

Rubin & Hays

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

February 1, 2018

RECEIVED

FEB 05 2018

PUBLIC SERVICE
COMMISSION

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

Re: Estill County Water District No. 1 PSC Application

Dear Ms. Pinson:

Enclosed please find the original and ten (10) copies of the Application of the Estill County Water District No. 1 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:jlm
Enclosures

cc: Ms. Audrea Miller, Estill County Water District No. 1
Ms. Kristen Millard, Raymond James and Associates

RECEIVED

FEB 05 2018

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF:

THE APPLICATION OF ESTILL COUNTY)
WATER DISTRICT No. 1 TO ISSUE SECURITIES)
IN THE APPROXIMATE PRINCIPAL AMOUNT OF)
\$2,745,000 FOR THE PURPOSE OF REFUNDING) CASE NO. 2018 - 00058
AND/OR REAMORTIZING CERTAIN)
OUTSTANDING OBLIGATIONS OF THE)
DISTRICT PURSUANT TO THE PROVISIONS)
OF KRS 278.300 AND 807 KAR 5:001)

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

APPLICATION

The Applicant, Estill County Water District No. 1 (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 securities in the approximate principal amount of \$2,745,000 (subject to adjustment of up to 10%), for the purpose of refunding and/or reamortizing certain outstanding waterworks revenue obligations 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 Estill County, which Order is on file in the County Court Order Books in the office of the Clerk of Estill 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:

Estill County Water District No. 1
c/o Ms. Audrea Miller, Manager
76 Cedar Grove Road
Irvine, Kentucky 40336
Telephone: (606) 723-3795
Fax: (606) 726-9083
Email: a.miller@estillcountywater.com

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 2016 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 \$2,745,000 (subject to adjustment of up to 10%) for the purpose of refunding and/or reamortizing certain outstanding revenue bonds designated as (i) Estill County Water District No. 1 Waterworks Revenue Bonds of 1991A, in the original principal amount of \$521,000, dated September 3, 1992 and bearing interest at the rate of 5.00% per annum (the "1991A Bonds"); (ii) Estill County Water District No. 1 Waterworks Revenue Bonds of 1991B, in the original principal amount of \$101,000, dated September 3, 1992 and bearing interest at the rate of

5.00% per annum (the "1991B Bonds"); (iii) Estill County Water District No. 1 Waterworks Revenue Bonds, Series 1996, in the original principal amount of \$505,000, dated January 30, 1997 and bearing interest at the rate of 4.50% per annum (the "1996 Bonds"); (iv) Estill County Water District No. 1 Waterworks and Sewer Revenue Bonds, Series 2000, in the original principal amount of \$975,000, dated March 10, 2000 and bearing interest at the rate of 4.50% per annum (the "2000 Bonds"); (v) Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2002A, in the original principal amount of \$230,000, dated July 31, 2002 and bearing interest at various interest rates (the "2002 KRWFC Loan"); (vi) Estill County Water District No. 1 Water and Sewer Revenue Bonds, Series 2006, in the original principal amount of \$945,000, dated December 22, 2006 and bearing interest at the rate of 4.125% per annum (the "2006 Bonds"); (vii) Citizens Guaranty Bank loan #88196, in the original principal amount of \$200,305, dated January 31, 2013 and bearing interest at the rate of 3.85% per annum, the maturity of which loan was extended by Citizens Guaranty Bank (the "2013 CGB Loan"); (viii) Citizens Guaranty Bank loan #03387, in the original principal amount of \$100,305, dated January 29, 2015 and bearing interest at the rate of 3.85% per annum (the "2015 CGB Loan"); and (ix) Citizens Guaranty Bank loan #24597, in the original principal amount of \$110,330, dated January 24, 2017 and bearing interest at the rate of 4.10% per annum (the "2017 CGB Loan") (hereinafter, the 1991A Bonds, the 1991B Bonds, the 1996 Bonds, the 2000 Bonds, the 2002 KRWFC Loan, the 2006 Bonds, the 2013 CGB Loan, the 2015 CGB Loan and the 2017 CGB Loan shall be collectively referred to as the "Prior Bonds"). The 1991A Bonds, the 1991B Bonds, the 1996 Bonds, the 2000 Bonds and the 2006 Bonds are currently held by the U.S. Department of Agriculture, acting through Rural Development ("RD"). The 2002 KRWFC Loan is currently held in the open market.

6. The estimated debt service for the KRWFC Loan is shown in **Exhibit A** which is attached hereto and incorporated herein by reference. The debt service schedule and estimated interest rates are subject to change because of market conditions. The final terms and details of the KRWFC Loan 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 refund and/or reamortize the Prior Bonds; 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. It is anticipated that the proposed refunding and/or reamortizing of the Prior Bonds will result in a net present value cashflow savings of approximately \$104,596.24. 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 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 Net Assets, Statement of Cash Flows and Statement of Net Assets for the twelve month period ending on December 31, 2016 and 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 with the exception of the incurrence of the 2017 CGB Loan and the extension of original maturity date of the 2013 CGB Loan, 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 2016 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 2016 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 and/or reamortize 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 and/or reamortization 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.

18. Prompt action by the Commission upon this Application is necessary, not only to allow the District to take full advantage of current low interest rates, but to ensure the District’s financial integrity and to avoid its potential default on existing debt obligations. In recent years, the District has experienced significant unaccounted-for water losses that have increased its operating expenses and adversely affected its ability to meet its debt service payments. The District’s current financial condition was the subject of a hearing held in Case No. 2017-00176. The proposed KRWFC Loan, in addition to producing substantial debt service savings, will permit the District to restructure its debt payments and afford it additional time to correct its operational problems

while remaining current on its debt service obligations. If the proposed refunding does not occur by late February 2018, the District will be in default on one or more of its existing debt obligations.

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

1. Authorize the issuance of the securities requested in the Application;
2. Issue an Order in this matter no later than February 21, 2018; 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.

Estill County Water District No. 1

By 
Greg Wright, Chairman
76 Cedar Grove Road
Irvine, Kentucky 40336
Telephone: (606) 723-3795
Fax: (606) 726-9083
Email: a.miller@estillcountywater.com

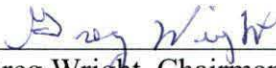
Rubin & Hays

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 Estill County Water District No. 1
wrjones@rubinhays.com

STATE OF KENTUCKY)
) SS
COUNTY OF ESTILL)

The affiant, Greg Wright, being first duly sworn, states: That he is the Chairman of the Estill County Water District No. 1, 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 25th day of January, 2018.



Greg Wright, Chairman

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by Greg Wright, Chairman of the Estill County Water District No. 1, on this the 25th day of January, 2018.

My Commission expires: 12 May 2021.



NOTARY PUBLIC

579303

NOTARY PUBLIC ID Number

Preliminary

\$2,745,000

Estill Co Water District
 Potential Refunding through the
 Kentucky Rural Water Finance Corporation

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
01/25/2018	-	-	-	-	-
08/01/2018	-	-	50,315.59	50,315.59	-
12/31/2018	-	-	-	-	50,315.59
02/01/2019	-	-	48,692.50	48,692.50	-
08/01/2019	-	-	48,692.50	48,692.50	-
12/31/2019	-	-	-	-	97,385.00
02/01/2020	140,000.00	3.300%	48,692.50	188,692.50	-
08/01/2020	-	-	46,382.50	46,382.50	-
12/31/2020	-	-	-	-	235,075.00
02/01/2021	285,000.00	3.300%	46,382.50	331,382.50	-
08/01/2021	-	-	41,680.00	41,680.00	-
12/31/2021	-	-	-	-	373,062.50
02/01/2022	95,000.00	3.300%	41,680.00	136,680.00	-
08/01/2022	-	-	40,112.50	40,112.50	-
12/31/2022	-	-	-	-	176,792.50
02/01/2023	95,000.00	3.300%	40,112.50	135,112.50	-
08/01/2023	-	-	38,545.00	38,545.00	-
12/31/2023	-	-	-	-	173,657.50
02/01/2024	100,000.00	3.750%	38,545.00	138,545.00	-
08/01/2024	-	-	36,670.00	36,670.00	-
12/31/2024	-	-	-	-	175,215.00
02/01/2025	105,000.00	3.750%	36,670.00	141,670.00	-
08/01/2025	-	-	34,701.25	34,701.25	-
12/31/2025	-	-	-	-	176,371.25
02/01/2026	105,000.00	3.600%	34,701.25	139,701.25	-
08/01/2026	-	-	32,811.25	32,811.25	-
12/31/2026	-	-	-	-	172,512.50
02/01/2027	110,000.00	3.600%	32,811.25	142,811.25	-
08/01/2027	-	-	30,831.25	30,831.25	-
12/31/2027	-	-	-	-	173,642.50
02/01/2028	110,000.00	3.600%	30,831.25	140,831.25	-
08/01/2028	-	-	28,851.25	28,851.25	-
12/31/2028	-	-	-	-	169,682.50
02/01/2029	110,000.00	3.600%	28,851.25	138,851.25	-
08/01/2029	-	-	26,871.25	26,871.25	-
12/31/2029	-	-	-	-	165,722.50
02/01/2030	120,000.00	3.500%	26,871.25	146,871.25	-
08/01/2030	-	-	24,771.25	24,771.25	-
12/31/2030	-	-	-	-	171,642.50
02/01/2031	130,000.00	3.500%	24,771.25	154,771.25	-
08/01/2031	-	-	22,496.25	22,496.25	-
12/31/2031	-	-	-	-	177,267.50
02/01/2032	130,000.00	3.450%	22,496.25	152,496.25	-
08/01/2032	-	-	20,253.75	20,253.75	-
12/31/2032	-	-	-	-	172,750.00
02/01/2033	100,000.00	3.450%	20,253.75	120,253.75	-
08/01/2033	-	-	18,528.75	18,528.75	-
12/31/2033	-	-	-	-	138,782.50
02/01/2034	105,000.00	3.500%	18,528.75	123,528.75	-
08/01/2034	-	-	16,691.25	16,691.25	-
12/31/2034	-	-	-	-	140,220.00
02/01/2035	110,000.00	3.500%	16,691.25	126,691.25	-
08/01/2035	-	-	14,766.25	14,766.25	-
12/31/2035	-	-	-	-	141,457.50
02/01/2036	115,000.00	3.600%	14,766.25	129,766.25	-
08/01/2036	-	-	12,696.25	12,696.25	-
12/31/2036	-	-	-	-	142,462.50
02/01/2037	85,000.00	3.600%	12,696.25	97,696.25	-
08/01/2037	-	-	11,166.25	11,166.25	-
12/31/2037	-	-	-	-	108,862.50
02/01/2038	90,000.00	3.650%	11,166.25	101,166.25	-
08/01/2038	-	-	9,523.75	9,523.75	-
12/31/2038	-	-	-	-	110,690.00
02/01/2039	105,000.00	3.750%	9,523.75	114,523.75	-
08/01/2039	-	-	7,555.00	7,555.00	-
12/31/2039	-	-	-	-	122,078.75
02/01/2040	50,000.00	3.750%	7,555.00	57,555.00	-
08/01/2040	-	-	6,617.50	6,617.50	-
12/31/2040	-	-	-	-	64,172.50
02/01/2041	50,000.00	3.800%	6,617.50	56,617.50	-
08/01/2041	-	-	5,667.50	5,667.50	-
12/31/2041	-	-	-	-	62,285.00
02/01/2042	55,000.00	3.800%	5,667.50	60,667.50	-
08/01/2042	-	-	4,622.50	4,622.50	-
12/31/2042	-	-	-	-	65,290.00
02/01/2043	60,000.00	3.800%	4,622.50	64,622.50	-
08/01/2043	-	-	3,482.50	3,482.50	-
12/31/2043	-	-	-	-	68,105.00
02/01/2044	60,000.00	3.800%	3,482.50	63,482.50	-
08/01/2044	-	-	2,342.50	2,342.50	-
12/31/2044	-	-	-	-	65,825.00
02/01/2045	60,000.00	3.800%	2,342.50	62,342.50	-
08/01/2045	-	-	1,202.50	1,202.50	-
12/31/2045	-	-	-	-	63,545.00
02/01/2046	65,000.00	3.700%	1,202.50	66,202.50	-
12/31/2046	-	-	-	-	66,202.50
Total	\$2,745,000.00	-	\$1,276,073.09	\$4,021,073.09	-

Yield Statistics

Bond Year Dollars	\$35,270.75
Average Life	12.849 Years
Average Coupon	3.6179358%
Net Interest Cost (NIC)	3.6843057%
True Interest Cost (TIC)	3.6958367%
Bond Yield for Arbitrage Purposes	3.5344155%
All Inclusive Cost (AIC)	3.8598735%

IRS Form 8038

Net Interest Cost	3.5821435%
Weighted Average Maturity	12.694 Years

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Raymond James & Associates, Inc.

Public Finance

Preliminary

\$2,745,000

Estill Co Water District
Potential Refunding through the
Kentucky Rural Water Finance Corporation

Total Issue Sources And Uses

Dated 01/25/2018 | Delivered 01/25/2018

	Ref Series 1992 A	Ref Series 1992 B	Ref Series 1997	Ref Series 2000	Ref KRWFC 2002 A	Ref 2006	Ref Loan 88196	Ref Loan 03387	Ref Loan 24597	Issue Summary
Sources Of Funds										
Par Amount of Bonds	\$310,000.00	\$60,000.00	\$370,000.00	\$745,000.00	\$35,000.00	\$850,000.00	\$200,000.00	\$70,000.00	\$105,000.00	\$2,745,000.00
Reoffering Premium	7,593.45	1,568.65	4,173.50	3,855.60	706.30	-	3,329.35	-	1,517.15	22,744.00
Total Sources	\$317,593.45	\$61,568.65	\$374,173.50	\$748,855.60	\$35,706.30	\$850,000.00	\$203,329.35	\$70,000.00	\$106,517.15	\$2,767,744.00
Uses Of Funds										
Original Issue Discount (OID)	-	-	-	-	-	2,327.90	-	1,277.75	-	3,605.65
Total Underwriter's Discount (1.550%)	4,805.00	930.00	5,735.00	11,547.50	542.50	13,175.00	3,100.00	1,085.00	1,627.50	42,547.50
Costs of Issuance	4,766.58	922.56	5,689.16	11,455.20	538.17	13,069.68	3,075.22	1,076.33	1,614.49	42,207.39
Deposit to Current Refunding Fund	307,020.00	60,701.67	360,463.25	727,676.50	34,109.93	819,246.75	199,021.01	67,629.34	99,794.72	2,675,663.17
Rounding Amount	1,001.87	(985.58)	2,286.09	(1,823.60)	515.70	2,180.67	(1,866.88)	(1,068.42)	3,480.44	3,720.29
Total Uses	\$317,593.45	\$61,568.65	\$374,173.50	\$748,855.60	\$35,706.30	\$850,000.00	\$203,329.35	\$70,000.00	\$106,517.15	\$2,767,744.00

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Public Finance

Raymond James & Associates, Inc.

Preliminary

\$2,745,000

Estill Co 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
12/31/2018	50,315.59	50,315.59	85,018.00	34,702.41
12/31/2019	97,385.00	97,385.00	287,256.10	189,871.10
12/31/2020	235,075.00	235,075.00	231,605.59	(3,469.41)
12/31/2021	373,062.50	373,062.50	368,498.47	(4,564.03)
12/31/2022	176,792.50	176,792.50	168,626.25	(8,166.25)
12/31/2023	173,657.50	173,657.50	168,553.75	(5,103.75)
12/31/2024	175,215.00	175,215.00	168,822.50	(6,392.50)
12/31/2025	176,371.25	176,371.25	168,905.63	(7,465.62)
12/31/2026	172,512.50	172,512.50	168,307.50	(4,205.00)
12/31/2027	173,642.50	173,642.50	168,548.75	(5,093.75)
12/31/2028	169,682.50	169,682.50	168,583.75	(1,098.75)
12/31/2029	165,722.50	165,722.50	168,415.00	2,692.50
12/31/2030	171,642.50	171,642.50	168,037.50	(3,605.00)
12/31/2031	177,267.50	177,267.50	168,956.25	(8,311.25)
12/31/2032	172,750.00	172,750.00	171,098.75	(1,651.25)
12/31/2033	138,782.50	138,782.50	131,387.50	(7,395.00)
12/31/2034	140,220.00	140,220.00	131,897.50	(8,322.50)
12/31/2035	141,457.50	141,457.50	131,710.63	(9,746.87)
12/31/2036	142,462.50	142,462.50	130,347.50	(12,115.00)
12/31/2037	108,862.50	108,862.50	103,855.00	(5,007.50)
12/31/2038	110,690.00	110,690.00	103,856.25	(6,833.75)
12/31/2039	122,078.75	122,078.75	105,705.63	(16,373.12)
12/31/2040	64,172.50	64,172.50	49,813.13	(14,359.37)
12/31/2041	62,285.00	62,285.00	49,766.25	(12,518.75)
12/31/2042	65,290.00	65,290.00	49,657.50	(15,632.50)
12/31/2043	68,105.00	68,105.00	49,486.88	(18,618.12)
12/31/2044	65,825.00	65,825.00	49,754.38	(16,070.62)
12/31/2045	63,545.00	63,545.00	49,439.38	(14,105.62)
12/31/2046	66,202.50	66,202.50	52,062.50	(14,140.00)
TOTAL	\$4,021,073.09	\$4,021,073.09	\$4,017,973.82	(3,099.27)

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	104,596.24
Net PV Cashflow Savings @ 3.860%(AIC)	104,596.24
Contingency or Rounding Amount	3,720.29
Net Present Value Benefit	\$108,316.53
Net PV Benefit / \$2,659,877 Refunded Principal	4.072%
Net PV Benefit / \$2,745,000 Refunding Principal	3.946%
Average Annual Cash Flow Savings	(106.87)

Refunding Bond Information

Refunding Dated Date	1/25/2018
Refunding Delivery Date	1/25/2018

Estill Co 10.9.17 deferre | Issue Summary | 12/19/2017 | 11:38 AM

Raymond James & Associates, Inc.

Public Finance

Preliminary

\$521,000

Estill Co Water District

RD - 1992 A

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
01/01/2019	15,500.00	5.000%	15,300.00	30,800.00
01/01/2020	16,500.00	5.000%	14,525.00	31,025.00
01/01/2021	17,000.00	5.000%	13,700.00	30,700.00
01/01/2022	18,000.00	5.000%	12,850.00	30,850.00
01/01/2023	19,000.00	5.000%	11,950.00	30,950.00
01/01/2024	20,000.00	5.000%	11,000.00	31,000.00
01/01/2025	21,000.00	5.000%	10,000.00	31,000.00
01/01/2026	22,000.00	5.000%	8,950.00	30,950.00
01/01/2027	23,000.00	5.000%	7,850.00	30,850.00
01/01/2028	24,000.00	5.000%	6,700.00	30,700.00
01/01/2029	25,500.00	5.000%	5,500.00	31,000.00
01/01/2030	26,500.00	5.000%	4,225.00	30,725.00
01/01/2031	28,000.00	5.000%	2,900.00	30,900.00
01/01/2032	30,000.00	5.000%	1,500.00	31,500.00
Total	\$306,000.00	-	\$126,950.00	\$432,950.00

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	1/25/2018
Average Life	8.231 Years
Average Coupon	5.0000000%
Weighted Average Maturity (Par Basis)	8.231 Years

Refunding Bond Information

Refunding Dated Date	1/25/2018
Refunding Delivery Date	1/25/2018

Preliminary

\$101,000

Estill Co Water District

RD - 1992 B

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
01/01/2019	3,000.00	5.000%	3,025.00	6,025.00
01/01/2020	3,000.00	5.000%	2,875.00	5,875.00
01/01/2021	3,500.00	5.000%	2,725.00	6,225.00
01/01/2022	3,500.00	5.000%	2,550.00	6,050.00
01/01/2023	3,500.00	5.000%	2,375.00	5,875.00
01/01/2024	4,000.00	5.000%	2,200.00	6,200.00
01/01/2025	4,000.00	5.000%	2,000.00	6,000.00
01/01/2026	4,000.00	5.000%	1,800.00	5,800.00
01/01/2027	4,500.00	5.000%	1,600.00	6,100.00
01/01/2028	4,500.00	5.000%	1,375.00	5,875.00
01/01/2029	5,000.00	5.000%	1,150.00	6,150.00
01/01/2030	5,000.00	5.000%	900.00	5,900.00
01/01/2031	5,500.00	5.000%	650.00	6,150.00
01/01/2032	7,500.00	5.000%	375.00	7,875.00
Total	\$60,500.00	-	\$25,600.00	\$86,100.00

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	1/25/2018
Average Life	8.396 Years
Average Coupon	5.0000000%
Weighted Average Maturity (Par Basis)	8.396 Years

Refunding Bond Information

Refunding Dated Date	1/25/2018
Refunding Delivery Date	1/25/2018

Estill Co 1992 B | SINGLE PURPOSE | 12/19/2017 | 11:38 AM

Raymond James & Associates, Inc.

Public Finance

Preliminary

\$505,000

Estill Co Water District

RD - 1997

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
07/01/2018	12,000.00	4.500%	15,817.50	27,817.50
07/01/2019	12,500.00	4.500%	15,277.50	27,777.50
07/01/2020	13,500.00	4.500%	14,715.00	28,215.00
07/01/2021	14,000.00	4.500%	14,107.50	28,107.50
07/01/2022	14,500.00	4.500%	13,477.50	27,977.50
07/01/2023	15,000.00	4.500%	12,825.00	27,825.00
07/01/2024	16,000.00	4.500%	12,150.00	28,150.00
07/01/2025	16,500.00	4.500%	11,430.00	27,930.00
07/01/2026	17,500.00	4.500%	10,687.50	28,187.50
07/01/2027	18,000.00	4.500%	9,900.00	27,900.00
07/01/2028	19,000.00	4.500%	9,090.00	28,090.00
07/01/2029	19,500.00	4.500%	8,235.00	27,735.00
07/01/2030	20,500.00	4.500%	7,357.50	27,857.50
07/01/2031	21,500.00	4.500%	6,435.00	27,935.00
07/01/2032	22,500.00	4.500%	5,467.50	27,967.50
07/01/2033	23,500.00	4.500%	4,455.00	27,955.00
07/01/2034	24,500.00	4.500%	3,397.50	27,897.50
07/01/2035	25,500.00	4.500%	2,295.00	27,795.00
07/01/2036	25,500.00	4.500%	1,147.50	26,647.50
Total	\$351,500.00	-	\$178,267.50	\$529,767.50

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	1/25/2018
Average Life	10.704 Years
Average Coupon	4.5000000%
Weighted Average Maturity (Par Basis)	10.704 Years

Refunding Bond Information

Refunding Dated Date	1/25/2018
Refunding Delivery Date	1/25/2018

Estill Co 1997 | SINGLE PURPOSE | 12/19/2017 | 11:38 AM

Raymond James & Associates, Inc.

Public Finance

Preliminary

\$975,000

Estill Co Water District

RD - 2000

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
01/01/2019	21,500.00	4.500%	32,647.50	54,147.50
01/01/2020	22,500.00	4.500%	31,680.00	54,180.00
01/01/2021	23,500.00	4.500%	30,667.50	54,167.50
01/01/2022	24,500.00	4.500%	29,610.00	54,110.00
01/01/2023	25,500.00	4.500%	28,507.50	54,007.50
01/01/2024	26,500.00	4.500%	27,360.00	53,860.00
01/01/2025	28,000.00	4.500%	26,167.50	54,167.50
01/01/2026	29,000.00	4.500%	24,907.50	53,907.50
01/01/2027	30,500.00	4.500%	23,602.50	54,102.50
01/01/2028	32,000.00	4.500%	22,230.00	54,230.00
01/01/2029	33,000.00	4.500%	20,790.00	53,790.00
01/01/2030	34,500.00	4.500%	19,305.00	53,805.00
01/01/2031	36,500.00	4.500%	17,752.50	54,252.50
01/01/2032	38,000.00	4.500%	16,110.00	54,110.00
01/01/2033	39,500.00	4.500%	14,400.00	53,900.00
01/01/2034	41,500.00	4.500%	12,622.50	54,122.50
01/01/2035	43,500.00	4.500%	10,755.00	54,255.00
01/01/2036	45,000.00	4.500%	8,797.50	53,797.50
01/01/2037	47,500.00	4.500%	6,772.50	54,272.50
01/01/2038	49,500.00	4.500%	4,635.00	54,135.00
01/01/2039	53,500.00	4.500%	2,407.50	55,907.50
Total	\$725,500.00	-	\$411,727.50	\$1,137,227.50

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	1/25/2018
Average Life	12.545 Years
Average Coupon	4.5000000%
Weighted Average Maturity (Par Basis)	12.545 Years

Refunding Bond Information

Refunding Dated Date	1/25/2018
Refunding Delivery Date	1/25/2018

Estill Co 2000 | SINGLE PURPOSE | 12/19/2017 | 11:38 AM

Raymond James & Associates, Inc.

Public Finance

Preliminary

\$230,000

Estill Co Water District

KRWFC 2002 A

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
07/01/2018	-	-	824.50	824.50
01/01/2019	17,000.00	4.800%	824.50	17,824.50
07/01/2019	-	-	416.50	416.50
01/01/2020	17,000.00	4.900%	416.50	17,416.50
Total	\$34,000.00	-	\$2,482.00	\$36,482.00

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	1/25/2018
Average Life	1.433 Years
Average Coupon	4.8674419%
Weighted Average Maturity (Par Basis)	1.433 Years

Refunding Bond Information

Refunding Dated Date	1/25/2018
Refunding Delivery Date	1/25/2018

Estill Co KRWFC 2002 A | SINGLE PURPOSE | 12/19/2017 | 11:38 AM

Raymond James & Associates, Inc.

Public Finance

Preliminary

\$945,000

Estill Co Water District

RD - 2006

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
01/01/2019	16,000.00	4.125%	33,701.25	49,701.25
01/01/2020	16,500.00	4.125%	33,041.25	49,541.25
01/01/2021	17,500.00	4.125%	32,360.63	49,860.63
01/01/2022	18,000.00	4.125%	31,638.75	49,638.75
01/01/2023	19,000.00	4.125%	30,896.25	49,896.25
01/01/2024	19,500.00	4.125%	30,112.50	49,612.50
01/01/2025	20,500.00	4.125%	29,308.13	49,808.13
01/01/2026	21,000.00	4.125%	28,462.50	49,462.50
01/01/2027	22,000.00	4.125%	27,596.25	49,596.25
01/01/2028	23,000.00	4.125%	26,688.75	49,688.75
01/01/2029	24,000.00	4.125%	25,740.00	49,740.00
01/01/2030	25,000.00	4.125%	24,750.00	49,750.00
01/01/2031	26,000.00	4.125%	23,718.75	49,718.75
01/01/2032	27,000.00	4.125%	22,646.25	49,646.25
01/01/2033	28,000.00	4.125%	21,532.50	49,532.50
01/01/2034	29,500.00	4.125%	20,377.50	49,877.50
01/01/2035	30,500.00	4.125%	19,160.63	49,660.63
01/01/2036	32,000.00	4.125%	17,902.50	49,902.50
01/01/2037	33,000.00	4.125%	16,582.50	49,582.50
01/01/2038	34,500.00	4.125%	15,221.25	49,721.25
01/01/2039	36,000.00	4.125%	13,798.13	49,798.13
01/01/2040	37,500.00	4.125%	12,313.13	49,813.13
01/01/2041	39,000.00	4.125%	10,766.25	49,766.25
01/01/2042	40,500.00	4.125%	9,157.50	49,657.50
01/01/2043	42,000.00	4.125%	7,486.88	49,486.88
01/01/2044	44,000.00	4.125%	5,754.38	49,754.38
01/01/2045	45,500.00	4.125%	3,939.38	49,439.38
01/01/2046	50,000.00	4.125%	2,062.50	52,062.50
Total	\$817,000.00	-	\$576,716.29	\$1,393,716.29

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	1/25/2018
Average Life	17.046 Years
Average Coupon	4.1250003%
Weighted Average Maturity (Par Basis)	17.046 Years

Refunding Bond Information

Refunding Dated Date	1/25/2018
Refunding Delivery Date	1/25/2018

Estill Co 2006 | SINGLE PURPOSE | 12/19/2017 | 11:38 AM

Raymond James & Associates, Inc.

Public Finance

Preliminary

\$200,305

Citizens Guaranty Bank

Loan 88196

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
02/01/2018	1,799.17	3.850%	636.89	2,436.06
03/01/2018	1,784.12	3.850%	631.12	2,415.24
04/01/2018	1,831.07	3.850%	625.39	2,456.46
05/01/2018	1,816.31	3.850%	619.52	2,435.83
06/01/2018	1,801.88	3.850%	613.69	2,415.57
07/01/2018	1,827.76	3.850%	607.91	2,435.67
08/01/2018	1,813.75	3.850%	602.05	2,415.80
09/01/2018	1,839.28	3.850%	596.23	2,435.51
10/01/2018	1,825.69	3.850%	590.33	2,416.02
11/01/2018	1,831.66	3.850%	584.47	2,416.13
12/01/2018	1,856.67	3.850%	578.59	2,435.26
01/01/2019	1,843.72	3.850%	572.64	2,416.36
02/01/2019	1,868.38	3.850%	566.72	2,435.10
03/01/2019	1,855.86	3.850%	560.73	2,416.59
04/01/2019	1,898.41	3.850%	554.77	2,453.18
05/01/2019	1,886.17	3.850%	548.68	2,434.85
06/01/2019	1,874.30	3.850%	542.63	2,416.93
07/01/2019	1,898.07	3.850%	536.62	2,434.69
08/01/2019	1,886.64	3.850%	530.53	2,417.17
09/01/2019	1,910.05	3.850%	524.47	2,434.52
10/01/2019	1,899.05	3.850%	518.35	2,417.40
11/01/2019	1,905.26	3.850%	512.25	2,417.51
12/01/2019	1,928.13	3.850%	506.14	2,434.27
01/01/2020	1,917.80	3.850%	499.95	2,417.75
02/01/2020	1,940.30	3.850%	493.80	2,434.10
03/01/2020	1,931.68	3.850%	487.58	2,419.26
04/01/2020	1,953.85	3.850%	481.38	2,435.23
05/01/2020	1,960.02	3.850%	475.11	2,435.13
06/01/2020	1,950.83	3.850%	468.82	2,419.65
07/01/2020	1,972.36	3.850%	462.56	2,434.92
08/01/2020	1,963.63	3.850%	456.24	2,419.87
09/01/2020	1,984.78	3.850%	449.94	2,434.72
10/01/2020	1,976.50	3.850%	443.57	2,420.07
11/01/2020	1,982.95	3.850%	437.23	2,420.18
12/01/2020	2,003.54	3.850%	430.86	2,434.40
01/01/2021	1,995.95	3.850%	424.44	2,420.39
02/01/2021	2,016.16	3.850%	418.03	2,434.19
03/01/2021	2,007.96	3.850%	411.56	2,419.52
04/01/2021	2,041.09	3.850%	405.12	2,446.21
05/01/2021	2,034.23	3.850%	398.57	2,432.80
06/01/2021	2,027.77	3.850%	392.05	2,419.82
07/01/2021	2,047.08	3.850%	385.54	2,432.62
08/01/2021	2,041.10	3.850%	378.97	2,420.07
09/01/2021	2,060.02	3.850%	372.43	2,432.45
10/01/2021	2,054.51	3.850%	365.82	2,420.33
11/01/2021	2,061.23	3.850%	359.22	2,420.45
12/01/2021	109,904.76	3.850%	352.61	110,257.37
Total	\$198,511.50	-	\$23,412.12	\$221,923.62

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	1/25/2018
Average Life	2.997 Years
Average Coupon	3.8499981%
Weighted Average Maturity (Par Basis)	2.997 Years

Refunding Bond Information

Refunding Dated Date	1/25/2018
Refunding Delivery Date	1/25/2018
Loan 88196 SINGLE PURPOSE 12/19/2017 11:38 AM	

Raymond James & Associates, Inc.

Public Finance

Preliminary

\$67,241

Citizens Guaranty Bank

Loan 03387

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
01/28/2018	995.57	3.850%	409.89	1,405.46
01/30/2018	-	-	0.21	0.21
02/28/2018	998.83	3.850%	212.32	1,211.15
03/28/2018	1,022.74	3.850%	209.33	1,232.07
04/28/2018	1,005.44	3.850%	206.05	1,211.49
05/28/2018	1,015.39	3.850%	202.83	1,218.22
06/28/2018	1,012.04	3.850%	199.57	1,211.61
07/28/2018	1,021.81	3.850%	196.32	1,218.13
08/28/2018	1,018.69	3.850%	193.04	1,211.73
09/28/2018	1,022.03	3.850%	189.77	1,211.80
10/28/2018	1,031.50	3.850%	186.50	1,218.00
11/28/2018	1,028.74	3.850%	183.19	1,211.93
12/28/2018	1,038.02	3.850%	179.89	1,217.91
01/28/2019	55,030.22	3.850%	176.56	55,206.78
Total	\$67,241.02	-	\$2,745.47	\$69,986.49

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	1/25/2018
Average Life	0.911 Years
Average Coupon	4.4842536%
Weighted Average Maturity (Par Basis)	0.911 Years

Refunding Bond Information

Refunding Dated Date	1/25/2018
Refunding Delivery Date	1/25/2018

Loan 03387 | SINGLE PURPOSE | 12/19/2017 | 11:38 AM

Raymond James & Associates, Inc.

Public Finance

Preliminary

\$100,626

Citizens Guaranty Bank

Loan 24597

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
02/10/2018	1,005.44	4.100%	340.38	1,345.82
03/10/2018	1,042.17	4.100%	336.95	1,379.12
04/10/2018	1,012.57	4.100%	333.39	1,345.96
05/10/2018	1,026.94	4.100%	329.93	1,356.87
06/10/2018	1,019.67	4.100%	326.42	1,346.09
07/10/2018	1,033.84	4.100%	322.94	1,356.78
08/10/2018	1,026.82	4.100%	319.40	1,346.22
09/10/2018	1,030.40	4.100%	315.90	1,346.30
10/10/2018	1,044.25	4.100%	312.37	1,356.62
11/10/2018	1,037.62	4.100%	308.81	1,346.43
12/10/2018	1,051.27	4.100%	305.26	1,356.53
01/10/2019	1,044.89	4.100%	301.67	1,346.56
02/10/2019	1,048.53	4.100%	298.10	1,346.63
03/10/2019	1,081.23	4.100%	294.52	1,375.75
04/10/2019	1,055.95	4.100%	290.82	1,346.77
05/10/2019	1,069.07	4.100%	287.22	1,356.29
06/10/2019	1,063.35	4.100%	283.56	1,346.91
07/10/2019	1,076.26	4.100%	279.93	1,356.19
08/10/2019	1,070.80	4.100%	276.25	1,347.05
09/10/2019	1,074.53	4.100%	272.59	1,347.12
10/10/2019	1,087.11	4.100%	268.92	1,356.03
11/10/2019	1,082.06	4.100%	265.21	1,347.27
12/10/2019	1,094.42	4.100%	261.51	1,355.93
01/10/2020	1,089.84	4.100%	257.77	1,347.61
02/10/2020	1,094.14	4.100%	254.05	1,348.19
03/10/2020	1,114.35	4.100%	250.31	1,364.66
04/10/2020	1,101.81	4.100%	246.50	1,348.31
05/10/2020	1,113.59	4.100%	242.74	1,356.33
06/10/2020	1,109.50	4.100%	238.93	1,348.43
07/10/2020	1,121.06	4.100%	235.14	1,356.20
08/10/2020	1,117.25	4.100%	231.31	1,348.56
09/10/2020	1,121.13	4.100%	227.49	1,348.62
10/10/2020	1,132.35	4.100%	223.66	1,356.01
11/10/2020	1,128.95	4.100%	219.80	1,348.75
12/10/2020	1,139.95	4.100%	215.94	1,355.89
01/10/2021	1,136.66	4.100%	212.04	1,348.70
02/10/2021	60,924.76	4.100%	208.16	61,132.92
Total	\$99,624.53	-	\$10,195.89	\$109,820.42

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	1/25/2018
Average Life	2.455 Years
Average Coupon	4.0999976%
Weighted Average Maturity (Par Basis)	2.455 Years

Refunding Bond Information

Refunding Dated Date	1/25/2018
Refunding Delivery Date	1/25/2018

Loan 24597 | SINGLE PURPOSE | 12/19/2017 | 11:38 AM

Raymond James & Associates, Inc.

Public Finance

ESTILL COUNTY WATER DISTRICT NO. 1

STATEMENTS OF NET ASSETS
December 31, 2016 and 2015

ASSETS	2016	2015
CURRENT ASSETS		
Cash	\$ - -	\$ - -
Accounts receivables, less allowance for doubtful accounts 2016 \$14,804; 2015 \$14,517	196,678	193,428
Material and supplies	40,176	40,176
Prepaid expenses	20,580	17,097
Intercompany loans	<u>12,341</u>	<u>14,385</u>
Total current assets	<u>269,775</u>	<u>265,086</u>
RESTRICTED ASSETS		
Cash	103,800	161,662
Customer deposits	<u>71,082</u>	<u>67,092</u>
Total restricted assets	<u>174,882</u>	<u>228,754</u>
PROPERTY, PLANT AND EQUIPMENT		
Utility systems	15,785,279	13,256,218
Construction in progress	<u>26,170</u>	<u>2,555,231</u>
	15,811,449	15,811,449
Less accumulated depreciation	<u>(7,002,875)</u>	<u>(6,697,623)</u>
	8,808,574	9,113,826
OTHER ASSETS		
Bond issue costs, net of amortization	<u>10,164</u>	<u>10,527</u>
Total assets	<u>\$ 9,263,395</u>	<u>\$ 9,618,193</u>

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

LIABILITIES AND EQUITY	2016	2015
CURRENT LIABILITIES		
Accounts payable	\$ 18,945	\$ 18,221
Overdrafted accounts	114,340	61,542
Other accrued liabilities	<u>5,251</u>	<u>8,343</u>
Total current liabilities	138,536	88,106
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
Accrued interest on bonds	73,368	75,923
Customer deposits	71,082	67,092
Current portion of long-term debt	<u>248,430</u>	<u>159,199</u>
Total current liabilities payable from restricted assets	<u>392,880</u>	<u>302,214</u>
LONG-TERM DEBT, less current portion	<u>4,034,341</u>	<u>4,282,821</u>
Total liabilities	<u>4,565,757</u>	<u>4,673,141</u>
NET ASSETS		
Invested in capital assets, net of related debt	8,075,014	7,966,250
Retained earnings (deficit)		
Restricted	174,882	228,754
Unrestricted	<u>(3,552,258)</u>	<u>(3,249,952)</u>
Total net assets	<u>4,697,638</u>	<u>4,945,052</u>
	<u>\$ 9,263,395</u>	<u>\$ 9,618,193</u>

ESTILL COUNTY WATER DISTRICT NO. 1

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Years Ended December 31, 2016 and 2015

	2016	2015
OPERATING REVENUES		
Water - residential	\$ 1,387,514	\$ 1,363,292
Water - commercial	119,295	110,190
Other operating income	66,090	67,049
Total operating revenue	<u>1,572,899</u>	<u>1,540,531</u>
OPERATING EXPENSES		
Water purchases	660,218	687,537
Salaries and wages	311,155	314,556
Employee benefits	203,595	189,953
Power purchases	68,615	70,650
Operation materials	13,344	18,476
Office supplies and postage	29,245	26,598
Legal and accounting	15,953	17,039
Engineering	7,300	8,261
Advertising	99	143
Contract - other	18,287	16,687
Transportation	16,386	23,143
Insurance	22,279	25,107
Unemployment insurance	2,945	6,879
Depreciation	305,252	391,297
PSC assessment	2,250	5,267
Utilities	8,075	6,557
Maintenance	68,609	65,287
Miscellaneous	18,151	14,566
Total operating expenses	<u>1,771,758</u>	<u>1,888,003</u>
OPERATING (LOSS)	<u>(198,859)</u>	<u>(347,472)</u>
NONOPERATING INCOME (EXPENSE)		
Interest income	101	234
Interest expense	(156,281)	(176,238)
Other	(1,139)	(256)
Total nonoperating (expense)	<u>(157,319)</u>	<u>(176,260)</u>
NET (LOSS) BEFORE CONTRIBUTIONS	(356,178)	(523,732)
GRANTS AND CAPITAL CONTRIBUTIONS	<u>108,764</u>	<u>164,875</u>
NET (LOSS) INCOME	(247,414)	(358,857)
NET ASSETS, BEGINNING OF YEAR	<u>4,945,052</u>	<u>5,303,909</u>
NET ASSETS, END OF YEAR	<u>\$ 4,697,638</u>	<u>\$ 4,945,052</u>

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

ESTILL COUNTY WATER DISTRICT NO. 1

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2016 and 2015

CASH FLOWS FROM OPERATING ACTIVITIES	2016	2015
Receipts from customers	\$ 1,575,683	\$ 1,579,877
Payments to suppliers	(1,119,173)	(1,001,030)
Payments to employees	(511,657)	(496,621)
Other receipts (payments)	<u>(1,139)</u>	<u>(256)</u>
Net cash provided by operating activities	(56,286)	81,970
CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES		
Loan proceeds	- -	100,305
Long-term debt payments	(159,249)	(300,843)
Purchase of property, plant and equipment	- -	(121,485)
Contributed capital - Tap on fees	20,460	21,153
Contributed capital - Grants	<u>88,304</u>	<u>143,722</u>
Net cash (used) in capital and related financing activities	(50,485)	(157,148)
CASH PROVIDED (USED) BY INVESTING ACTIVITIES		
Cash from interest	<u>101</u>	<u>234</u>
NET (DECREASE)INCREASE IN CASH	(106,670)	(74,944)
CASH, BEGINNING OF YEAR	<u>167,212</u>	<u>242,156</u>
CASH, ENDING OF YEAR	<u>\$ 60,542</u>	<u>\$ 167,212</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating (loss)	\$ (354,777)	.\$ (347,472)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation	305,252	391,297
Cash from other income	(1,139)	(256)
(Increase) decrease in current assets:		
Accounts receivable, customers	(3,250)	(3,194)
Other receivables	2,044	38,063
Materials and supplies	- -	(10,837)
Prepaid expenses	(3,483)	2,675
(Decrease) increase in current liabilities:		
Accounts payable	724	2,775
Accrued liabilities	(5,647)	4,442
Customer deposits	<u>3,990</u>	<u>4,477</u>
Net cash provided by operating activities	<u>\$ (56,286)</u>	<u>\$ 81,970</u>
NONCASH TRANSACTIONS AFFECTING FINANCIAL POSITION		
Contributions of fixed assets	<u>\$ 20,460</u>	<u>\$ 21,153</u>

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

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

January 31, 2018

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

Re: Estill County Water District No. 1
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 Estill County Water District No. 1 (the "District") hereby notifies the State Local Debt Officer that the District intends on issuing securities in the form of a loan from the Kentucky Rural Water Finance Corporation ("KRWFC") for the purpose of refinancing certain outstanding indebtedness of the District in order to achieve substantial interest cost savings for the District.

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

Very truly yours,

Rubin & Hays

By 
W. Randall Jones

WRJ:jlm
Enclosures