

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**RECEIVED**  
JUN 25 2009  
PUBLIC SERVICE  
COMMISSION

In the matter of:

**APPLICATION OF THE GRAYSON COUNTY )  
WATER DISTRICT FOR A CERTIFICATE OF )  
PUBLIC CONVENIENCE AND NECESSITY )  
TO CONSTRUCT AND FINANCE A WATER )  
IMPROVEMENTS PROJECT PURSUANT TO )  
KRS 278.020 AND 278.300 )**

Case No. 2009 - 00238

**APPLICATION**

The Grayson County Water District (the "District"), by counsel, pursuant to KRS 278.020, petitions the Commission for a certificate of public convenience and necessity to construct a waterworks improvement project and finance said project. The following information is filed in accordance with the Commission's regulations:

1. The District's office address is P.O. Box 217, Leitchfield, Kentucky 42755. Its principal officers are listed in its 2008 Annual Report, which is on file with the Commission;
2. The District is a non-profit water district organized under KRS Chapter 74 and has no separate articles of incorporation or by-laws;
3. A description of the District's water system and its property stated at original cost by accounts is contained in its 2008 Annual Report, which is incorporated by reference pursuant to 807 KAR 5:001 Section (5)(5). All required normal financial schedules and other data are in the Annual Report;
4. The water project (the "Project") consists of the acquisition and installation of 2,500 radio read meters and appurtenances;

5. The Project is in the public interest and will improve the District's system and provide accuracy and timeliness in meter readings;
6. The total project cost is approximately \$385,000, as forth in the Sources and Uses of Funds attached hereto as **Exhibit "A"**;
7. No easements are necessary for the Project;
8. This service will not compete with any other utility in the area;
9. Based on these facts, the District believes that it is in the public interest that this certificate be granted and that the plan of financing be authorized;
10. Copies of the advertisement for bids, minutes authorizing the acquisition, and bid proposals are attached hereto as **Exhibit "B"**;
11. The following information is provided in response to 807 KAR 5:001 Section (8)(3);
  - a. *Articles of Incorporation* - None, the District is a statutorily created water district under KRS Chapter 74;
12. The following information is supplied to 807 KAR 5:001 Section (9)(2);
  - a. Facts relied upon to show that the Project is in the public interest: The Project will provide more accurate meter readings and expedite the time necessary by the District employees to read the meters;
  - b. No new franchises are required. No permits are required;
  - c. There are no diagrams of the proposed Project as it involves the acquisition and installation of radio read meters only;
  - d. Three (3) maps of suitable scale are not applicable in this case as the new radio read meters are replacing existing meters;

e. The construction costs will be funded from the proceeds of a loan in the approximate amount of \$385,000 from the Kentucky Rural Water Finance Corporation through its Flexible Term Program (see preliminary schedules of Morgan Keegan attached as **Exhibit “C”**);

f. The cost of operation of the system after Project completion will remain the same as the exchange of meters will have no affect on the cost of operation of the System;

13. The following information is provided as required by 807 KAR 5:001 Section (11)(1);

a. A general description of the property is contained in the 2008 Annual Report;

b. Financial information relating to the KRWFC Loan is contained in the Schedules referred to in paragraph 12(e) above;

c. All funds are to be used in accordance with the Sources and Uses of Funds, see Exhibit “A”;

d. No real property is being acquired in connection with this Project;

e. No proceeds of the KRWFC Loan will be used to refund outstanding obligations.

f. The KRWFC Loan will be secured by and paid out of the revenues of the District’s system.

14. The following exhibits are provided pursuant to 807 KAR 5:001 section (11)(2);

a. The District hereby requests and moves for a deviation, pursuant to 807 KAR 5:001, Section 14, from the requirements of 807 KAR 5:001, Section 6, which requires that the financial data filed with the Application be for a twelve (12) month period ending within ninety (90) days of the filing of the application. The District states that there has been no change that is material

in nature in the financial condition or operation of the District since December 31, 2008. The financial data filed herewith as **Exhibit "D"** is for the twelve (12) month period ending December 31, 2008. This is the most recent published financial data available. Because the Project has been bid, the District cannot run the risk of delaying the commencement of the Project and losing the favorable bids while more current financial data is compiled;

b. There are no trust deeds or mortgages applicable;

c. Maps and detailed plans are not applicable in this case. Detailed estimate of property acquired by USOA number is account #334 (meter and meter installations) - \$369,000;

15. District requests that it be granted a deviation under 807 KAR 5:001(14), if necessary to accommodate any situation where inflexible compliance with a regulation would be impracticable, onerous or which would hinder District's daily operations.

**WHEREFORE**, the Applicant, Grayson County Water District requests that the Public Service Commission of Kentucky grant to the Applicant the following:

- A. A certificate of public convenience and necessity permitting the Applicant to acquire and install a water system improvement project;
- B. An order approving the issuance of securities in the form of a loan from the Kentucky Rural Water Finance Corporation in the approximate amount of \$385,000.
- C. Applicant's motion for a deviation from the 90 day requirement for financial information as required by 807 KAR 5:001 Section (11)(2)(a).

Grayson County Water District

By John R. Jones  
Chairman

Rubin & Hays

By W. Randall Jones  
W. Randall Jones  
Kentucky Home Trust Building  
450 South Third Street  
Louisville, Kentucky 40202  
(502) 569-7525





Preliminary

**\$385,000**

Grayson County Water District  
Proposed Long Term Funding through the  
Kentucky Rural Water Finance Corporation

## Sources & Uses

Dated 06/01/2009 | Delivered 06/01/2009

### Sources Of Funds

Par Amount of Bonds	\$385,000.00
Reoffering Premium	1,184.85
<b>Total Sources</b>	<b>\$386,184.85</b>

### Uses Of Funds

Total Management Fees	2,887.50
Costs of Issuance	11,550.00
Deposit to Project Construction Fund	369,000.00
Rounding Amount	2,747.35
<b>Total Uses</b>	<b>\$386,184.85</b>

6/4/2009 | 6:01 PM





SPECIAL MEETING  
OF THE  
BOARD OF DIRECTORS  
OF THE  
GRAYSON COUNTY WATER DISTRICT

TIME: Tuesday, April 14, 2009

PLACE: Warren RECC Building in Leitchfield, Kentucky

PRESENT: DIRECTORS

OTHER

John Tomes  
Kirby Johnson  
Malcolm Purcell  
Nancy Cain

Kevin Shaw, Manager

**I. CALL TO ORDER**

Chairman John Tomes called the meeting to order.

**II. RADIO READ METER BIDS**

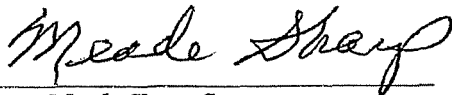
Manager Kevin Shaw presented the bids as submitted for the purchase of 2,500 Radio Read Meters and Endpoints and a Mobile Collection System. United Systems & Software Inc. submitted a bid of \$362,375.00, H.D. Supply Waterworks submitted a bid of \$354,123.00 and Consolidate Pipe & Supply Co. Inc. submitted a bid of \$426,999.42.

A motion was made by Kirby Johnson and seconded by Malcolm Purcell to award the bid to H.D. Supply Waterworks. Motion carried.

**III. ADJOURNMENT**

There being no further business or discussion; a motion was made by Kirby Johnson and seconded by Nancy Cain to adjourn.

Motion carried.



Meade Sharp, Secretary

REGULAR MEETING  
OF THE  
BOARD OF DIRECTORS  
OF THE  
GRAYSON COUNTY WATER DISTRICT

TIME: Monday, January 26, 2009

PLACE: Warren RECC Building in Leitchfield, Kentucky

PRESENT: DIRECTORS

John Tomes  
Kirby Johnson  
Malcolm Purcell  
Meade Sharp  
Nancy Cain

OTHER

Kevin Shaw, Manager  
Stacy Johnson, Customer Service Representative  
Tom Goff, County Attorney  
Matt Baker, Cann-Tech, LLC

I. CALL TO ORDER

Chairman John Tomes called the meeting to order.

II. MINUTES

A motion was made by Malcolm Purcell and seconded by Meade Sharp that the minutes of the meeting of the Board of Directors held on December 22, 2008 be approved as distributed.

Motion carried.

III. OPERATING REPORT

A motion was made by Kirby Johnson and seconded by Meade Sharp to approve the Operating Report as distributed.

Motion carried.

IV. WRITE OFF'S

A motion was made by Nancy Cain and seconded by Malcolm Purcell to approve \$ 1965.87 of uncollectible consumer debt to be written off.

Motion carried.

A motion was made by Malcolm Purcell and seconded by Kirby Johnson to pursue filing with the Public Service Commission to increase the Consumer Deposit from \$50.00 to \$100.00.

Motion carried.

V. WHOLESALE RATE INCREASE

Matt Baker with Cann-Tech presented the Joint Report on Wholesale Water Rate Calculation and proposed wholesale rate increase submitted by The City of Leitchfield. The wholesale rate would increase from \$1.82 to \$1.95.

A motion was made by Nancy Cain and seconded by Meade Sharp to accept the report as submitted.

Motion carried.

A motion was made by Kirby Johnson and seconded by Malcolm Purcell to file a PWA with The Public Service Commission to recover the exact amount of the increase imposed by the city.

Motion carried.

VI. RED FLAG POLICY

A motion was made by Kirby Johnson and seconded by Nancy Cain to adopt the Federal Mandated Red Flag Policy to assist in identifying fraud.

Motion carried.

VII. RADIO READ METERS

A motion was made by Kirby Johnson and seconded by Nancy Cain to approve purchasing an additional 2500 Itron Radio Read Meters.

Motion carried.

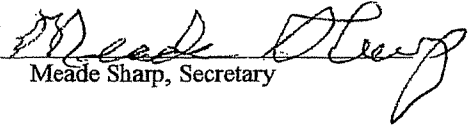
VIII. OTHER

Manager Kevin Shaw reported that two Certificates of Deposit had matured. After receiving quotes from three banks \$150,000.00 will be transferred into two Certificates with two different banks at a rate of 3.9 %.

IX. ADJOURNMENT

There being no further business or discussion; a motion was made by Kirby Johnson and seconded by Malcolm Purcell to adjourn.

Motion carried.

  
Meade Sharp, Secretary

THE AMBASSADOR SUBDIVISION  
Subdivision in Grayson  
County.

Mark and Deborah  
Butler of Leitchfield con-  
veyed to Glenda L. Siev-  
ers, also of Leitchfield, a  
parcel of land on Tilfen  
Street in Leitchfield.

Faulkner Construction  
LLC of Louisville con-  
veyed to Rajiv Johar of  
Central City two parcels  
of land on Taylor Fork of  
Bear Creek in Grayson  
County.

Hugh McBeath  
Haycraft, as executor of  
the estate of Naomi B.  
Haycraft, conveyed to  
Marian E. Sims of  
Leitchfield a lot in the  
Quail Run Subdivision.

Mervin D. and Betty  
Preston of Caneyville  
deeded to Leslie Alan  
Hughes of Leitchfield a  
lot in Prestige Estates.

James W. and Mary  
Geneva Blair of  
Louisville deeded to  
Robert Blair, also of  
Louisville, a lot in Camp  
Wetline East in Gray-  
son County.

Donnie R. and Kim L.  
Logsdon conveyed to

conveyed to Geoffrey  
and Cynthia Smith of  
Leitchfield four lots in  
the Concord Point  
Subdivision.

Venturino B. and  
Isabel La Rocca of  
Clarkson deeded to Judy  
C. and Walter L. Wynn  
of Louisville a parcel of  
land on Rock Creek in  
Grayson County.

Jewell Haynes of  
Leitchfield conveyed to  
Leon Harrison, also of  
Leitchfield, a lot in the  
Green Lawn Addition of  
Leitchfield.

Brenda Studer, of Big  
Clifty conveyed to Larry  
and Drenda Hodge, also

of Leitchfield conveyed  
to James Lish, also of  
Leitchfield, a parcel of  
land in the Dogwood  
Subdivision.

Danny Constant and  
Lisa Payton of  
Leitchfield conveyed to  
Warren Rural Electric  
Cooperative of Bowling  
Green a parcel of land in  
the Annetta community  
of Grayson County.

Benny Robert and  
Carolyn Sue Lindsey of  
Leitchfield deeded to  
Jason R. and Cassandra  
R. Harden, also of  
Leitchfield, a lot in the  
South community of  
Grayson County.

#### ATTENTION COMCAST CUSTOMERS

Effective April 15, 2009, Music Choice is making changes to its music channel line-up to better serve the evolving music interests of its diverse nationwide audience.

Music Choice will add several new music channels that will appeal to its growing audience, will consolidate similar channels with comparable music and will change the name of a few channels to more clearly identify the featured music. In addition, to make room for more channels, the less popular music channels will no longer be offered.

A printer-friendly copy of the new channel line-up, along with details on the channel additions and changes, FAQ's, and a link to an online comments form can be found at [www.musicchoice.com/channelchange](http://www.musicchoice.com/channelchange).

**Comcast**

#### ADVERTISEMENT FOR BIDS PURCHASE RADIO READ METER EQUIPMENT GRAYSON COUNTY WATER DISTRICT APRIL 2009

Sealed proposals for the following materials will be received by the Grayson County Water District at 113 South Lee Avenue, Leitchfield, Kentucky 42755-0217 until 2:00 PM CST on April 2, 2009, for furnishing materials as set forth in this advertisement for Bids and Specifications prepared by Cann-Tech, LLC, 1100 Glensboro Road Parkview Center, Suite 9, Lawrenceburg, KY 40342.

Immediately following the scheduled closing time for the receipt of bids, all proposals, which have been submitted in accordance with the above conditions, will be publicly opened and read aloud. Specifications and Contract Documents may be examined at the following locations:

Grayson County Water District Warren RECC Building 113 South Lee Avenue Leitchfield, Kentucky 42755-0217	Cann-Tech, LLC 1100 Glensboro Road Parkview Center, Suite 9 Lawrenceburg, Kentucky 40342
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Or may be obtained from Cann-Tech, LLC, 1100 Glensboro Road Parkview Center, Suite 9, Lawrenceburg, Kentucky 40342 upon receipt of a non-refundable payment as follows:

Sealed proposals for the contract shall be clearly marked on the outside of the container as follows:

Sealed proposal for Radio Read Meter Equipment for Grayson County Water District Not to be opened until 2:00 PM CST on April 2, 2009.

If forwarded by mail, the sealed envelope containing the proposal must be enclosed in another envelope and mailed to the Grayson County Water District, 113 South Lee Avenue, Leitchfield, Kentucky 42755-0217 allowing sufficient time for such mailing to reach the address prior to the scheduled closing time for the receipt proposals.

The Grayson County Water District reserves the right to reject all and all bids received and to waive any formalities and any bid that is obviously unbalanced may be rejected.

Bidders must comply with the President's Executive Order 11246 and 11375, which prohibit discrimination in employment regarding race, creed, color, sex, or national origin. Bidders must COMPLY WITH Title VI of the Civil Rights Act of 1964, the Anti-Kickback Act, Section 3 Segregated Facilities, Section 109 and Contract Work Hours Standard Act.

**Agency**  
Real Estate, Inc.

**259-3132**

100 E. White Oak St.  
Leitchfield, KY  
42754

Visit our website@  
[www.agencyrealestate.com](http://www.agencyrealestate.com)

We Are "SOLD" on  
Grayson County

## Radio Read Meter Bids

### C.I Thornburg

Meters	\$ 108.00	
Endpoints		
Mobile Collector		

### Consolidated Pipe

Meters	\$ 80.64	
Endpoints	\$ 82.07	162.7 \$ 406,775.00
Mobile Collector	\$ 20,224.42	
<b>Total Bid</b>		<b>\$ 426,999.42</b>

### United Systems

Meters	\$ 74.85	
Endpoints	\$ 56.90	131.8 \$ 329,375.00
Mobile Collector	\$ 33,000.00	
<b>Total Bid</b>		<b>\$ 362,375.00</b>

### H.D. Waterworks

Meters	\$ 71.58	
Endpoints	\$ 56.80	128.4 \$ 320,950.00
Mobile Collector	\$ 33,173.00	
<b>Total Bid</b>		<b>\$ 354,123.00</b>

### Construction Site Services

Meters		
Endpoints		
Mobile Collector		

BID SCHEDULE

No.	Item	Quantity	Unit	Unit Price	Total
1	Endpoint	2,500	EA	No Bid	No Bid
2	Meter	2,500	EA	108.00	270,000.00
3	Mobile Collection System MC3	1	EA	No Bid	No Bid

TOTAL BID PRICE (Sum of items 1 through 3) \$ 270,000.00

Bid Price to include shipping to Grayson County Water District.

The C. I. Thornburg Co., Inc.  
 (Name of Corporation, Partnership, Individual)

908 Searcy Way Bowling Green, Ky 42103  
 (Business Address)

04-02-09  
 (Date)

PHONE 270-843-0852 FAX 270-780-9894  
 (Phone and FAX Number)

[Signature]  
 (Agent's Signature)

SALES REPRESENTATIVE  
 (Title)

**BID SCHEDULE**

No.	Item	Quantity	Unit	Unit Price	Total
1	Endpoint	2,500	EA.	56.80	142,000.00
2	Meter	2,500	EA.	71.58	178,950.00
3	Mobile Collection System MC3	1	EA.	33,173.00	33,173.00

**TOTAL BID PRICE (Sum of items 1 through 3)**      \$ 354,123.00

Bid Price to include shipping to Grayson County Water District.

HD Supply WATERWORKS

(Name of Corporation, Partnership, Individual)

3352 INDUSTRIAL DR. BOWLING GREEN, KY. 42101

(Business Address)

04-01-09

(Date)



(Agent's Signature)

270-783-8721 - 270-783-8723

(Phone and FAX Number)

CSR

(Title)



**BID SCHEDULE**

No.	Item	Quantity	Unit	Unit Price	Total
1	Endpoint	2,500	EA.	56.90	142,250 <sup>00</sup>
2	Meter	2,500	EA.	74.85	187,125 <sup>00</sup>
3	Mobile Collection System MC3 <i>W/ 2 DAYS TRAINING</i>	1	EA.	33,000 <sup>00</sup>	33,000 <sup>00</sup>

**TOTAL BID PRICE (Sum of items 1 through 3)**      \$ 362,375<sup>00</sup>

**Bid Price to include shipping to Grayson County Water District.**

UNITED SYSTEMS & SOFTWARE, INC.  
(Name of Corporation, Partnership, Individual)

205 ASH ST, BENTON, KY 42025  
(Business Address)

04/01/09  
(Date)

270-527-3293 270-527-3132  
(Phone and FAX Number)

*Scott W. Smith*  
(Agent's Signature)

TERRITORY MANAGER  
(Title)

**BID SCHEDULE**

No.	Item	Quantity	Unit	Unit Price	Total
1	Endpoint	2,500	EA.	82.07	205,175. <sup>00</sup>
2	Meter	2,500	EA.	80.64	201,600. <sup>00</sup>
3	Mobile Collection System MC3	1	EA.	20,224.42	20,224.42

**TOTAL BID PRICE (Sum of items 1 through 3)**      \$ 426,999.42

**Bid Price to include shipping to Grayson County Water District.**

Consolidated Pipe & Supply Co., Inc  
 (Name of Corporation, Partnership, Individual)

768 Interstate Drive, Bowling Green, KY 42101  
 (Business Address)

4-1-09  
 (Date)

270-393-8311 / 270-393-8451  
 (Phone and FAX Number)

*M L S A*  
 (Agent's Signature)

Branch Manager  
 (Title)



Preliminary

**\$385,000**

Grayson County Water District  
Proposed Long Term Funding through the  
Kentucky Rural Water Finance Corporation

## Sources & Uses

Dated 06/01/2009 | Delivered 06/01/2009

### Sources Of Funds

Par Amount of Bonds	\$385,000.00
Reoffering Premium	1,184.85

<b>Total Sources</b>	<b>\$386,184.85</b>
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### Uses Of Funds

Total Management Fees	2,887.50
Costs of Issuance	11,550.00
Deposit to Project Construction Fund	369,000.00
Rounding Amount	2,747.35

<b>Total Uses</b>	<b>\$386,184.85</b>
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6/4/2009 | 6:01 PM

Preliminary

**\$385,000**

Grayson County Water District  
Proposed Long Term Funding through the  
Kentucky Rural Water Finance Corporation

## Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
06/01/2009	-	-	-	-	-
01/01/2010	-	-	7,882.29	7,882.29	-
07/01/2010	25,000.00	3.000%	6,756.25	31,756.25	39,638.54
01/01/2011	-	-	6,381.25	6,381.25	-
07/01/2011	30,000.00	3.000%	6,381.25	36,381.25	42,762.50
01/01/2012	-	-	5,931.25	5,931.25	-
07/01/2012	30,000.00	3.000%	5,931.25	35,931.25	41,862.50
01/01/2013	-	-	5,481.25	5,481.25	-
07/01/2013	30,000.00	3.000%	5,481.25	35,481.25	40,962.50
01/01/2014	-	-	5,031.25	5,031.25	-
07/01/2014	30,000.00	3.250%	5,031.25	35,031.25	40,062.50
01/01/2015	-	-	4,543.75	4,543.75	-
07/01/2015	30,000.00	3.500%	4,543.75	34,543.75	39,087.50
01/01/2016	-	-	4,018.75	4,018.75	-
07/01/2016	30,000.00	3.500%	4,018.75	34,018.75	38,037.50
01/01/2017	-	-	3,493.75	3,493.75	-
07/01/2017	35,000.00	3.500%	3,493.75	38,493.75	41,987.50
01/01/2018	-	-	2,881.25	2,881.25	-
07/01/2018	35,000.00	3.750%	2,881.25	37,881.25	40,762.50
01/01/2019	-	-	2,225.00	2,225.00	-
07/01/2019	35,000.00	4.000%	2,225.00	37,225.00	39,450.00
01/01/2020	-	-	1,525.00	1,525.00	-
07/01/2020	35,000.00	4.000%	1,525.00	36,525.00	38,050.00
01/01/2021	-	-	825.00	825.00	-
07/01/2021	40,000.00	4.125%	825.00	40,825.00	41,650.00
<b>Total</b>	<b>\$385,000.00</b>	<b>-</b>	<b>\$99,313.54</b>	<b>\$484,313.54</b>	<b>-</b>

### Yield Statistics

Bond Year Dollars	\$2,677.08
Average Life	6.953 Years
Average Coupon	3.7097665%

Net Interest Cost (NIC)	3.7733674%
True Interest Cost (TIC)	3.7655942%
Bond Yield for Arbitrage Purposes	3.6392927%
All Inclusive Cost (AIC)	4.2845731%

### IRS Form 8038

Net Interest Cost	3.6769538%
Weighted Average Maturity	6.911 Years

6/4/2009 | 6:01 PM

Preliminary

**\$385,000**

Grayson County Water District  
Proposed Long Term Funding through the  
Kentucky Rural Water Finance Corporation

## Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Net New D/S
07/01/2009	-	-	-	-	-
07/01/2010	25,000.00	3.000%	14,638.54	39,638.54	39,638.54
07/01/2011	30,000.00	3.000%	12,762.50	42,762.50	42,762.50
07/01/2012	30,000.00	3.000%	11,862.50	41,862.50	41,862.50
07/01/2013	30,000.00	3.000%	10,962.50	40,962.50	40,962.50
07/01/2014	30,000.00	3.250%	10,062.50	40,062.50	40,062.50
07/01/2015	30,000.00	3.500%	9,087.50	39,087.50	39,087.50
07/01/2016	30,000.00	3.500%	8,037.50	38,037.50	38,037.50
07/01/2017	35,000.00	3.500%	6,987.50	41,987.50	41,987.50
07/01/2018	35,000.00	3.750%	5,762.50	40,762.50	40,762.50
07/01/2019	35,000.00	4.000%	4,450.00	39,450.00	39,450.00
07/01/2020	35,000.00	4.000%	3,050.00	38,050.00	38,050.00
07/01/2021	40,000.00	4.125%	1,650.00	41,650.00	41,650.00
<b>Total</b>	<b>\$385,000.00</b>	<b>-</b>	<b>\$99,313.54</b>	<b>\$484,313.54</b>	<b>\$484,313.54</b>

6/4/2009 | 6:01 PM

Morgan Keegan & Company, Inc.  
Public Finance

Preliminary

**\$385,000**

Grayson County Water District

Proposed Long Term Funding through the  
Kentucky Rural Water Finance Corporation

## Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
07/01/2010	Serial Coupon	3.000%	1.400%	25,000.00	101.713%	25,428.25
07/01/2011	Serial Coupon	3.000%	1.950%	30,000.00	102.132%	30,639.60
07/01/2012	Serial Coupon	3.000%	2.350%	30,000.00	101.921%	30,576.30
07/01/2013	Serial Coupon	3.000%	2.680%	30,000.00	101.228%	30,368.40
07/01/2014	Serial Coupon	3.250%	3.020%	30,000.00	101.074%	30,322.20
07/01/2015	Serial Coupon	3.500%	3.220%	30,000.00	101.533%	30,459.90
07/01/2016	Serial Coupon	3.500%	3.420%	30,000.00	100.497%	30,149.10
07/01/2017	Serial Coupon	3.500%	3.620%	35,000.00	99.163%	34,707.05
07/01/2018	Serial Coupon	3.750%	3.820%	35,000.00	99.464%	34,812.40
07/01/2019	Serial Coupon	4.000%	4.010%	35,000.00	99.914%	34,969.90
07/01/2020	Serial Coupon	4.000%	4.180%	35,000.00	98.413%	34,444.55
07/01/2021	Serial Coupon	4.125%	4.310%	40,000.00	98.268%	39,307.20
<b>Total</b>	-	-	-	<b>\$385,000.00</b>	-	<b>\$386,184.85</b>

### Bid Information

Par Amount of Bonds	\$385,000.00
Reoffering Premium or (Discount)	1,184.85
Gross Production	\$386,184.85
Total Underwriter's Discount (0.750%)	\$(2,887.50)
Bid (99.558%)	383,297.35
Total Purchase Price	\$383,297.35
Bond Year Dollars	\$2,677.08
Average Life	6.953 Years
Average Coupon	3.7097665%
Net Interest Cost (NIC)	3.7733674%
True Interest Cost (TIC)	3.7655942%

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**Morgan Keegan & Company, Inc.**  
Public Finance





**GRAYSON COUNTY WATER DISTRICT  
STATEMENTS OF NET ASSETS  
DECEMBER 31, 2008 AND 2007**

	DECEMBER 31,	
	2008	2007
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents		
Operation and maintenance	\$ 15,723	\$ 5,342
Revenue	0	19,894
Accounts receivable		
Customer accounts receivable, net of allowance for uncollectibles of \$85,382 and \$73,267	111,984	90,567
Accounts receivable – WRECC	45,207	43,475
Unbilled revenue	117,097	145,329
Prepaid insurance	17,645	17,073
Inventory	163,133	175,151
<b>TOTAL CURRENT ASSETS</b>	470,789	496,831
<b>NON-CURRENT ASSETS</b>		
Restricted cash and cash equivalents		
Bond and note sinking funds	606,520	536,242
Depreciation fund	482,820	511,801
Special projects	1,347	1,490
Note receivable – City of Leitchfield	78,874	83,266
Capital assets		
Land and land rights	224,236	231,635
Construction in progress	0	646,774
Utility plant and lines	26,144,882	25,133,129
Utility equipment and other	593,788	590,772
Less: Accumulated depreciation	(5,947,001)	(5,394,265)
<b>TOTAL NON-CURRENT ASSETS</b>	22,185,466	22,340,844
<b>TOTAL ASSETS</b>	\$ 22,656,255	\$ 22,837,675

(CONTINUED)

	<b>DECEMBER 31,</b>	
	<u>2008</u>	<u>2007</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Cash overdraft	\$ 14,357	\$ 0
Accounts payable	56,218	52,976
Accounts payable - WRECC	230,861	135,314
School and sales taxes payable	7,279	7,062
Interest payable from restricted assets	188,823	193,303
Interest payable – Customer deposits	659	607
Customer deposits	41,336	51,034
Current portion of long-term debt	455,853	444,521
<b>TOTAL CURRENT LIABILITIES</b>	<u>995,386</u>	<u>884,817</u>
<b>NON-CURRENT LIABILITIES</b>		
Bonds and loans payable	11,543,727	11,988,270
Less: Bond issue costs, net of amortization of \$15,284 and \$11,463	(68,784)	(72,605)
Less: Current portion of long-term debt	(455,853)	(444,521)
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>11,019,090</u>	<u>11,471,144</u>
<b>TOTAL LIABILITIES</b>	<u>12,014,476</u>	<u>12,355,961</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	9,540,962	9,292,380
Restricted for debt service	606,520	536,242
Restricted for depreciation reserves	482,820	511,801
Restricted for special projects	1,347	1,490
Unrestricted	10,130	139,801
<b>TOTAL NET ASSETS</b>	<u>10,641,779</u>	<u>10,481,714</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 22,656,255</u>	<u>\$ 22,837,675</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 ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

	<b>DECEMBER 31,</b>	
	<b>2008</b>	<b>2007</b>
<b>OPERATING REVENUES</b>		
<b>METERED SALES</b>		
Residential	\$ 2,156,315	\$ 2,311,268
Commercial	360,659	386,777
Agriculture	51,828	45,843
Resale	80,426	83,592
<b>TOTAL METERED SALES</b>	2,649,228	2,827,480
<b>FORFEITED DISCOUNTS</b>	51,345	51,943
<b>MISCELLANEOUS SERVICE REVENUE</b>	46,551	129,309
<b>TOTAL OPERATING REVENUES</b>	2,747,124	3,008,732
 <b>OPERATING EXPENSES</b>		
<b>PURCHASED WATER</b>	340,849	315,716
<b>SUPPLY AND PUMPING EXPENSE</b>		
Purchased power	18,699	18,694
Materials and supplies	1,107	2,761
Insurance	8,818	8,716
Transportation	3,778	3,695
Miscellaneous	4,615	0
Contractual services	41,007	41,047
<b>TOTAL SUPPLY AND PUMPING EXPENSE</b>	78,024	74,913
<b>WATER TREATMENT EXPENSE</b>		
Purchased power	46,165	50,911
Materials and supplies	106,583	117,070
Insurance	8,818	8,716
Transportation	1,253	677
Miscellaneous	5,797	2,558
Contractual services	144,626	113,338
Professional services	13,097	12,827
<b>TOTAL WATER TREATMENT EXPENSE</b>	326,339	306,097
<b>GENERAL DISTRIBUTION EXPENSE</b>		
Materials and supplies	108,447	54,704
Insurance	8,818	8,716
Transportation	27,692	28,577
Miscellaneous	2,250	799
Contractual services	240,951	224,538
Professional services	26,272	0
<b>TOTAL GENERAL DISTRIBUTION EXPENSE</b>	414,430	317,334

(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 ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

	<b>DECEMBER 31,</b>	
	<b>2008</b>	<b>2007</b>
<b>MAINTENANCE EXPENSE</b>		
Transportation	\$ 11,212	\$ 4,174
Contractual services	136,691	136,822
Distribution	460	2,427
Services	15,061	3,506
Meters and hydrants	0	0
<b>TOTAL MAINTENANCE EXPENSE</b>	<b>163,424</b>	<b>146,929</b>
<b>CUSTOMER ACCOUNTS EXPENSE</b>		
Bad debt expense	12,593	6,041
Materials and supplies	6,755	60,311
Transportation	19,780	21,384
Miscellaneous	3,261	23,238
Contractual services	140,359	164,186
Customer records	78,605	75,240
<b>TOTAL CUSTOMER ACCOUNTS EXPENSE</b>	<b>261,353</b>	<b>350,400</b>
<b>ADMINISTRATIVE AND GENERAL EXPENSE</b>		
Materials and supplies	14,552	11,379
Insurance	6,799	9,788
Transportation	1,784	1,163
Miscellaneous	29,768	28,713
Contractual services	183,357	180,884
Professional services	24,156	11,835
<b>TOTAL ADMINISTRATIVE AND GENERAL EXPENSE</b>	<b>260,416</b>	<b>243,762</b>
<b>AMORTIZATION EXPENSE</b>	3,821	3,821
<b>DEPRECIATION EXPENSE</b>	552,737	532,088
<b>TOTAL OPERATING EXPENSES</b>	<b>2,401,393</b>	<b>2,291,060</b>
<b>OPERATING INCOME (LOSS)</b>	<b>345,731</b>	<b>717,672</b>
 <b>NONOPERATING REVENUES (EXPENSES)</b>		
Miscellaneous income	24,343	19,314
Interest income	27,341	33,383
Interest expense	(430,660)	(439,578)
PSC taxes	(4,823)	(4,511)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(383,799)</b>	<b>(391,392)</b>
 <b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	<b>(38,068)</b>	<b>326,280</b>
 <b>CAPITAL CONTRIBUTIONS</b>		
Grant income	75,754	386,597
Contributions in aid of construction	122,379	(4,464)
<b>TOTAL CAPITAL CONTRIBUTIONS</b>	<b>198,133</b>	<b>382,133</b>
<b>CHANGE IN NET ASSETS</b>	160,065	708,413
<b>TOTAL NET ASSETS – BEGINNING</b>	<b>10,481,714</b>	<b>9,773,301</b>
<b>TOTAL NET ASSETS – ENDING</b>	<b>\$ 10,641,779</b>	<b>\$10,481,714</b>

(CONCLUDED)

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, 2008 AND 2007**

	DECEMBER 31,	
	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 2,752,207	\$ 2,956,579
Payments to suppliers	(946,398)	(929,957)
Payments for contractual services	(788,202)	(865,963)
Other receipts (payments)	53	(31,831)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>1,017,660</b>	<b>1,128,828</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	0	0
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Grant proceeds	75,754	386,597
Proceeds from capital debt	0	1,350,000
Principal repayment of capital debt	(444,543)	(1,760,100)
Capital contributions	122,379	(4,464)
Purchases of capital assets	(360,597)	(544,924)
Miscellaneous income	24,343	19,314
Interest paid on capital debt	(430,660)	(439,578)
Increase (decrease) in interest payable – Customer deposits	52	(3,261)
Increase (decrease) in interest payable from restricted assets	(4,480)	126,528
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(1,017,752)</b>	<b>(869,888)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	27,341	33,383
Decrease in note receivable – City of Leitchfield	4,392	4,743
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>31,733</b>	<b>38,126</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	31,641	297,066
<b>BALANCES – BEGINNING OF YEAR</b>	<b>1,074,769</b>	<b>777,703</b>
<b>BALANCES – END OF YEAR</b>	<b>\$ 1,106,410</b>	<b>\$ 1,074,769</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 345,731	\$ 717,672
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	552,737	532,088
Amortization expense	3,821	3,821
Payment of PSC taxes	(4,823)	(4,511)
Changes in assets and liabilities:		
Net (increase) decrease in accounts receivable	(23,149)	(18,778)
Net (increase) decrease in unbilled revenue	28,232	(33,375)
Net (increase) decrease in prepaid insurance	(572)	479
Net (increase) decrease in inventory	12,018	(60,762)
Net increase (decrease) in cash overdraft	14,357	0
Net increase (decrease) in accounts payable	98,789	19,514
Net increase (decrease) in school and sales taxes payable	217	229
Net increase (decrease) in customer deposits	(9,698)	(27,549)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 1,017,660</b>	<b>\$ 1,128,828</b>

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