

**COMMONWEALTH OF KENTUCKY**

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY**

IN THE MATTER OF:

**ELECTRONIC APPLICATION OF THE GRAYSON )  
COUNTY WATER DISTRICT TO ISSUE )  
SECURITIES IN THE APPROXIMATE PRINCIPAL )  
AMOUNT OF \$2,365,000 FOR THE PURPOSE OF ) Case No. 2021-00309  
REFINANCING CERTAIN OUTSTANDING )  
OBLIGATIONS OF THE DISTRICT PURSUANT )  
TO THE PROVISIONS OF KRS 278.300 AND )  
807 KAR 5:001 )**

**\*\*     \*\*\*     \*\*\*\*     \*\*\*\*\*     \*\*\*\*     \*\*\*     \*\***

**APPLICATION**

The Applicant, Grayson County Water District ("Grayson District"), files this electronic 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 Grayson District to issue certain securities in the approximate principal amount of \$2,365,000 (subject to adjustment of up to 10%), for the purpose of refinancing an outstanding loan from the Kentucky Rural Water Finance Corporation ("KRWFC"). In support of this Application, and in compliance with the rules and regulations of the Commission, Grayson District states as follows:

1. Grayson 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 Grayson County, which Order is on file in the County Court Order Books in the office of the Clerk of

Grayson County, Kentucky. Grayson District is now, and has been since its inception, regulated by the Commission, and all records and proceedings of the Commission with reference to Grayson District are incorporated in this Application by reference. Grayson District does not have any Articles of Incorporation due to the fact that it is a statutory entity.

2. The governing body of Grayson 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 Grayson District is as follows:

Grayson County Water District  
c/o Mr. Kevin Shaw, District Manager  
21 Shull White Road  
Leitchfield, Kentucky 42754  
Phone: (270) 259-2917  
Fax: (270) 200-4302  
email address: [kshaw@graysonwater.com](mailto:kshaw@graysonwater.com)

4. A general description of Grayson District's water system property, together with a statement of the original cost, is contained in Grayson District's Annual Report for 2020 which is on file with the Commission. The Annual Report is incorporated herein by reference.

5. Grayson District proposes to borrow funds from KRWFC pursuant to an Assistance Agreement (the "KRWFC Loan"), in the estimated principal amount of \$2,365,000 (subject to adjustment of up to 10%) for the purpose of refinancing an outstanding loan from KRWFC designated as Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2012D, dated May 30, 2012, in the original principal amount of \$3,680,000 (the "Prior KRWFC Loan"). The Prior 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 vary from the present assumptions based upon market conditions and other business judgment factors.

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

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

9. It is anticipated that the proposed refinancing of the Prior KRWFC Loan will result in a net present value cashflow savings of approximately \$292,026.45. These savings are shown on the estimated 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 KRWFC Loan is set forth in **Exhibit "D"**.

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

13. Grayson 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 Net Position, and Statement of Cash Flows for the twelve month periods ending on December 31, 2020 and 2019 are attached hereto and incorporated herein by reference as **Exhibit "E"** respectively.

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

- (i) Section 12(1)(b): Grayson 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 Grayson District's financial condition have occurred since the end of the twelve (12) month period contained in Grayson District's most recent annual report on file with the Commission.

- (ii) Section 12(2)(a), (b) and (c) Stock: Grayson District does not have any authorized, issued or outstanding stock as of the date hereof.
  - (iii) Section 12(2)(d) Mortgages: Grayson 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 Grayson District is contained in the 2020 Annual Report on file with this Commission.
  - (v) Section 12(2)(h) Dividends: Grayson 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, Grayson District hereby responds as follows:
- (i) Section 18(1)(a): Grayson District has complied with the requirements of 807 KAR 5:001, Section 14.
  - (ii) Section 18(1)(b): A general description of Grayson District's property, its field of operation and a statement of original cost of said property and the cost to Grayson District is contained in Grayson District's 2020 Annual Report on file with this Commission.
  - (iii) Section 18(1)(c): Grayson 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 Grayson District's water system.

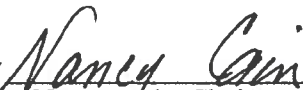
- (iv) Section 18(1)(d): The proceeds of the KRWFC Loan are being used to refinance the outstanding Prior KRWFC Loan.
  - (v) Section 18(1)(e): No property is being acquired with the proceeds of the KRWFC Loan.
  - (vi) Section 18(1)(f): The details of the proposed refinancing are contained in this Application 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): Grayson 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**, Grayson 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 Grayson District by taking full advantage of current low interest rates, Grayson District requests that the Commission issued its Order no later than **September 15, 2021**;  
and
3. Process this Application without a formal hearing in order to save time and expense.

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

Grayson County Water District

By   
Nancy Cain, Chairperson  
21 Shell White Road  
Leitchfield, Kentucky 42754  
Phone: (270) 259-2917  
Fax: (270) 200-4302  
Email: [kshaw@graysonwater.com](mailto:kshaw@graysonwater.com)

Rubin & Hays

By   
W. Randall Jones  
Kentucky Home Trust Building  
450 South Third Street  
Louisville, Kentucky 40202  
Phone: (502) 569-7534  
Email: [wrijones@rubinhays.com](mailto:wrijones@rubinhays.com)  
Counsel for Grayson County Water District

STATE OF KENTUCKY            )  
  ) SS  
COUNTY OF GRAYSON        )

The affiant, Nancy Cain, being first duly sworn, states: That she is the Chairperson of the Grayson County Water District, the Applicant in this case; that she has read the foregoing Application and has noted the contents thereof; that the same are true of her own knowledge and belief, except as to matters which are herein stated to be based on information or belief, and that these matters, she believes to be true and correct.

IN TESTIMONY WHEREOF, witness the signature of the undersigned on August 5, 2021.

  
\_\_\_\_\_  
Nancy Cain, Chairperson

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by Nancy Cain, Chairperson of the Grayson County Water District, on this August 5, 2021.

My Commission expires: 7-1-2023.

  
\_\_\_\_\_  
NOTARY PUBLIC

626149  
\_\_\_\_\_  
NOTARY PUBLIC ID Number



# **EXHIBIT A**

## Estimated Debt Service Schedule

Preliminary

**\$2,365,000**

Potential Refunding through the  
Kentucky Rural Water Finance Corporation  
Grayson County Water District

## Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
09/15/2021	-	-	-	-	-
02/01/2022	-	-	20,013.72	20,013.72	-
08/01/2022	70,000.00	2.000%	26,488.75	96,488.75	-
12/31/2022	-	-	-	-	116,502.47
02/01/2023	-	-	25,788.75	25,788.75	-
08/01/2023	180,000.00	2.000%	25,788.75	205,788.75	-
12/31/2023	-	-	-	-	231,577.50
02/01/2024	-	-	23,988.75	23,988.75	-
08/01/2024	180,000.00	2.000%	23,988.75	203,988.75	-
12/31/2024	-	-	-	-	227,977.50
02/01/2025	-	-	22,188.75	22,188.75	-
08/01/2025	185,000.00	2.000%	22,188.75	207,188.75	-
12/31/2025	-	-	-	-	229,377.50
02/01/2026	-	-	20,338.75	20,338.75	-
08/01/2026	195,000.00	2.000%	20,338.75	215,338.75	-
12/31/2026	-	-	-	-	235,677.50
02/01/2027	-	-	18,388.75	18,388.75	-
08/01/2027	195,000.00	2.000%	18,388.75	213,388.75	-
12/31/2027	-	-	-	-	231,777.50
02/01/2028	-	-	16,438.75	16,438.75	-
08/01/2028	195,000.00	2.600%	16,438.75	211,438.75	-
12/31/2028	-	-	-	-	227,877.50
02/01/2029	-	-	13,903.75	13,903.75	-
08/01/2029	200,000.00	2.600%	13,903.75	213,903.75	-
12/31/2029	-	-	-	-	227,807.50
02/01/2030	-	-	11,303.75	11,303.75	-
08/01/2030	210,000.00	2.600%	11,303.75	221,303.75	-
12/31/2030	-	-	-	-	232,607.50
02/01/2031	-	-	8,573.75	8,573.75	-
08/01/2031	210,000.00	2.300%	8,573.75	218,573.75	-
12/31/2031	-	-	-	-	227,147.50
02/01/2032	-	-	6,158.75	6,158.75	-
08/01/2032	215,000.00	2.300%	6,158.75	221,158.75	-
12/31/2032	-	-	-	-	227,317.50
02/01/2033	-	-	3,686.25	3,686.25	-
08/01/2033	225,000.00	2.250%	3,686.25	228,686.25	-
12/31/2033	-	-	-	-	232,372.50
02/01/2034	-	-	1,155.00	1,155.00	-
08/01/2034	105,000.00	2.200%	1,155.00	106,155.00	-
12/31/2034	-	-	-	-	107,310.00
<b>Total</b>	<b>\$2,365,000.00</b>	<b>-</b>	<b>\$390,329.97</b>	<b>\$2,755,329.97</b>	<b>-</b>

### Yield Statistics

Bond Year Dollars	\$16,950.94
Average Life	7.167 Years
Average Coupon	2.3027034%
Net Interest Cost (NIC)	2.0986861%
True Interest Cost (TIC)	2.0768834%
Bond Yield for Arbitrage Purposes	1.8534887%
All Inclusive Cost (AIC)	2.3452101%

### IRS Form 8038

Net Interest Cost	1.7983498%
Weighted Average Maturity	7.161 Years

# **EXHIBIT B**

## Sources and Uses

Preliminary

**\$2,365,000**

Potential Refunding through the  
Kentucky Rural Water Finance Corporation  
Grayson County Water District

## Sources & Uses

Dated 09/15/2021 | Delivered 09/15/2021

### Sources Of Funds

Par Amount of Bonds	\$2,365,000.00
Reoffering Premium	75,970.35
Transfers from Prior Issue Debt Service Funds	100,516.77

**Total Sources** **\$2,541,487.12**

### Uses Of Funds

Total Underwriter's Discount (1.750%)	41,387.50
Costs of Issuance	41,340.00
Deposit to Current Refunding Fund	2,455,535.71
Rounding Amount	3,223.91

**Total Uses** **\$2,541,487.12**

# **EXHIBIT C**

## Debt Service Comparison

Preliminary

**\$2,365,000**

Potential Refunding through the  
Kentucky Rural Water Finance Corporation  
Grayson County Water District

## Debt Service Comparison

Date	Total P+I	Net New D/S	Old Net D/S	Savings
12/31/2021	-	-	-	-
12/31/2022	116,502.47	116,502.47	244,251.26	127,748.79
12/31/2023	231,577.50	231,577.50	244,293.76	12,716.26
12/31/2024	227,977.50	227,977.50	244,016.26	16,038.76
12/31/2025	229,377.50	229,377.50	243,277.51	13,900.01
12/31/2026	235,677.50	235,677.50	247,067.51	11,390.01
12/31/2027	231,777.50	231,777.50	245,503.76	13,726.26
12/31/2028	227,877.50	227,877.50	243,670.01	15,792.51
12/31/2029	227,807.50	227,807.50	241,658.76	13,851.26
12/31/2030	232,607.50	232,607.50	244,250.01	11,642.51
12/31/2031	227,147.50	227,147.50	241,440.63	14,293.13
12/31/2032	227,317.50	227,317.50	243,215.00	15,897.50
12/31/2033	232,372.50	232,372.50	244,475.00	12,102.50
12/31/2034	107,310.00	107,310.00	122,730.00	15,420.00
<b>TOTAL</b>	<b>\$2,755,329.97</b>	<b>\$2,755,329.97</b>	<b>\$3,050,299.47</b>	<b>\$294,969.50</b>

### PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	286,636.14
Effects of changes in Expenses	5,390.31
Net PV Cashflow Savings @ 2.345%(AIC)	292,026.45
Transfers from Prior Issue Debt Service Fund	(100,516.77)
Contingency or Rounding Amount	3,223.91
<b>Net Benefit</b>	<b>197,676.64</b>
<b>Net Present Value Benefit</b>	<b>\$194,733.59</b>
Net PV Benefit / \$2,445,000 Refunded Principal	7.965%
Net PV Benefit / \$2,365,000 Refunding Principal	8.234%
Average Annual Cash Flow Savings	21,069.25

### Refunding Bond Information

Refunding Dated Date	9/15/2021
Refunding Delivery Date	9/15/2021

# **EXHIBIT D**

Prior Bonds Debt Service

Preliminary

**\$3,680,000**

Grayson County Water District

Kentucky Rural Water Finance Corporation

Public Projects Refunding Revenue Bonds, Series 2012 D

## Debt Service To Maturity And To Call

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
09/15/2021	2,445,000.00	10,535.71	2,455,535.71	-	-	-	-
02/01/2022	-	-	-	160,000.00	3.000%	43,100.63	203,100.63
08/01/2022	-	-	-	-	-	40,700.63	40,700.63
02/01/2023	-	-	-	165,000.00	3.100%	40,700.63	205,700.63
08/01/2023	-	-	-	-	-	38,143.13	38,143.13
02/01/2024	-	-	-	170,000.00	3.200%	38,143.13	208,143.13
08/01/2024	-	-	-	-	-	35,423.13	35,423.13
02/01/2025	-	-	-	175,000.00	3.450%	35,423.13	210,423.13
08/01/2025	-	-	-	-	-	32,404.38	32,404.38
02/01/2026	-	-	-	185,000.00	3.450%	32,404.38	217,404.38
08/01/2026	-	-	-	-	-	29,213.13	29,213.13
02/01/2027	-	-	-	190,000.00	3.550%	29,213.13	219,213.13
08/01/2027	-	-	-	-	-	25,840.63	25,840.63
02/01/2028	-	-	-	195,000.00	3.550%	25,840.63	220,840.63
08/01/2028	-	-	-	-	-	22,379.38	22,379.38
02/01/2029	-	-	-	200,000.00	3.550%	22,379.38	222,379.38
08/01/2029	-	-	-	-	-	18,829.38	18,829.38
02/01/2030	-	-	-	210,000.00	3.675%	18,829.38	228,829.38
08/01/2030	-	-	-	-	-	14,970.63	14,970.63
02/01/2031	-	-	-	215,000.00	3.675%	14,970.63	229,970.63
08/01/2031	-	-	-	-	-	11,020.00	11,020.00
02/01/2032	-	-	-	225,000.00	3.800%	11,020.00	236,020.00
08/01/2032	-	-	-	-	-	6,745.00	6,745.00
02/01/2033	-	-	-	235,000.00	3.800%	6,745.00	241,745.00
08/01/2033	-	-	-	-	-	2,280.00	2,280.00
02/01/2034	-	-	-	120,000.00	3.800%	2,280.00	122,280.00
<b>Total</b>	<b>\$2,445,000.00</b>	<b>\$10,535.71</b>	<b>\$2,455,535.71</b>	<b>\$2,445,000.00</b>	<b>-</b>	<b>\$598,999.47</b>	<b>\$3,043,999.47</b>

### Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	9/15/2021
Average Life	6.586 Years
Average Coupon	3.6542222%
Weighted Average Maturity (Par Basis)	6.586 Years
Weighted Average Maturity (Original Price Basis)	6.571 Years

### Refunding Bond Information

Refunding Dated Date	9/15/2021
Refunding Delivery Date	9/15/2021



# **EXHIBIT E**

## Financial Statements

**GRAYSON COUNTY WATER DISTRICT  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2020 AND 2019**

	<b>DECEMBER 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents		
Operation and maintenance	\$ 9,236	\$ 38,845
Revenue	176,862	30,537
Construction	2,000	1,000
Accounts receivable		
Customer accounts receivable, net of allowance for uncollectibles of \$199,594 and \$182,265	270,902	261,697
Unbilled revenue	148,941	142,385
Prepaid expenses	53,457	57,365
Inventory	207,640	294,385
Current portion of notes receivable	7,904	7,448
<b>TOTAL CURRENT ASSETS</b>	<b>876,942</b>	<b>833,662</b>
<b>NONCURRENT ASSETS</b>		
Restricted cash and cash equivalents		
Bond and note sinking funds	1,327,690	1,342,310
Depreciation fund	1,253,450	1,199,250
Note receivable - City of Leitchfield	0	7,904
Capital assets		
Land and land rights	328,743	328,743
Construction in progress	1,208,171	160,819
Utility plant and lines	32,044,828	31,615,968
Utility equipment and other	1,001,633	951,369
Less: Accumulated depreciation	(15,260,332)	(14,401,231)
<b>TOTAL NONCURRENT ASSETS</b>	<b>21,904,183</b>	<b>21,205,132</b>
<b>TOTAL ASSETS</b>	<b>\$ 22,781,125</b>	<b>\$ 22,038,794</b>

(CONTINUED)

	<b>DECEMBER 31,</b>	
	<u>2020</u>	<u>2019</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 193,812	\$ 57,639
Accrued liabilities	140,068	121,031
School and sales taxes payable	11,925	10,507
Interest payable from restricted assets	104,753	108,504
Interest payable - Customer deposits	148	180
Customer deposits	38,650	39,870
Current portion of long-term debt	656,162	617,118
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,145,518</u>	<u>954,849</u>
<b>NONCURRENT LIABILITIES</b>		
Bonds and loans payable	7,863,939	7,686,058
Less: Current portion of long-term debt	(656,162)	(617,118)
Bond premium, net of amortization of \$6,401 and \$1,883	83,962	88,480
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>7,291,739</u>	<u>7,157,420</u>
<b>TOTAL LIABILITIES</b>	<u>8,437,257</u>	<u>8,112,269</u>
<b>NET POSITION</b>		
Net investment in capital assets	11,459,104	10,969,610
Restricted for		
Debt service	1,327,690	1,342,310
Depreciation reserves	1,253,450	1,199,250
Unrestricted	303,624	415,355
<b>TOTAL NET POSITION</b>	<u>14,343,868</u>	<u>13,926,525</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 22,781,125</u>	<u>\$ 22,038,794</u>

Accompanying notes to the financial statements are an integral part of this statement.

**GRAYSON COUNTY WATER DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<b>DECEMBER 31,</b>	
	<u>2020</u>	<u>2019</u>
<b>OPERATING REVENUES</b>		
<b>METERED SALES</b>		
Residential	\$ 2,803,779	\$ 2,713,370
Commercial	467,355	484,933
Agriculture	76,597	80,580
Resale	130,716	127,683
<b>TOTAL METERED SALES</b>	<u>3,478,447</u>	<u>3,406,566</u>
<b>FORFEITED DISCOUNTS</b>	8,778	49,010
<b>MISCELLANEOUS SERVICE REVENUE</b>	57,490	58,676
<b>TOTAL OPERATING REVENUES</b>	<u>3,544,715</u>	<u>3,514,252</u>
 <b>OPERATING EXPENSES</b>		
<b>PURCHASED WATER</b>	408,726	412,336
<b>SUPPLY AND PUMPING EXPENSE</b>		
Purchased power	28,143	11,906
Materials and supplies	8,690	7,812
Insurance	12,356	13,468
Transportation	4,986	7,006
Miscellaneous	958	764
Payroll and contractual services	175,653	101,331
<b>TOTAL SUPPLY AND PUMPING EXPENSE</b>	<u>230,786</u>	<u>142,287</u>
<b>WATER TREATMENT EXPENSE</b>		
Purchased power	101,602	109,575
Materials and supplies	129,332	110,686
Insurance	12,356	13,468
Transportation	2,938	4,204
Miscellaneous	850	4,506
Payroll and contractual services	337,343	286,173
Professional services	16,461	11,958
<b>TOTAL WATER TREATMENT EXPENSE</b>	<u>600,882</u>	<u>540,570</u>
<b>GENERAL DISTRIBUTION EXPENSE</b>		
Purchased power	1,121	1,137
Legal and consultants	0	0
Materials and supplies	11,076	9,720
Insurance	12,901	13,468
Transportation	11,251	11,203
Miscellaneous	13,627	16,058
Payroll and contractual services	165,811	169,861
<b>TOTAL GENERAL DISTRIBUTION EXPENSE</b>	<u>215,787</u>	<u>221,447</u>
<b>MAINTENANCE EXPENSE</b>		
Transportation	4,382	2,792
Payroll and contractual services	175,904	137,259
Distributions	12,651	9,652
Services	19,590	10,839
<b>TOTAL MAINTENANCE EXPENSE</b>	<u>212,527</u>	<u>160,542</u>

(CONTINUED)

Accompanying notes to the financial statements are an integral part of this statement.

**GRAYSON COUNTY WATER DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION (CONCLUDED)**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	DECEMBER 31,	
	2020	2019
<b>CUSTOMER ACCOUNTS EXPENSE</b>		
Bad debt expense	\$ 16,568	\$ 19,951
Materials and supplies	45,321	39,553
Transportation	15,783	10,893
Miscellaneous	4,984	12,570
Payroll and contractual services	348,639	384,172
Customer records	93,223	92,949
<b>TOTAL CUSTOMER ACCOUNTS EXPENSE</b>	524,518	560,088
<b>ADMINISTRATIVE AND GENERAL EXPENSE</b>		
Materials and supplies	48,862	34,086
Insurance	41,621	37,751
Transportation	997	1,426
Miscellaneous	48,437	54,478
Payroll and contractual services	246,366	272,361
Professional services	56,147	73,912
<b>TOTAL ADMINISTRATIVE AND GENERAL EXPENSE</b>	442,430	474,014
<b>DEPRECIATION EXPENSE</b>	859,101	844,075
<b>TOTAL OPERATING EXPENSES</b>	3,494,757	3,355,359
<b>OPERATING INCOME (LOSS)</b>	49,958	158,893
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Grant income	0	0
Rent income	66,267	66,435
Miscellaneous income	0	0
Interest income	25,565	32,567
Bond issuance costs	0	(34,724)
PPP loan forgiveness	212,800	0
Insurance proceeds	0	0
Gain (loss) on sale of equipment	0	0
Interest expense	(213,859)	(236,497)
PSC taxes	(7,029)	(6,810)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	83,744	(179,029)
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	133,702	(20,136)
<b>CAPITAL CONTRIBUTIONS</b>		
Contributions in aid of construction	283,641	83,128
<b>TOTAL CAPITAL CONTRIBUTIONS</b>	283,641	83,128
<b>CHANGE IN NET POSITION</b>	417,343	62,992
<b>TOTAL NET POSITION - BEGINNING</b>	13,926,525	13,863,533
<b>TOTAL NET POSITION - ENDING</b>	\$ 14,343,868	\$ 13,926,525

Accompanying notes to the financial statements are an integral part of this statement.

**GRAYSON COUNTY WATER DISTRICT  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	DECEMBER 31,	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 3,528,954	\$ 3,513,021
Payments to suppliers	(1,095,287)	(1,114,881)
Payments for payroll and contractual services	(1,294,506)	(1,368,846)
Other receipts (payments)	(6,831)	(3,098)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>1,132,330</u>	<u>1,026,196</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	0	0
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Grant income	0	0
Bond proceeds	795,000	1,070,000
Bond issuance cost	0	(34,724)
Bond premium	0	90,363
Proceeds from capital debt	212,800	0
Principal repayments of capital debt	(617,119)	(1,732,648)
Capital contributions	283,641	83,128
Purchase of capital assets	(1,526,476)	(489,431)
Rent income	66,267	66,435
Miscellaneous income	0	0
Insurance proceeds	0	0
Proceeds on sale of capital assets	0	6,993
Interest paid on capital debt	(218,377)	(238,380)
Increase (decrease) in interest payable-Customer deposits	(32)	137
Increase (decrease) in interest payable from restricted assets	(3,751)	(8,479)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(1,008,047)</u>	<u>(1,186,606)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	25,565	32,567
Decrease in note receivable-City of Leitchfield	7,448	7,127
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>33,013</u>	<u>39,694</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	157,296	(120,716)
<b>CASH AND CASH EQUIVALENTS - JANUARY 1, 2020</b>	2,611,942	2,732,658
<b>CASH AND CASH EQUIVALENTS - DECEMBER 31, 2020</b>	<u>\$ 2,769,238</u>	<u>\$ 2,611,942</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 49,958	\$ 158,893
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities		
Depreciation expense	859,101	844,075
Payment of PSC taxes	(7,029)	(6,810)
Changes in assets and liabilities		
Net (increase) decrease in accounts receivable	(9,205)	(1,500)
Net (increase) decrease in unbilled revenue	(6,556)	269
Net (increase) decrease in prepaid expenses	3,908	(6,701)
Net (increase) decrease in inventory	86,745	51,947
Net increase (decrease) in accounts payable	136,173	(23,848)
Net increase (decrease) in accrued liabilities	19,037	6,159
Net increase (decrease) in school and sales taxes payable	1,418	592
Net increase (decrease) in customer deposits	(1,220)	3,120
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 1,132,330</u>	<u>\$ 1,026,196</u>

Accompanying notes to the financial statements are an integral part of this statement.

# **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

August 6, 2021

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

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

Dear Commissioner Keene:

Pursuant to the regulations of the Kentucky Public Service 807 KAR 5:001: Section 18(1)(g), please be advised that the Grayson 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:jlm  
Enclosures