

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF:

**ELECTRONIC APPLICATION OF THE GALLATIN)
COUNTY WATER DISTRICT TO ISSUE)
SECURITIES IN THE APPROXIMATE PRINCIPAL)
AMOUNT OF \$1,633,000 FOR THE PURPOSE)
OF REFUNDING CERTAIN OUTSTANDING) CASE NO. 2020 - 000460
OBLIGATIONS 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 \$1,633,000 (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 and email 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 2018 which is on file with the Commission. The Annual Report is incorporated herein by reference.

5. The District proposes to borrow funds from KRWFC pursuant to an Assistance Agreement (the "KRWFC Loan"), in the estimated principal amount of \$1,633,000 (subject to adjustment of up to 10%) for the purpose of (a) refunding certain outstanding revenue bonds of the District designated as (i) Gallatin County Water District Water Revenue Bonds of 2006A, dated May 21, 2007, in the original principal amount of \$1,394,000, bearing interest at the rate of 4.125% per annum (the "2006A Bonds") currently held by the United States Department of Agriculture, acting through Rural Development ("RD"); and (ii) Gallatin County Water District Water Revenue Bonds of 2006B, dated May 21, 2007, in the original principal amount of \$500,000, bearing interest

at the rate of 4.125% per annum (the "2006B Bonds") currently held by RD (hereinafter, the 2006A Bonds and the 2006B Bonds are collectively referred to as the "Prior Bonds"); and (b) paying the costs of issuance of the KRWFC Loan.

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 of the KRWFC Loan vary from the present assumptions based upon market conditions and other judgment factors.

7. The KRWFC Loan will provide the District with the funds necessary to (i) refund the Prior Bonds; and (ii) pay the costs of 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 of the Prior Bonds will result in a net present value cash flow savings of approximately \$143,072.49. 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 Schedules of the outstanding Prior Bonds are 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 Statements of Revenues, Expenses and Changes in Fund Net Position, Statements of Net Position, and Statements of Cash Flows for the twelve month periods ending on December 31, 2017 and 2018 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 2018 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 2018 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 and pay the costs of issuance thereof.
- (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 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*
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*
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
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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 27 day of December, 2019.



Vic Satchwell, Chairman

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by Vic Satchwell, Chairman of the Gallatin County Water District, on this the 27 day of December, 2019.

My Commission expires: 5/8/2021.



NOTARY PUBLIC

578936

NOTARY PUBLIC ID Number

EXHIBIT A

Net Debt Service Schedule

Preliminary

\$1,633,000

Gallatin County Water District
 Refunding of RD Loans
 (As of 11/26/19)

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
01/15/2020	-	-	-	-	-
07/01/2020	-	-	23,190.67	23,190.67	-
01/01/2021	41,000.00	2.600%	25,146.50	66,146.50	89,337.17
07/01/2021	-	-	24,613.50	24,613.50	-
01/01/2022	41,000.00	2.800%	24,613.50	65,613.50	90,227.00
07/01/2022	-	-	24,039.50	24,039.50	-
01/01/2023	42,000.00	2.900%	24,039.50	66,039.50	90,079.00
07/01/2023	-	-	23,430.50	23,430.50	-
01/01/2024	43,000.00	2.850%	23,430.50	66,430.50	89,861.00
07/01/2024	-	-	22,817.75	22,817.75	-
01/01/2025	45,000.00	2.700%	22,817.75	67,817.75	90,635.50
07/01/2025	-	-	22,210.25	22,210.25	-
01/01/2026	46,000.00	2.950%	22,210.25	68,210.25	90,420.50
07/01/2026	-	-	21,531.75	21,531.75	-
01/01/2027	47,000.00	3.500%	21,531.75	68,531.75	90,063.50
07/01/2027	-	-	20,709.25	20,709.25	-
01/01/2028	49,000.00	3.400%	20,709.25	69,709.25	90,418.50
07/01/2028	-	-	19,876.25	19,876.25	-
01/01/2029	51,000.00	3.250%	19,876.25	70,876.25	90,752.50
07/01/2029	-	-	19,047.50	19,047.50	-
01/01/2030	52,000.00	3.250%	19,047.50	71,047.50	90,095.00
07/01/2030	-	-	18,202.50	18,202.50	-
01/01/2031	53,000.00	3.150%	18,202.50	71,202.50	89,405.00
07/01/2031	-	-	17,367.75	17,367.75	-
01/01/2032	56,000.00	3.150%	17,367.75	73,367.75	90,735.50
07/01/2032	-	-	16,485.75	16,485.75	-
01/01/2033	58,000.00	3.000%	16,485.75	74,485.75	90,971.50
07/01/2033	-	-	15,615.75	15,615.75	-
01/01/2034	59,000.00	3.000%	15,615.75	74,615.75	90,231.50
07/01/2034	-	-	14,730.75	14,730.75	-
01/01/2035	61,000.00	2.900%	14,730.75	75,730.75	90,461.50
07/01/2035	-	-	13,846.25	13,846.25	-
01/01/2036	63,000.00	2.900%	13,846.25	76,846.25	90,692.50
07/01/2036	-	-	12,932.75	12,932.75	-
01/01/2037	64,000.00	3.000%	12,932.75	76,932.75	89,865.50
07/01/2037	-	-	11,972.75	11,972.75	-
01/01/2038	65,000.00	3.000%	11,972.75	76,972.75	88,945.50
07/01/2038	-	-	10,997.75	10,997.75	-
01/01/2039	68,000.00	3.000%	10,997.75	78,997.75	89,995.50
07/01/2039	-	-	9,977.75	9,977.75	-
01/01/2040	70,000.00	3.050%	9,977.75	79,977.75	89,955.50
07/01/2040	-	-	8,910.25	8,910.25	-
01/01/2041	73,000.00	3.100%	8,910.25	81,910.25	90,820.50
07/01/2041	-	-	7,778.75	7,778.75	-
01/01/2042	75,000.00	3.150%	7,778.75	82,778.75	90,557.50
07/01/2042	-	-	6,597.50	6,597.50	-
01/01/2043	76,000.00	3.150%	6,597.50	82,597.50	89,195.00
07/01/2043	-	-	5,400.50	5,400.50	-
01/01/2044	80,000.00	3.250%	5,400.50	85,400.50	90,801.00
07/01/2044	-	-	4,100.50	4,100.50	-
01/01/2045	82,000.00	3.250%	4,100.50	86,100.50	90,201.00
07/01/2045	-	-	2,768.00	2,768.00	-
01/01/2046	85,000.00	3.200%	2,768.00	87,768.00	90,536.00
07/01/2046	-	-	1,408.00	1,408.00	-
01/01/2047	88,000.00	3.200%	1,408.00	89,408.00	90,816.00
Total	\$1,633,000.00	-	\$803,076.17	\$2,436,076.17	-

Yield Statistics

Bond Year Dollars	\$25,753.49
Average Life	15.771 Years
Average Coupon	3.1183192%

Net Interest Cost (NIC)	3.1693567%
True Interest Cost (TIC)	3.1823171%
Bond Yield for Arbitrage Purposes	3.0540464%
All Inclusive Cost (AIC)	3.3899066%

IRS Form 8038

Net Interest Cost	3.0841017%
Weighted Average Maturity	15.612 Years

Gallatin County Water Dis | Issue Summary

Raymond James

EXHIBIT B

Sources and Uses of Funds

Preliminary

\$1,633,000

Gallatin County Water District

Refunding of RD Loans

(As of 11/26/19)

Total Issue Sources And Uses

Dated 01/15/2020 | Delivered 01/15/2020

	Ref of 2007A	Ref of 2007B	Issue Summary
Sources Of Funds			
Par Amount of Bonds	\$1,202,000.00	\$431,000.00	\$1,633,000.00
Reoffering Premium	8,394.77	2,956.30	11,351.07
Total Sources	\$1,210,394.77	\$433,956.30	\$1,644,351.07
Uses Of Funds			
Total Underwriter's Discount (1.500%)	18,030.00	6,465.00	24,495.00
Costs of Issuance	22,875.17	8,202.33	31,077.50
Deposit to Current Refunding Fund	1,168,872.06	419,471.83	1,588,343.89
Rounding Amount	617.54	(182.86)	434.68
Total Uses	\$1,210,394.77	\$433,956.30	\$1,644,351.07

EXHIBIT C

Debt Service Comparison

Preliminary

\$1,633,000

Gallatin County Water District

Refunding of RD Loans

(As of 11/26/19)

Debt Service Comparison

Date	Total P+I	Expenses	Net New D/S	Old Net D/S	Savings
01/01/2021	89,337.17	450.00	89,352.49	98,114.26	8,761.77
01/01/2022	90,227.00	450.00	90,677.00	98,165.38	7,488.38
01/01/2023	90,079.00	450.00	90,529.00	98,158.76	7,629.76
01/01/2024	89,861.00	450.00	90,311.00	98,994.38	8,683.38
01/01/2025	90,635.50	450.00	91,085.50	98,935.12	7,849.62
01/01/2026	90,420.50	450.00	90,870.50	98,714.02	7,843.52
01/01/2027	90,063.50	450.00	90,513.50	98,435.14	7,921.64
01/01/2028	90,418.50	450.00	90,868.50	98,198.50	7,330.00
01/01/2029	90,752.50	450.00	91,202.50	98,900.00	7,697.50
01/01/2030	90,095.00	450.00	90,545.00	98,498.38	7,953.38
01/01/2031	89,405.00	450.00	89,855.00	98,034.88	8,179.88
01/01/2032	90,735.50	450.00	91,185.50	98,509.52	7,324.02
01/01/2033	90,971.50	450.00	91,421.50	98,981.02	7,559.52
01/01/2034	90,231.50	450.00	90,681.50	98,345.26	7,663.76
01/01/2035	90,461.50	450.00	90,911.50	98,643.50	7,732.00
01/01/2036	90,692.50	450.00	91,142.50	98,834.52	7,692.02
01/01/2037	89,865.50	450.00	90,315.50	98,018.26	7,702.76
01/01/2038	88,945.50	450.00	89,395.50	98,031.88	8,636.38
01/01/2039	89,995.50	450.00	90,445.50	98,138.26	7,692.76
01/01/2040	89,955.50	450.00	90,405.50	98,029.12	7,623.62
01/01/2041	90,820.50	450.00	91,270.50	98,908.62	7,638.12
01/01/2042	90,557.50	450.00	91,007.50	98,631.38	7,623.88
01/01/2043	89,195.00	450.00	89,645.00	98,238.62	8,593.62
01/01/2044	90,801.00	450.00	91,251.00	98,830.38	7,579.38
01/01/2045	90,201.00	450.00	90,651.00	98,261.26	7,610.26
01/01/2046	90,536.00	450.00	90,986.00	98,672.52	7,686.52
01/01/2047	90,816.00	450.00	91,266.00	98,918.76	7,652.76
Total	\$2,436,076.17	\$12,150.00	\$2,447,791.49	\$2,659,141.70	\$211,350.21

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	151,212.84
Effects of changes in Expenses	(8,140.35)
Net PV Cashflow Savings @ 3.054%(Bond Yield)	143,072.49
Contingency or Rounding Amount	435.60
Net Present Value Benefit	\$143,508.09
Net PV Benefit / \$1,585,800 Refunded Principal	9.050%
Net PV Benefit / \$1,633,000 Refunding Principal	8.788%

Refunding Bond Information

Refunding Dated Date	1/15/2020
Refunding Delivery Date	1/15/2020

EXHIBIT D

Prior Bonds Debt Service

Preliminary

\$1,394,000

Gallatin County Water District

RD - 2007A

(Bonds to be Refunded)

Debt Service To Maturity And To Call

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
01/15/2020	1,167,000.00	1,872.06	1,168,872.06	-	-	-	-
07/01/2020	-	-	-	-	-	24,069.38	24,069.38
01/01/2021	-	-	-	24,000.00	4.125%	24,069.38	48,069.38
07/01/2021	-	-	-	-	-	23,574.38	23,574.38
01/01/2022	-	-	-	25,000.00	4.125%	23,574.38	48,574.38
07/01/2022	-	-	-	-	-	23,058.75	23,058.75
01/01/2023	-	-	-	26,000.00	4.125%	23,058.75	49,058.75
07/01/2023	-	-	-	-	-	22,522.50	22,522.50
01/01/2024	-	-	-	28,000.00	4.125%	22,522.50	50,522.50
07/01/2024	-	-	-	-	-	21,945.00	21,945.00
01/01/2025	-	-	-	29,000.00	4.125%	21,945.00	50,945.00
07/01/2025	-	-	-	-	-	21,346.88	21,346.88
01/01/2026	-	-	-	30,000.00	4.125%	21,346.88	51,346.88
07/01/2026	-	-	-	-	-	20,728.13	20,728.13
01/01/2027	-	-	-	31,000.00	4.125%	20,728.13	51,728.13
07/01/2027	-	-	-	-	-	20,088.75	20,088.75
01/01/2028	-	-	-	32,000.00	4.125%	20,088.75	52,088.75
07/01/2028	-	-	-	-	-	19,428.75	19,428.75
01/01/2029	-	-	-	34,000.00	4.125%	19,428.75	53,428.75
07/01/2029	-	-	-	-	-	18,727.50	18,727.50
01/01/2030	-	-	-	35,000.00	4.125%	18,727.50	53,727.50
07/01/2030	-	-	-	-	-	18,005.63	18,005.63
01/01/2031	-	-	-	36,000.00	4.125%	18,005.63	54,005.63
07/01/2031	-	-	-	-	-	17,263.13	17,263.13
01/01/2032	-	-	-	38,000.00	4.125%	17,263.13	55,263.13
07/01/2032	-	-	-	-	-	16,479.38	16,479.38
01/01/2033	-	-	-	40,000.00	4.125%	16,479.38	56,479.38
07/01/2033	-	-	-	-	-	15,654.38	15,654.38
01/01/2034	-	-	-	41,000.00	4.125%	15,654.38	56,654.38
07/01/2034	-	-	-	-	-	14,808.75	14,808.75
01/01/2035	-	-	-	43,000.00	4.125%	14,808.75	57,808.75
07/01/2035	-	-	-	-	-	13,921.88	13,921.88
01/01/2036	-	-	-	45,000.00	4.125%	13,921.88	58,921.88
07/01/2036	-	-	-	-	-	12,993.75	12,993.75
01/01/2037	-	-	-	46,000.00	4.125%	12,993.75	58,993.75
07/01/2037	-	-	-	-	-	12,045.00	12,045.00
01/01/2038	-	-	-	48,000.00	4.125%	12,045.00	60,045.00
07/01/2038	-	-	-	-	-	11,055.00	11,055.00
01/01/2039	-	-	-	50,000.00	4.125%	11,055.00	61,055.00
07/01/2039	-	-	-	-	-	10,023.75	10,023.75
01/01/2040	-	-	-	52,000.00	4.125%	10,023.75	62,023.75
07/01/2040	-	-	-	-	-	8,951.25	8,951.25
01/01/2041	-	-	-	55,000.00	4.125%	8,951.25	63,951.25
07/01/2041	-	-	-	-	-	7,816.88	7,816.88
01/01/2042	-	-	-	57,000.00	4.125%	7,816.88	64,816.88
07/01/2042	-	-	-	-	-	6,641.25	6,641.25
01/01/2043	-	-	-	59,000.00	4.125%	6,641.25	65,641.25
07/01/2043	-	-	-	-	-	5,424.38	5,424.38
01/01/2044	-	-	-	62,000.00	4.125%	5,424.38	67,424.38
07/01/2044	-	-	-	-	-	4,145.63	4,145.63
01/01/2045	-	-	-	64,000.00	4.125%	4,145.63	68,145.63
07/01/2045	-	-	-	-	-	2,825.63	2,825.63
01/01/2046	-	-	-	67,000.00	4.125%	2,825.63	69,825.63
07/01/2046	-	-	-	-	-	1,443.75	1,443.75
01/01/2047	-	-	-	70,000.00	4.125%	1,443.75	71,443.75
Total	\$1,167,000.00	\$1,872.06	\$1,168,872.06	\$1,167,000.00	-	\$789,978.88	\$1,956,978.88

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	1/15/2020
Average Life	16.372 Years
Average Coupon	4.1250006%
Weighted Average Maturity (Par Basis)	16.372 Years
Weighted Average Maturity (Original Price Basis)	16.372 Years

Refunding Bond Information

Refunding Dated Date	1/15/2020
Refunding Delivery Date	1/15/2020
Gallatin County Water Dis SINGLE PURPOSE	

Raymond James

Preliminary

\$500,000

Gallatin County Water District
 RD - 2007B
 (Bonds to be Refunded)

Debt Service To Maturity And To Call

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
01/15/2020	418,800.00	671.83	419,471.83	-	-	-	-
07/01/2020	-	-	-	-	-	8,637.75	8,637.75
01/01/2021	-	-	-	8,700.00	4.125%	8,637.75	17,337.75
07/01/2021	-	-	-	-	-	8,458.31	8,458.31
01/01/2022	-	-	-	9,100.00	4.125%	8,458.31	17,558.31
07/01/2022	-	-	-	-	-	8,270.63	8,270.63
01/01/2023	-	-	-	9,500.00	4.125%	8,270.63	17,770.63
07/01/2023	-	-	-	-	-	8,074.69	8,074.69
01/01/2024	-	-	-	9,800.00	4.125%	8,074.69	17,874.69
07/01/2024	-	-	-	-	-	7,872.56	7,872.56
01/01/2025	-	-	-	10,300.00	4.125%	7,872.56	18,172.56
07/01/2025	-	-	-	-	-	7,660.13	7,660.13
01/01/2026	-	-	-	10,700.00	4.125%	7,660.13	18,360.13
07/01/2026	-	-	-	-	-	7,439.44	7,439.44
01/01/2027	-	-	-	11,100.00	4.125%	7,439.44	18,539.44
07/01/2027	-	-	-	-	-	7,210.50	7,210.50
01/01/2028	-	-	-	11,600.00	4.125%	7,210.50	18,810.50
07/01/2028	-	-	-	-	-	6,971.25	6,971.25
01/01/2029	-	-	-	12,100.00	4.125%	6,971.25	19,071.25
07/01/2029	-	-	-	-	-	6,721.69	6,721.69
01/01/2030	-	-	-	12,600.00	4.125%	6,721.69	19,321.69
07/01/2030	-	-	-	-	-	6,461.81	6,461.81
01/01/2031	-	-	-	13,100.00	4.125%	6,461.81	19,561.81
07/01/2031	-	-	-	-	-	6,191.63	6,191.63
01/01/2032	-	-	-	13,600.00	4.125%	6,191.63	19,791.63
07/01/2032	-	-	-	-	-	5,911.13	5,911.13
01/01/2033	-	-	-	14,200.00	4.125%	5,911.13	20,111.13
07/01/2033	-	-	-	-	-	5,618.25	5,618.25
01/01/2034	-	-	-	14,800.00	4.125%	5,618.25	20,418.25
07/01/2034	-	-	-	-	-	5,313.00	5,313.00
01/01/2035	-	-	-	15,400.00	4.125%	5,313.00	20,713.00
07/01/2035	-	-	-	-	-	4,995.38	4,995.38
01/01/2036	-	-	-	16,000.00	4.125%	4,995.38	20,995.38
07/01/2036	-	-	-	-	-	4,665.38	4,665.38
01/01/2037	-	-	-	16,700.00	4.125%	4,665.38	21,365.38
07/01/2037	-	-	-	-	-	4,320.94	4,320.94
01/01/2038	-	-	-	17,300.00	4.125%	4,320.94	21,620.94
07/01/2038	-	-	-	-	-	3,964.13	3,964.13
01/01/2039	-	-	-	18,100.00	4.125%	3,964.13	22,064.13
07/01/2039	-	-	-	-	-	3,590.81	3,590.81
01/01/2040	-	-	-	18,800.00	4.125%	3,590.81	22,390.81
07/01/2040	-	-	-	-	-	3,203.06	3,203.06
01/01/2041	-	-	-	19,600.00	4.125%	3,203.06	22,803.06
07/01/2041	-	-	-	-	-	2,798.81	2,798.81
01/01/2042	-	-	-	20,400.00	4.125%	2,798.81	23,198.81
07/01/2042	-	-	-	-	-	2,378.06	2,378.06
01/01/2043	-	-	-	21,200.00	4.125%	2,378.06	23,578.06
07/01/2043	-	-	-	-	-	1,940.81	1,940.81
01/01/2044	-	-	-	22,100.00	4.125%	1,940.81	24,040.81
07/01/2044	-	-	-	-	-	1,485.00	1,485.00
01/01/2045	-	-	-	23,000.00	4.125%	1,485.00	24,485.00
07/01/2045	-	-	-	-	-	1,010.63	1,010.63
01/01/2046	-	-	-	24,000.00	4.125%	1,010.63	25,010.63
07/01/2046	-	-	-	-	-	515.63	515.63
01/01/2047	-	-	-	25,000.00	4.125%	515.63	25,515.63
Total	\$418,800.00	\$671.83	\$419,471.83	\$418,800.00	-	\$283,362.82	\$702,162.82

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	1/15/2020
Average Life	16.364 Years
Average Coupon	4.1250011%
Weighted Average Maturity (Par Basis)	16.364 Years
Weighted Average Maturity (Original Price Basis)	16.364 Years

Refunding Bond Information

Refunding Dated Date	1/15/2020
Refunding Delivery Date	1/15/2020

Gallatin County Water Dis | SINGLE PURPOSE

Raymond James

EXHIBIT E

Financial Statements

GALLATIN COUNTY WATER DISTRICT
STATEMENT OF NET POSITION
December 31, 2018 and 2017

	2018	As Restated 2017
ASSETS		
Current Assets:		
Cash, Including Time Deposits	\$ 965,330	\$ 1,039,092
Accounts Receivable Trade (Net)	121,470	130,026
Accounts Receivable - Other	-	48
Interest Receivable	2,968	2,134
Inventory	48,745	151,712
Prepaid Expense	17,337	14,451
Total Current Assets	\$ 1,155,850	\$ 1,337,463
Noncurrent Assets:		
Restricted Assets:		
Cash, Including Time Deposits	\$ 508,261	\$ 602,033
Interest Receivable	689	159
Capital Assets (Net)	5,544,893	5,286,812
Total Noncurrent Assets	\$ 6,053,823	\$ 5,889,004
Total Assets	\$ 7,209,673	\$ 7,226,467
DEFERRED OUTFLOWS OF RESOURCES		
Attributable to Employee Pension Plan	\$ 129,054	\$ 175,801
Attributable to Employee OPEB Plan	42,272	50,128
Total Deferred Outflows of Resources	\$ 171,326	\$ 225,929
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 15,519	\$ 80,695
Retainage Payable	8,235	-
Accrued Wages	5,360	4,791
Accrued Compensated Absences	4,596	3,427
Accrued Payroll Taxes/Employee Withholding	7,598	6,934
Utility Tax Payable	2,610	2,579
Sales Tax Payable	699	634
Current Liabilities Payable from Restricted Assets:		
Accrued Interest Payable	56,201	59,915
Revenue Bonds Payable	86,100	54,700
Note Payable - Kentucky Infrastructure Authority	25,649	25,319
Total Current Liabilities	\$ 212,567	\$ 238,994
Noncurrent Liabilities:		
Revenue Bonds Payable (Including Premium \$40,933 for 2018 and \$46,315 for 2017)	\$ 2,756,933	\$ 2,848,415
Note Payable - Kentucky Infrastructure Authority	320,140	345,789
Escrow - Customer Construction Deposits	1,152	1,152
Net Pension Liability	612,380	591,535
Net OPEB Liability	178,525	203,165
Noncurrent Liabilities Payable from Restricted Assets:		
Customer Deposits Payable	25,783	25,292
Total Noncurrent Liabilities	\$ 3,894,913	\$ 4,015,348
Total Liabilities	\$ 4,107,480	\$ 4,254,342
DEFERRED INFLOWS OF RESOURCES		
Attributable to Employee Pension Plan	\$ 50,790	\$ 61,739
Attributable to Employee OPEB Plan	35,300	10,636
Total Deferred Inflows of Resources	\$ 86,090	\$ 72,375
NET POSITION		
Net Investment in Capital Assets	\$ 2,347,836	\$ 1,977,993
Restricted for Debt Service	407,154	264,423
Unrestricted	432,439	883,263
Total Net Position	\$ 3,187,429	\$ 3,125,679

GALLATIN COUNTY WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
For the Years Ended December 31, 2018 and 2017

Operating Revenues:	2018	As Restated 2017
Charges for Services:		
Water Charges (Net of Estimated Bad Debts)	\$ 1,103,230	\$ 1,091,695
Total Charges for Services	<u>\$ 1,103,230</u>	<u>\$ 1,091,695</u>
Other Charges and Miscellaneous:		
Billing Service Charges	\$ 33,747	\$ 32,928
Connection Fees	22,610	25,865
Miscellaneous	7,966	10,608
Total Other Charges and Miscellaneous	<u>\$ 64,323</u>	<u>\$ 69,401</u>
Total Operating Revenues	<u>\$ 1,167,553</u>	<u>\$ 1,161,096</u>
 Operating Expenses:		
Bank Charges	\$ 1,912	\$ 1,726
Commissioner Fees	6,450	7,200
Contractual Service - Sampling	7,989	16,230
Data Usage - Radio Read	16,496	2,917
Dues	1,968	1,663
Employee Health Insurance and Benefits	126,982	117,649
Insurance	25,268	23,777
Labor	251,167	232,488
Maintenance of Mains	55,690	33,818
Office Supplies and Expense	39,774	28,223
Other Interest Expense	335	151
Payroll Taxes	18,326	17,258
Professional Services	14,010	14,090
Purchased Water	7,701	7,823
Regulatory Fees	2,338	2,213
Retirement Plan Expense	94,437	108,494
Travel/Transportation Expense	21,260	15,132
Uniforms	5,506	4,980
Utilities - Office	11,976	13,032
Utilities - Pumping	57,939	54,511
Depreciation Expense	241,035	277,310
Total Operating Expenses	<u>\$ 1,008,559</u>	<u>\$ 980,685</u>
Operating Income (Loss)	<u>\$ 158,994</u>	<u>\$ 180,411</u>
 Nonoperating Revenue (Expense):		
Investment Income	\$ 14,686	\$ 9,427
Interest Expense	(111,653)	(128,470)
Loss on Asset Disposition	(13,499)	(22,413)
Bond Issuance Costs	-	(40,239)
Total Nonoperating Revenues (Expense)	<u>\$ (110,466)</u>	<u>\$ (181,695)</u>
Income (Loss) Before Contributions	<u>\$ 48,528</u>	<u>\$ (1,284)</u>
Capital Contributions	<u>13,222</u>	<u>7,814</u>
Change in Net Position	<u>\$ 61,750</u>	<u>\$ 6,530</u>
Net Position - (As Previously Stated)	<u>3,125,679</u>	<u>3,265,591</u>
Restatement - (GASB Statement 75)	<u>-</u>	<u>(146,442)</u>
Net Position - As Restated	<u>3,125,679</u>	<u>3,119,149</u>
Net Position	<u>\$ 3,187,429</u>	<u>\$ 3,125,679</u>

**GALLATIN COUNTY WATER DISTRICT
STATEMENT OF CASH FLOWS
For the Years Ended December 31, 2018 and 2017**

	<u>2018</u>	<u>As Restated 2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 1,176,744	\$ 1,151,778
Payments to Suppliers	(28,486)	(81,695)
Payments to Employees	(255,779)	(238,600)
Other Receipts (Payments)	(381,429)	(335,462)
Net Cash Provided (Used) by Operating Activities	<u>\$ 511,050</u>	<u>\$ 496,021</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Contributions	\$ 13,222	\$ 8,616
Purchases of Capital Assets	(504,380)	(272,501)
Bond Proceeds	-	1,226,315
Bond Issuance Costs Paid	-	(40,239)
Principal Paid on Capital Debt	(80,019)	(1,297,693)
Interest Paid on Capital Debt	(120,749)	(134,769)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ (691,926)</u>	<u>\$ (510,271)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	\$ (314,454)	\$ (110,696)
Cashed Investments	304,055	103,847
Interest on Investments	13,342	8,958
Net Cash Provided (Used) by Investing Activities	<u>\$ 2,943</u>	<u>\$ 2,109</u>
Net (Increase) in Cash and Cash Equivalents	\$ (177,933)	\$ (12,141)
Balances-Beginning of the Year	<u>797,409</u>	<u>809,550</u>
Balances-End of the Year	<u>\$ 619,476</u>	<u>\$ 797,409</u>

	<u>Balances Per December 31, 2018 Statement of Net Position</u>	<u>Balances Per December 31, 2018 Statement of Cash Flows</u>
Cash	\$ 217,101	\$ 217,101
Time Deposits	748,229	-
Restricted Cash	402,375	402,375
Restricted Time Deposits	105,886	-
Total Cash and Cash Equivalents, End of Year	<u>\$ 1,473,591</u>	<u>\$ 619,476</u>
	<u>Balances Per December 31, 2017 Statement of Net Position</u>	<u>Balances Per December 31, 2017 Statement of Cash Flows</u>
Cash	\$ 299,177	\$ 299,177
Time Deposits	739,915	-
Restricted Cash	498,232	498,232
Restricted Time Deposits	103,801	-
Total Cash and Cash Equivalents, End of Year	<u>\$ 1,641,125</u>	<u>\$ 797,409</u>

(Continued)

**GALLATIN COUNTY WATER DISTRICT
STATEMENT OF CASH FLOWS
For the Years Ended December 31, 2018 and 2017**

	2018	As Restated 2017
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 158,994	\$ 180,411
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Cash Flows Reported in Other Categories:		
Depreciation Expense	241,035	277,310
Pension Expense	56,643	64,674
OPEB Expense	7,880	23,152
Change in Assets and Liabilities:		
Receivables, Net	8,604	(8,377)
Inventories	102,967	(108,608)
Prepaid Expenses	(2,886)	(450)
Accounts and Other Payables	(65,176)	69,004
Accrued Expenses	2,498	131
Customer Meter Deposits Payable	491	(1,226)
Net Cash Provided by Operating Activities	\$ 511,050	\$ 496,021

SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

At December 31, 2018, Gallatin County Water District had \$8,235 identified as retainage payable arising from capital acquisitions outstanding. At December 31, 2017, the District had no capital expenditures or other noncash investing activities outstanding.

EXHIBIT F

Notification to State Local Debt Officer

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
NICHOLAS J. LOCOCO

January 2, 2020

Honorable Dennis Keene
Commissioner and State Local Debt Officer
100 Airport Road, Third Floor
Frankfort, Kentucky 40601

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

Dear Commissioner Keene:

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