Section 18(1)(c): The District is not issuing any stock as part of this financing. The information concerning the proposed KRWFC Loan is contained in this Application. The KRWFC Loan will be secured by and payable from the gross revenues of the District's water system.
- (iv) Section 18(1)(d): The proceeds of the KRWFC Loan are being used to refund the outstanding Prior Bonds.
- (v) Section 18(1)(e): No property is being acquired with the proceeds of the KRWFC Loan.
- (vi) Section 18(1)(f): The details of the refunding of the Prior Bonds are contained in this Application and the Exhibits hereto.
- (vii) Section 18(1)(g): Written notification of the proposed issuance of the KRWFC Loan is being provided to the State Local Debt Officer (see **Exhibit "F"** attached hereto).
- (viii) Section 18(2)(a): See paragraph #15 above.
- (ix) Section 18(2)(b): The District does not have any outstanding trust deeds or mortgages.

- (x) Section 18(2)(c): No property is being acquired with the proceeds of the KRWFC Loan.

17. No rate adjustment will be necessary.

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

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

The District will promptly respond to any information requests by the Commission's staff.

Gallatin County Water District

By 
Vic Satchwell, Chairman
4500 Highway 455
Sparta, Kentucky 41086
Telephone: (859) 643-5200
Fax: (859) 643-5222
Email: gallatin.water@fuse.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 Gallatin County Water District
wrjones@rubinhays.com

STATE OF KENTUCKY)
) SS
COUNTY OF GALLATIN)

The affiant, Vic Satchwell, being first duly sworn, states: That he is the Chairman of the Gallatin 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 4 day of May, 2017.

Vic Satchwell
Vic Satchwell, Chairman

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by Vic Satchwell, Chairman of the Gallatin County Water District, on this the 4 day of May, 2017.

My Commission expires: May 23, 2017.

Danny Henderson
NOTARY PUBLIC

489730
NOTARY PUBLIC ID Number

Preliminary

\$1,175,000

Gallatin County Water District
Potential refunding through the
Kentucky Rural Water Finance Corporation

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
05/18/2017	-	-	-	-	-
08/01/2017	-	-	8,191.22	8,191.22	-
12/31/2017	-	-	-	-	8,191.22
02/01/2018	45,000.00	2.500%	20,197.50	65,197.50	-
08/01/2018	-	-	19,635.00	19,635.00	-
12/31/2018	-	-	-	-	84,832.50
02/01/2019	50,000.00	2.500%	19,635.00	69,635.00	-
08/01/2019	-	-	19,010.00	19,010.00	-
12/31/2019	-	-	-	-	88,645.00
02/01/2020	50,000.00	2.850%	19,010.00	69,010.00	-
08/01/2020	-	-	18,297.50	18,297.50	-
12/31/2020	-	-	-	-	87,307.50
02/01/2021	70,000.00	2.900%	18,297.50	88,297.50	-
08/01/2021	-	-	17,282.50	17,282.50	-
12/31/2021	-	-	-	-	105,580.00
02/01/2022	60,000.00	2.900%	17,282.50	77,282.50	-
08/01/2022	-	-	16,412.50	16,412.50	-
12/31/2022	-	-	-	-	93,695.00
02/01/2023	70,000.00	3.100%	16,412.50	86,412.50	-
08/01/2023	-	-	15,327.50	15,327.50	-
12/31/2023	-	-	-	-	101,740.00
02/01/2024	75,000.00	3.850%	15,327.50	90,327.50	-
08/01/2024	-	-	13,883.75	13,883.75	-
12/31/2024	-	-	-	-	104,211.25
02/01/2025	75,000.00	3.850%	13,883.75	88,883.75	-
08/01/2025	-	-	12,440.00	12,440.00	-
12/31/2025	-	-	-	-	101,323.75
02/01/2026	75,000.00	3.700%	12,440.00	87,440.00	-
08/01/2026	-	-	11,052.50	11,052.50	-
12/31/2026	-	-	-	-	98,492.50
02/01/2027	80,000.00	3.600%	11,052.50	91,052.50	-
08/01/2027	-	-	9,612.50	9,612.50	-
12/31/2027	-	-	-	-	100,665.00
02/01/2028	80,000.00	3.600%	9,612.50	89,612.50	-
08/01/2028	-	-	8,172.50	8,172.50	-
12/31/2028	-	-	-	-	97,785.00
02/01/2029	60,000.00	3.600%	8,172.50	68,172.50	-
08/01/2029	-	-	7,092.50	7,092.50	-
12/31/2029	-	-	-	-	75,265.00
02/01/2030	60,000.00	3.600%	7,092.50	67,092.50	-
08/01/2030	-	-	6,012.50	6,012.50	-
12/31/2030	-	-	-	-	73,105.00
02/01/2031	60,000.00	3.600%	6,012.50	66,012.50	-
08/01/2031	-	-	4,932.50	4,932.50	-
12/31/2031	-	-	-	-	70,945.00
02/01/2032	60,000.00	3.600%	4,932.50	64,932.50	-
08/01/2032	-	-	3,852.50	3,852.50	-
12/31/2032	-	-	-	-	68,785.00
02/01/2033	50,000.00	3.600%	3,852.50	53,852.50	-
08/01/2033	-	-	2,952.50	2,952.50	-
12/31/2033	-	-	-	-	56,805.00
02/01/2034	50,000.00	3.700%	2,952.50	52,952.50	-
08/01/2034	-	-	2,027.50	2,027.50	-
12/31/2034	-	-	-	-	54,980.00
02/01/2035	50,000.00	3.750%	2,027.50	52,027.50	-
08/01/2035	-	-	1,090.00	1,090.00	-
12/31/2035	-	-	-	-	53,117.50
02/01/2036	10,000.00	3.900%	1,090.00	11,090.00	-
08/01/2036	-	-	895.00	895.00	-
12/31/2036	-	-	-	-	11,985.00
02/01/2037	10,000.00	3.900%	895.00	10,895.00	-
08/01/2037	-	-	700.00	700.00	-
12/31/2037	-	-	-	-	11,595.00
02/01/2038	10,000.00	3.950%	700.00	10,700.00	-
08/01/2038	-	-	502.50	502.50	-
12/31/2038	-	-	-	-	11,202.50
02/01/2039	10,000.00	4.000%	502.50	10,502.50	-
08/01/2039	-	-	302.50	302.50	-
12/31/2039	-	-	-	-	10,805.00
02/01/2040	5,000.00	4.000%	302.50	5,302.50	-
08/01/2040	-	-	202.50	202.50	-
12/31/2040	-	-	-	-	5,505.00
02/01/2041	5,000.00	4.050%	202.50	5,202.50	-
08/01/2041	-	-	101.25	101.25	-
12/31/2041	-	-	-	-	5,303.75
02/01/2042	5,000.00	4.050%	101.25	5,101.25	-
12/31/2042	-	-	-	-	5,101.25
Total	\$1,175,000.00	-	\$411,968.72	\$1,586,968.72	-

Yield Statistics

Bond Year Dollars	511,395.76
Average Life	9.699 Years
Average Coupon	3.6151040%
Net Interest Cost (NIC)	3.5537045%
True Interest Cost (TIC)	3.5245023%
Bond Yield for Arbitrage Purposes	3.3359478%
All Inclusive Cost (AIC)	3.7449449%

IRS Form 8038

Net Interest Cost	3.3569158%
Weighted Average Maturity	9.619 Years

Gallatin 3.9.17 - no 2008 | Issue Summary | 4/10/2017 | 11:15 AM

Raymond James & Associates, Inc.

Public Finance

Preliminary

\$1,175,000

Gallatin County Water District
Potential refunding through the
Kentucky Rural Water Finance Corporation

Total Issue Sources And Uses

Dated 05/18/2017 | Delivered 05/18/2017

	Ref of 1988 A	Ref of 1988 B	Ref of 1993	Ref of 1996	Ref of 2000 A	Ref of 2000 B	Ref of 2002	Issue Summary
Sources Of Funds								
Par Amount of Bonds	\$140,000.00	\$55,000.00	\$255,000.00	\$265,000.00	\$260,000.00	\$90,000.00	\$110,000.00	\$1,175,000.00
Reoffering Premium	5,112.95	1,885.20	6,279.00	4,647.80	4,608.50	1,070.30	1,018.20	24,621.95
Transfers from Prior Issue Debt Service Funds	5,716.66	2,250.00	8,300.00	7,225.00	7,225.00	2,228.34	2,460.38	35,405.38
Total Sources	\$150,829.61	\$59,135.20	\$269,579.00	\$276,872.80	\$271,833.50	\$93,298.64	\$113,478.58	\$1,235,027.33
Uses Of Funds								
Total Underwriter's Discount (1.500%)	2,100.00	825.00	3,825.00	3,975.00	3,900.00	1,350.00	1,650.00	17,625.00
Costs of Issuance	2,397.88	942.02	4,367.55	4,538.83	4,453.19	1,541.49	1,884.04	20,125.00
Deposit to Current Refunding Fund	145,720.97	56,046.53	262,909.17	264,823.54	264,823.54	89,368.74	109,595.59	1,193,288.08
Rounding Amount	610.76	1,321.65	(1,522.72)	3,535.43	(1,343.23)	1,038.41	348.95	3,989.25
Total Uses	\$150,829.61	\$59,135.20	\$269,579.00	\$276,872.80	\$271,833.50	\$93,298.64	\$113,478.58	\$1,235,027.33

Preliminary

\$1,175,000

Gallatin County Water District
Potential refunding through the
Kentucky Rural Water Finance Corporation

Debt Service Comparison

Date	Total P+I	Net New D/S	Old Net D/S	Savings
12/31/2017	8,191.22	8,191.22	28,758.06	20,566.84
12/31/2018	84,832.50	84,832.50	105,014.38	20,181.88
12/31/2019	88,645.00	88,645.00	106,707.33	18,062.33
12/31/2020	87,307.50	87,307.50	104,291.90	16,984.40
12/31/2021	105,580.00	105,580.00	106,743.08	1,163.08
12/31/2022	93,695.00	93,695.00	104,158.39	10,463.39
12/31/2023	101,740.00	101,740.00	105,460.52	3,720.52
12/31/2024	104,211.25	104,211.25	105,575.70	1,364.45
12/31/2025	101,323.75	101,323.75	104,552.70	3,228.95
12/31/2026	98,492.50	98,492.50	106,341.52	7,849.02
12/31/2027	100,665.00	100,665.00	104,942.15	4,277.15
12/31/2028	97,785.00	97,785.00	103,429.58	5,644.58
12/31/2029	75,265.00	75,265.00	81,427.57	6,162.57
12/31/2030	73,105.00	73,105.00	81,808.83	8,703.83
12/31/2031	70,945.00	70,945.00	81,047.08	10,102.08
12/31/2032	68,785.00	68,785.00	81,142.32	12,357.32
12/31/2033	56,805.00	56,805.00	56,695.83	(109.17)
12/31/2034	54,980.00	54,980.00	56,830.09	1,850.09
12/31/2035	53,117.50	53,117.50	56,745.08	3,627.58
12/31/2036	11,985.00	11,985.00	13,811.00	1,826.00
12/31/2037	11,595.00	11,595.00	13,774.12	2,179.12
12/31/2038	11,202.50	11,202.50	13,713.19	2,510.69
12/31/2039	10,805.00	10,805.00	13,628.19	2,823.19
12/31/2040	5,505.00	5,505.00	7,181.62	1,676.62
12/31/2041	5,303.75	5,303.75	7,178.69	1,874.94
12/31/2042	5,101.25	5,101.25	7,161.88	2,060.63
TOTAL	\$1,586,968.72	\$1,586,968.72	\$1,758,120.80	\$171,152.08

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	136,293.64
Net PV Cashflow Savings @ 3.745%(AIC)	136,293.64
Transfers from Prior Issue Debt Service Fund	(35,405.38)
Contingency or Rounding Amount	3,989.25

Net Benefit **\$139,735.95**

Net Present Value Benefit	\$104,877.51
Net PV Benefit / \$1,171,400 Refunded Principal	8.953%
Net PV Benefit / \$1,175,000 Refunding Principal	8.926%
Average Annual Cash Flow Savings	6,846.08

Refunding Bond Information

Refunding Dated Date	5/18/2017
Refunding Delivery Date	5/18/2017

Preliminary

\$153,000

Gallatin County Water District

Series 1988 A

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2017	-	-	3,575.00	3,575.00
12/31/2018	10,000.00	-	6,900.00	16,900.00
12/31/2019	11,000.00	-	6,375.00	17,375.00
12/31/2020	11,000.00	-	5,825.00	16,825.00
12/31/2021	12,000.00	-	5,250.00	17,250.00
12/31/2022	12,000.00	-	4,650.00	16,650.00
12/31/2023	13,000.00	-	4,025.00	17,025.00
12/31/2024	13,000.00	-	3,375.00	16,375.00
12/31/2025	14,000.00	-	2,700.00	16,700.00
12/31/2026	15,000.00	-	1,975.00	16,975.00
12/31/2027	16,000.00	-	1,200.00	17,200.00
12/31/2028	16,000.00	5.000%	400.00	16,400.00
Total	\$143,000.00	-	\$46,250.00	\$189,250.00

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	5/18/2017
Average Life	6.088 Years
Average Coupon	5.0000000%
Weighted Average Maturity (Par Basis)	6.088 Years

Refunding Bond Information

Refunding Dated Date	5/18/2017
Refunding Delivery Date	5/18/2017

Gallatin 1988 A | SINGLE PURPOSE | 5/ 9/2017 | 2:24 PM

Raymond James & Associates, Inc.

Public Finance

Preliminary

\$59,000

Gallatin County Water District
Series 1988

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2017	-	-	1,375.00	1,375.00
12/31/2018	4,000.00	-	2,650.00	6,650.00
12/31/2019	4,000.00	-	2,450.00	6,450.00
12/31/2020	4,000.00	-	2,250.00	6,250.00
12/31/2021	5,000.00	-	2,025.00	7,025.00
12/31/2022	5,000.00	-	1,775.00	6,775.00
12/31/2023	5,000.00	-	1,525.00	6,525.00
12/31/2024	5,000.00	-	1,275.00	6,275.00
12/31/2025	5,000.00	-	1,025.00	6,025.00
12/31/2026	6,000.00	-	750.00	6,750.00
12/31/2027	6,000.00	-	450.00	6,450.00
12/31/2028	6,000.00	5.000%	150.00	6,150.00
Total	\$55,000.00	-	\$17,700.00	\$72,700.00

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	5/18/2017
Average Life	6.056 Years
Average Coupon	5.0000000%
Weighted Average Maturity (Par Basis)	6.056 Years

Refunding Bond Information

Refunding Dated Date	5/18/2017
Refunding Delivery Date	5/18/2017

Gallatin 1988 B | SINGLE PURPOSE | 5/ 9/2017 | 2:24 PM

Raymond James & Associates, Inc.

Public Finance

Preliminary

\$269,000

Gallatin County Water District
Series 1993

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2017	-	-	6,450.00	6,450.00
12/31/2018	12,000.00	-	12,600.00	24,600.00
12/31/2019	13,000.00	-	11,975.00	24,975.00
12/31/2020	13,000.00	-	11,325.00	24,325.00
12/31/2021	14,000.00	-	10,650.00	24,650.00
12/31/2022	14,000.00	-	9,950.00	23,950.00
12/31/2023	15,000.00	-	9,225.00	24,225.00
12/31/2024	16,000.00	-	8,450.00	24,450.00
12/31/2025	17,000.00	-	7,625.00	24,625.00
12/31/2026	18,000.00	-	6,750.00	24,750.00
12/31/2027	19,000.00	-	5,825.00	24,825.00
12/31/2028	19,000.00	-	4,875.00	23,875.00
12/31/2029	20,000.00	-	3,900.00	23,900.00
12/31/2030	21,000.00	-	2,875.00	23,875.00
12/31/2031	23,000.00	-	1,775.00	24,775.00
12/31/2032	24,000.00	5.000%	600.00	24,600.00
Total	\$258,000.00	-	\$114,850.00	\$372,850.00

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	5/18/2017
Average Life	8.523 Years
Average Coupon	5.0000000%
Weighted Average Maturity (Par Basis)	8.523 Years

Refunding Bond Information

Refunding Dated Date	5/18/2017
Refunding Delivery Date	5/18/2017

Preliminary

\$269,000

Gallatin County Water District
Series 1996

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2017	-	-	6,337.50	6,337.50
12/31/2018	9,000.00	-	12,455.63	21,455.63
12/31/2019	10,000.00	-	11,992.51	21,992.51
12/31/2020	10,000.00	-	11,505.01	21,505.01
12/31/2021	11,000.00	-	10,993.13	21,993.13
12/31/2022	11,000.00	-	10,456.88	21,456.88
12/31/2023	12,000.00	-	9,896.26	21,896.26
12/31/2024	13,000.00	-	9,286.88	22,286.88
12/31/2025	13,000.00	-	8,653.13	21,653.13
12/31/2026	14,000.00	-	7,995.01	21,995.01
12/31/2027	14,000.00	-	7,312.51	21,312.51
12/31/2028	15,000.00	-	6,605.63	21,605.63
12/31/2029	16,000.00	-	5,850.00	21,850.00
12/31/2030	17,000.00	-	5,045.63	22,045.63
12/31/2031	17,000.00	-	4,216.88	21,216.88
12/31/2032	18,000.00	-	3,363.75	21,363.75
12/31/2033	19,000.00	-	2,461.88	21,461.88
12/31/2034	20,000.00	-	1,511.26	21,511.26
12/31/2035	21,000.00	4.875%	511.88	21,511.88
Total	\$260,000.00	-	\$136,451.36	\$396,451.36

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	5/18/2017
Average Life	10.385 Years
Average Coupon	4.8750041%
Weighted Average Maturity (Par Basis)	10.385 Years

Refunding Bond Information

Refunding Dated Date	5/18/2017
Refunding Delivery Date	5/18/2017

Preliminary

\$269,000

Gallatin County Water District

Series 2000 A

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2017	-	-	6,337.50	6,337.50
12/31/2018	9,000.00	-	12,455.63	21,455.63
12/31/2019	10,000.00	-	11,992.51	21,992.51
12/31/2020	10,000.00	-	11,505.01	21,505.01
12/31/2021	11,000.00	-	10,993.13	21,993.13
12/31/2022	11,000.00	-	10,456.88	21,456.88
12/31/2023	12,000.00	-	9,896.26	21,896.26
12/31/2024	13,000.00	-	9,286.88	22,286.88
12/31/2025	13,000.00	-	8,653.13	21,653.13
12/31/2026	14,000.00	-	7,995.01	21,995.01
12/31/2027	14,000.00	-	7,312.51	21,312.51
12/31/2028	15,000.00	-	6,605.63	21,605.63
12/31/2029	16,000.00	-	5,850.00	21,850.00
12/31/2030	17,000.00	-	5,045.63	22,045.63
12/31/2031	17,000.00	-	4,216.88	21,216.88
12/31/2032	18,000.00	-	3,363.75	21,363.75
12/31/2033	19,000.00	-	2,461.88	21,461.88
12/31/2034	20,000.00	-	1,511.26	21,511.26
12/31/2035	21,000.00	4.875%	511.88	21,511.88
Total	\$260,000.00	-	\$136,451.36	\$396,451.36

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	5/18/2017
Average Life	10.385 Years
Average Coupon	4.8750041%
Weighted Average Maturity (Par Basis)	10.385 Years

Refunding Bond Information

Refunding Dated Date	5/18/2017
Refunding Delivery Date	5/18/2017

Preliminary

\$89,900

Gallatin County Water District

Series 2000 A

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2017	-	-	2,192.50	2,192.50
12/31/2018	2,300.00	-	4,327.50	6,627.50
12/31/2019	2,400.00	-	4,210.00	6,610.00
12/31/2020	2,500.00	-	4,087.50	6,587.50
12/31/2021	2,600.00	-	3,960.00	6,560.00
12/31/2022	2,800.00	-	3,825.00	6,625.00
12/31/2023	2,900.00	-	3,682.50	6,582.50
12/31/2024	3,100.00	-	3,532.50	6,632.50
12/31/2025	3,200.00	-	3,375.00	6,575.00
12/31/2026	3,400.00	-	3,210.00	6,610.00
12/31/2027	3,500.00	-	3,037.50	6,537.50
12/31/2028	3,700.00	-	2,857.50	6,557.50
12/31/2029	3,900.00	-	2,667.50	6,567.50
12/31/2030	4,100.00	-	2,467.50	6,567.50
12/31/2031	4,300.00	-	2,257.50	6,557.50
12/31/2032	4,500.00	-	2,037.50	6,537.50
12/31/2033	4,700.00	-	1,807.50	6,507.50
12/31/2034	5,000.00	-	1,565.00	6,565.00
12/31/2035	5,200.00	-	1,310.00	6,510.00
12/31/2036	5,500.00	-	1,042.50	6,542.50
12/31/2037	5,800.00	-	760.00	6,560.00
12/31/2038	6,000.00	-	465.00	6,465.00
12/31/2039	6,300.00	5.000%	157.50	6,457.50
Total	\$87,700.00	-	\$58,835.00	\$146,535.00

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	5/18/2017
Average Life	13.037 Years
Average Coupon	5.0000000%
Weighted Average Maturity (Par Basis)	13.037 Years

Refunding Bond Information

Refunding Dated Date	5/18/2017
Refunding Delivery Date	5/18/2017

Gallatin 2000 B | SINGLE PURPOSE | 5/ 9/2017 | 2:24 PM

Raymond James & Associates, Inc.

Public Finance

Preliminary

\$110,000

Gallatin County Water District

Series 2002

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2017	-	-	2,490.56	2,490.56
12/31/2018	2,400.00	-	4,925.62	7,325.62
12/31/2019	2,500.00	-	4,812.31	7,312.31
12/31/2020	2,600.00	-	4,694.38	7,294.38
12/31/2021	2,700.00	-	4,571.82	7,271.82
12/31/2022	2,800.00	-	4,444.63	7,244.63
12/31/2023	3,000.00	-	4,310.50	7,310.50
12/31/2024	3,100.00	-	4,169.44	7,269.44
12/31/2025	3,300.00	-	4,021.44	7,321.44
12/31/2026	3,400.00	-	3,866.50	7,266.50
12/31/2027	3,600.00	-	3,704.63	7,304.63
12/31/2028	3,700.00	-	3,535.82	7,235.82
12/31/2029	3,900.00	-	3,360.07	7,260.07
12/31/2030	4,100.00	-	3,175.07	7,275.07
12/31/2031	4,300.00	-	2,980.82	7,280.82
12/31/2032	4,500.00	-	2,777.32	7,277.32
12/31/2033	4,700.00	-	2,564.57	7,264.57
12/31/2034	4,900.00	-	2,342.57	7,242.57
12/31/2035	5,100.00	-	2,111.32	7,211.32
12/31/2036	5,400.00	-	1,868.50	7,268.50
12/31/2037	5,600.00	-	1,614.12	7,214.12
12/31/2038	5,900.00	-	1,348.19	7,248.19
12/31/2039	6,100.00	-	1,070.69	7,170.69
12/31/2040	6,400.00	-	781.62	7,181.62
12/31/2041	6,700.00	-	478.69	7,178.69
12/31/2042	7,000.00	4.625%	161.88	7,161.88
Total	\$107,700.00	-	\$76,183.08	\$183,883.08

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	5/18/2017
Average Life	14.914 Years
Average Coupon	4.6250051%
Weighted Average Maturity (Par Basis)	14.914 Years

Refunding Bond Information

Refunding Dated Date	5/18/2017
Refunding Delivery Date	5/18/2017

Gallatin 2002 | SINGLE PURPOSE | 5/ 9/2017 | 2:24 PM

Raymond James & Associates, Inc.

Public Finance

GALLATIN COUNTY WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
For the Years Ended December 31, 2015 and 2014

	2015	Restated 2014
Operating Revenues:		
Charges for Services:		
Water Charges (Net of Estimated Bad Debts)	\$ 1,019,666	\$ 1,017,203
Total Charges for Services	<u>\$ 1,019,666</u>	<u>\$ 1,017,203</u>
Other Charges and Miscellaneous:		
Billing Service Charges	\$ 33,237	\$ 34,703
Connection Fees	28,120	24,700
Miscellaneous	1,615	2,474
Total Other Charges and Miscellaneous	<u>\$ 62,972</u>	<u>\$ 61,877</u>
Total Operating Revenues	<u>\$ 1,082,638</u>	<u>\$ 1,079,080</u>
Operating Expenses:		
Bank Charges	\$ 1,447	\$ 2,529
Commissioner Fees	7,050	7,200
Contractual Service - Sampling	6,235	15,363
Dues	1,401	1,653
Health Insurance	100,382	81,596
Insurance	22,913	22,071
Labor	239,179	235,631
Maintenance of Mains	43,976	74,236
Office Supplies and Expense	28,448	23,226
Other Interest Expense	26	26
Payroll Taxes	16,713	17,146
Professional Services	12,187	12,001
Purchased Water	8,027	10,945
Regulatory Fees	2,078	1,854
Retirement Expense	91,621	71,467
Travel/Transportation Expense	16,177	21,219
Uniforms	4,327	3,716
Utilities - Office	13,350	13,411
Utilities - Pumping	61,372	63,743
Depreciation Expense	317,326	321,577
Total Operating Expenses	<u>\$ 994,235</u>	<u>\$ 1,000,610</u>
Operating Income (Loss)	<u>\$ 88,403</u>	<u>\$ 78,470</u>
Nonoperating Revenue (Expense):		
Investment Income	\$ 7,158	\$ 4,855
Interest Expense	(141,199)	(144,615)
Total Nonoperating Revenues (Expense)	<u>\$ (134,041)</u>	<u>\$ (139,760)</u>
Income (Loss) Before Contributions	\$ (45,638)	\$ (61,290)
Capital Contributions	<u>17,026</u>	<u>11,022</u>
Change in Net Position	\$ (28,612)	\$ (50,268)
Net Position--Beginning of Year	<u>3,292,244</u>	<u>3,342,512</u>
Net Position--End of Year	<u><u>\$ 3,263,632</u></u>	<u><u>\$ 3,292,244</u></u>

See accompanying notes to the basic financial statements.

GALLATIN COUNTY WATER DISTRICT
STATEMENT OF CASH FLOWS
For the Years Ended December 31, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 1,088,552	\$ 1,100,328
Payments to Suppliers	(61,816)	(99,133)
Payments to Employees	(244,381)	(246,856)
Other Receipts (Payments)	(334,045)	(316,666)
Net Cash Provided (Used) by Operating Activities	<u>\$ 448,310</u>	<u>\$ 437,673</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Contributions	\$ 17,026	\$ 11,022
Purchases of Capital Assets	(56,321)	(26,277)
Principal Paid on Capital Debt	(90,453)	(87,940)
Interest Paid on Capital Debt	(142,757)	(146,119)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ (272,505)</u>	<u>\$ (249,314)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	\$ (4,763)	\$ (3,392)
Interest on Investments	6,339	4,981
Net Cash Provided (Used) by Investing Activities	<u>\$ 1,576</u>	<u>\$ 1,589</u>
Net (Increase) in Cash and Cash Equivalents	\$ 177,381	\$ 189,948
Balances-Beginning of the Year	<u>653,009</u>	<u>463,061</u>
Balances-End of the Year	<u>\$ 830,390</u>	<u>\$ 653,009</u>

	Balances Per December 31, 2015 Statement of Net Position	Balances Per December 31, 2015 Statement of Cash Flows
Cash	\$ 316,140	\$ 316,140
Time Deposits	555,085	-
Restricted Cash	514,250	514,250
Restricted Time Deposits	75,472	-
Total Cash and Cash Equivalents, End of Year	<u>\$ 1,460,947</u>	<u>\$ 830,390</u>

	Balances Per December 31, 2014 Statement of Net Position	Balances Per December 31, 2014 Statement of Cash Flows
Cash	\$ 142,472	\$ 142,472
Time Deposits	550,773	-
Restricted Cash	510,537	510,537
Restricted Time Deposits	75,021	-
Total Cash and Cash Equivalents, End of Year	<u>\$ 1,278,803</u>	<u>\$ 653,009</u>

(Continued)

GALLATIN COUNTY WATER DISTRICT
STATEMENT OF NET POSITION
December 31, 2015 and 2014

	2015	Restated 2014
ASSETS		
Current Assets:		
Cash, Including Time Deposits	\$ 871,225	\$ 693,245
Accounts Receivable Trade (Net)	121,537	127,172
Accounts Receivable - Other	539	895
Interest Receivable	1,540	721
Inventory	35,592	35,489
Prepaid Expense	12,722	12,481
Total Current Assets	\$ 1,043,155	\$ 870,003
Noncurrent Assets:		
Restricted Assets:		
Cash, Including Time Deposits	\$ 589,722	\$ 585,558
Interest Receivable	157	157
Capital Assets (Net)	5,587,099	5,861,970
Total Noncurrent Assets	\$ 6,176,978	\$ 6,447,685
Total Assets	\$ 7,220,133	\$ 7,317,688
DEFERRED OUTFLOWS OF RESOURCES		
Attributable to Employee Pension Plan	\$ 75,268	\$ 21,969
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 11,885	\$ 21,354
Accounts Payable Capital Assets	-	13,866
Accrued Wages	3,600	2,563
Accrued Compensated Absences	1,545	734
Accrued Payroll Taxes/Employee Withholding	7,950	13,651
Utility Tax Payable	2,350	2,327
Sales Tax Payable	373	390
Current Liabilities Payable from Restricted Assets:		
Accrued Interest Payable	67,847	69,405
Revenue Bonds Payable	69,400	66,100
Note Payable - Kentucky Infrastructure Authority	24,671	24,353
Total Current Liabilities	\$ 189,621	\$ 214,743
Noncurrent Liabilities:		
Revenue Bonds Payable	\$ 2,949,500	\$ 3,018,900
Note Payable - Kentucky Infrastructure Authority	396,101	420,772
Escrow - Customer Construction Deposits	350	350
Net Pension Liability	442,034	331,000
Noncurrent Liabilities Payable from Restricted Assets:		
Customer Deposits Payable	24,563	24,648
Total Noncurrent Liabilities	\$ 3,812,548	\$ 3,795,670
Total Liabilities	\$ 4,002,169	\$ 4,010,413
DEFERRED INFLOWS OF RESOURCES		
Attributable to Employee Pension Plan	\$ 29,600	\$ 37,000
NET POSITION		
Net Investment In Capital Assets	\$ 2,147,427	\$ 2,331,845
Restricted for Debt Service	352,472	413,665
Unrestricted	763,733	546,734
Total Net Position	\$ 3,263,632	\$ 3,292,244

See accompanying notes to the basic financial statements.

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

May 9, 2017

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

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

Dear Ms. 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 Gallatin County Water District (the "District") hereby notifies the State Local Debt Officer that the District intends on issuing securities in the form of a loan from the Kentucky Rural Water Finance Corporation ("KRWFC") for the purpose of refinancing certain outstanding indebtedness of the District in order to achieve substantial interest cost savings for the District.

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

Very truly yours,

Rubin & Hays

By



W. Randall Jones

WRJ:jl
Enclosures
cc: Distribution List