

**JOINT REPORT ON 2023  
WHOLESALE WATER RATE CALCULATION  
FOR WATER PURCHASED BY  
GRAYSON COUNTY WATER DISTRICT  
FROM THE CITY OF LEITCHFIELD**

**Prepared for**

**Leitchfield Utilities Commission and Grayson County Water District**

**by**

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**April 2023**

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## I INTRODUCTION

The purpose of this Report is to determine the wholesale rate to be charged by the Leitchfield Utilities Commission (Commission) for water purchased by the Grayson County Water District (District). Computations made in preparation of this Report were in accordance with the procedures outlined in an engineering document entitled WHOLESALE WATER RATE STUDY FOR WATER PURCHASED BY GRAYSON COUNTY WATER DISTRICT FROM CITY OF LEITCHFIELD - MARCH, 1988 hereinafter referred to as the March 1988 Joint Report. This Report is prepared as a joint effort between Jeremey Woosley/Kyle Cannon representing the Grayson County Water District, and Matthew Baker, P.E. representing the City of Leitchfield/Leitchfield Utilities Commission.

The introduction section of the March 1988 Joint Report states that *"computations made during this study are in strict conformance with the governing document which is the Agreed Judgment in Civil Action No. 82-CI-123 dated August 15, 1983"*. The Agreed Judgment incorporates a Resolution adopted by the District on July 7, 1985, and the City on August 4, 1983. The Resolution states that the determination of the next rate will be based on the revised contract dated April 11, 1978, and shall be made by one engineer appointed by the District and one engineer appointed by the Commission and the rate computations shall use actual expense figures shown in the audit report."

The findings and recommendations of the March 1988 Joint Report were ratified by the District and the Commission in a Supplement Agreement. Among several provisions included in the Supplement Agreement, a provision that states, *"Future rate calculations shall be made in accordance with the Joint Resolution using the methods, assumption, and procedures described and used in the Joint Report"* was included.

For reference purposes, the following documents are applicable to this wholesale rate review. For brevity, only the Audit for the year ending June 30, 2022 is included in the document.

- Leitchfield Utilities Commission's Audit for year ending June 30, 2022;
- Agreed Judgment in Civil Action #82-CI-123 dated August 15, 1983 including adopting resolution by the District on July 7, 1985 and by the Commission date August 15, 1983;
- March 1988 Joint Report;

- The Supplement Agreement that was agreed to by parties subsequent to the acceptance of the March 1988 Joint Report;
- December 1993 Joint Report;
- The Second Supplement Agreement that was agreed to by the parties subsequent to the acceptance of the December 1993 Joint Report; and
- The June 4, 1997 Wholesale Water Rate Calculation based on the Joint Resolution as well as provisions of the Second Supplement Agreement.

The procedures used to calculate the wholesale water rate in this Engineering Report are in conformance with the procedures and methods contained in the March 1988 Joint Report and as modified by the Second Supplement Agreement. In accordance therewith, the District's rate is based on its proportional share of expenses incurred by the Commission related to treatment, pumping, storage, and transmission to the District including:

<b>COST COMPONENT</b>	<b>ALLOCATION AS PER</b>
1. OPERATION & MAINTENANCE	JOINT RESOLUTION / JOINT REPORT
2. GENERAL & ADMINISTRATIVE	JOINT RESOLUTION / JOINT REPORT
3. DEBT SERVICE FOR:	
A. Facilities existing prior to the execution of the Second Supplement Agreement	JOINT RESOLUTION / JOINT REPORT
B. Facilities constructed after the execution of the Second Supplement Agreement	PARAGRAPH 4 OF THE SECOND SUPPLEMENT AGREEMENT
C. Facilities constructed after the execution of the Second Supplement Agreement	PARAGRAPH 5 OF THE SECOND SUPPLEMENT AGREEMENT
4. REPLACEMENT COSTS	JOINT RESOLUTION / JOINT REPORT

This Report presents details on the various computations for each of these broad expense categories. The period for this Report is from July 1, 2021 to June 30, 2022. As indicated above, a copy of Leitchfield Utilities Commission's audit for this period is included in the Appendix of this Report. That audit was prepared by Taylor, Polson & Company, PSC of Glasgow, Kentucky.

## II GALLONS OF WATER PUMPED

As stated in the March 1988 Joint Report, the determination of the total gallons of water to be used as the divisor in a rate structure is a key element in determining an equitable rate. During the course of preparing the March 1988 Joint Report, the respective engineers agreed to a specific definition of the term *“total pumped at the City’s WTP”* as used in the 1978 contract. As set forth in that report, *“Total pumped at the City’s WTP”* is taken to mean the total quantity pumped from the WTP and available for sale to the District.

Listed below is the total water sold by the City; total water pumped by the City; total water purchased by the District for the year ending June 30, 2020.

### Water System Sales and Pumped Flow Amounts

Fiscal Year Jul - 2021 to Jun - 2022

Month	Total Sales	Water Pumped	District Purchases
Jul-21	35,815,188	53,430,619	12,643,500
Aug-21	38,480,618	53,456,853	14,614,000
Sep-21	35,909,202	50,409,026	14,677,800
Oct-21	36,705,599	49,365,857	11,528,700
Nov-21	32,520,423	49,591,705	13,448,000
Dec-21	33,301,087	49,041,843	13,165,000
Jan-22	32,357,724	50,467,395	12,284,300
Feb-22	33,934,728	47,391,121	14,709,400
Mar-22	35,603,884	53,034,372	10,828,600
Apr-22	33,147,737	51,770,892	11,635,500
May-22	34,698,066	55,044,890	13,852,300
Jun-22	<u>38,409,335</u>	<u>57,815,751</u>	<u>16,326,500</u>
Total	420,883,591	620,820,324	159,713,600
		Unaccounted Water =	199,936,733
		Unaccounted Water Percentage =	32.21%
		16 % Allowance for "Unaccounted for Water" =	99,331,251.84
		Adjusted Water Pumped (16 percent Unaccounted Amount) =	521,489,072.16

It was further agreed in the March 1988 Joint Report that if the Commission’s *“Unaccounted for Water”* exceeds 16 percent of *“Water Produced for Sale”*, the *“Total Pumped”* shall be calculated as if *“Unaccounted for Water”* equals 16 percent of *“Water Produced for Sale”*. Therefore, since the Commission’s *“unaccounted for water”* amount is greater than 16 percent, the divisor for calculating the wholesale rate shall equal 521,489,072.16 gallons for the year ending June 30, 2022. This amount equates to the total *“water pumped”* less an *“unaccounted for water”* amount of 16 percent of total *“water pumped”*.

### III OPERATIONS AND MAINTENANCE

**Table No. 1** below presents the general ledger's operation and maintenance accounts for the years ending June 30, 2022. The costs are grouped in the categories listed in the audit reports prepared by Taylor, Polson & Company, PSC<sup>1</sup> and are arranged in columns according to whether they apply to facilities and operations which benefit both the City and the District (Joint Use) or those primarily benefiting only the City's retail customers (City Only). As set forth in the March 1988 Joint Report, the determination of "Joint Use" was based on whether the expenses were related to treatment, pumping, storage, and transmission to the District.

**Table No. 1**  
**Water System Operation & Maintenance Expenses<sup>1</sup>**  
**Leitchfield Utilities Commission**  
 (Year Ending June 30, 2022)

Account Name	Joint Use	City Only	Total
<b>Labor</b>			
Labor - Water		\$211,110	\$211,110
Water Plant Labor	\$360,026		\$360,026
SUBTOTALS	\$360,026	\$211,110	\$571,136
<b>Power &amp; Pumping</b>			
Electric at Water Plant	\$155,604	\$2,328	\$157,932
Electric for Raw Water Intake	\$99,742	\$0	\$99,742
Water Tower Electric	\$2,048	\$0	\$2,048
Electric at Water Plant House	\$1,704	\$0	\$1,704
SUBTOTALS	\$259,098	\$2,328	\$261,426
<b>Purification Supplies</b>			
Water Plant Chemicals	\$217,088	\$0	\$217,088
Water Plant Lab Supplies	\$27,492	\$0	\$27,492
Water Plant Monitoring/Lab Svcs	\$12,880	\$0	\$12,880
SUBTOTALS	\$257,460	\$0	\$257,460
<b>Supplies/Repairs/Services</b>			
Water Tower Expense & Maint	\$2,924	\$0	\$2,924
Line & Meter R&M	\$438	\$102,044	\$102,482
Materials for Water Installation	\$0	\$8,190	\$8,190
Utilities/Security Expense	\$2,899	\$979	\$3,878
SUBTOTALS	\$6,261	\$111,213	\$117,474
TOTALS	\$882,845	\$324,651	\$1,207,498 <sup>2</sup>

### III OPERATIONS AND MAINTENANCE

<sup>1</sup> supplemental data provided by Sabrina Whitaker, City of Leitchfield - included in the Appendix of this document

<sup>2</sup> Audit Page 44

#### IV GENERAL OPERATING AND ADMINISTRATIVE COSTS

The Supplemental Schedule Section of the 2022 Audit Report contains a tabulation of the general operating and administration expenses for the water system. Using this information and using the procedures established in previous "Joint Report", including the discussions and notes to Table 2 in the March 1988 Report, the allocation of general and administrative expenses to "Joint Use" is as follows:

**Table 2**  
**General Operating and Administrative Expense Allocations**  
**Leitchfield Utilities Commission \***  
 (Year Ending June 30, 2022)

Account Name	Audited Amount	Water System Amount	Percent Joint Use	Joint Use Amount
Insurance	\$85,073	\$34,029	50.00%	\$17,014
Legal & Accounting	\$53,342	\$17,703	0.89%	\$158**
Miscellaneous	\$10,638	\$3,724	63.04%	\$2,348
Office Supplies	\$70,833	\$26,738	0.89%	\$238**
Salaries - Commissioners	\$29,001	\$9,859	20.00%	\$1,972
Group Insurance	\$330,537	\$110,072	63.04%	\$69,389
Salaries - Others	\$309,267	\$103,578	20.00%	\$20,716
Retirement, taxes, others	\$794,619	\$340,873	63.04%	\$214,886
Workers Compensation	\$27,340	\$10,731	63.04%	\$6,765
Rents	\$54,929	\$18,414	0.89%	\$164**
Telephone	\$27,329	\$10,566	20.00%	\$2,113
General Operating	\$373,432	\$131,223	0.89%	\$1,168**
Totals	\$2,166,340	\$817,520		\$336,931

\* See Table A-1 for calculation of labor related percentages. Data Provided by Sabrina Whitaker, City of Leitchfield

\*\* Joint use percentage for these expenses are calculated in accordance with the formula set out in Note 1 to Table 2 in the March 1988 Joint Report: (district meters/total meters)x(adjusted water pumped/district purchases)  
 2022: (8/2927)x(521,489,072.16/159,713,600) = .89%

## V DEBT SERVICE

### A. Debt Service for Facilities existing before the Second Supplement Agreement

Debt of water facilities existing prior to the adoption of the Second Supplement Agreement has been retired.

### B. Debt Service for Facilities under Paragraph 4 of the Second Supplement Agreement

In the Second Supplement Agreement, the method for payment of the 1995 Bond Issue was outlined in paragraph 4 of that Agreement. As opposed to the variable debt service percentage for debt on facilities existing before the Second Supplement Agreement, the debt percentage for the 1995 Revenue Bonds are fixed.

Listed below in **Table 3** is a determination of the debt percentage applicable to the District as set forth in paragraph 4 of the Second Supplement Agreement and as contained in the Joint Report dated June 4, 1997. **Table A-2** contains an allocation of water treatment costs and is included in the Appendix of this Report.

**Table 3**  
**Allocation of 1995 Combined Utilities Revenue Bonds**  
**Leitchfield Utilities Commission**

	Final Cost	Allocation to District	District Amount
Contract A - Transmission Main	\$947,899	26.00%	\$246,454
Contract B - Transmission Main	\$587,315	26.00%	\$152,702
Contract C - Water Treatment Plant (See Table A-2)	\$685,892	31.46%	\$215,782
Raw Water Intake Facility	\$351,500	26.00%	\$91,390
Easement Costs for Water Transmission Mains	\$4,925	26.00%	\$1,281
SUBTOTAL - Construction Related Items	\$2,577,531		\$707,608
District's Average Percentage of Construction		27.45%	
Other Project Costs			
Engineering Fees	\$248,592		
Net Interim Financing (KLC)	\$109,650		
Raw Water Intake Interim Financing	\$9,257		
Legal Fees	\$20,155		
SUBTOTAL - Other Project Costs	\$387,654		
Percent of Other Project Costs Allocated to District		27.45%	
Amount of Other Project Costs Allocated to District			\$106,422.38
Total Project Costs	\$2,965,185		\$814,030
Original Loan Amount	\$2,880,000		
Percentage of Loan Allocated to District		28.26%	

This debt was refinanced in 2014 with 2014 Revenue Bonds. Listed below is a partial listing of the annual debt service costs for the 2014 Revenue Bonds and the 28.26 percent allocation to the District. The allocation of this debt service costs to the District is fixed and does not change with changes in flows. However, as requested by the District's engineer in 1995, this debt or expense is divided by the amount of water purchased by the District to obtain a per 1,000 gallon rate. At that time, the District requested this portion of the rate be stated in terms of a per 1,000 gallon rate to facilitate the approval process from the Kentucky Public Service Commission.

**Table 4**  
**Debt Service Allocation for 2014 Revenue Bonds**  
**Leitchfield Utilities Commission**

<b>Year</b>	<b>Total</b>	<b>District's Allocation</b>
2020	\$144,415	\$40,812
2021	\$142,915	\$40,388
2022	\$141,075	\$39,868
2023	\$143,930	\$40,675
2024	\$141,592	\$40,014

**C. Debt Service for Facilities under Paragraph 5 of the Second Supplement Agreement**

In 2012, the Leitchfield Utilities System issued revenue bonds in the aggregate principal amount of \$2,710,000, consisting of \$1,960,000 Series A bonds and \$750,000 Series B bonds for the construction of the raw water intake system to replace of the original Phase 1 raw water intake system for the water treatment plant. The capacity of this raw water intake system is 5.0 MGD of which 0.95 MGD of the total 5.0 MGD capacity is allocated to the District. Accordingly, 19 percent (0.95/5.0) of the debt service costs is allocated to the District. Listed below in **Table 5** is a summary of the annual debt service costs for the Series 2012A and 2012B bonds and the amount allocated to the District.

**Table 5**  
**Debt Service for Series 2012A & 2012B**

<b>Year Ending June 30,</b>	<b>2012 A</b>	<b>2012B</b>	<b>Total</b>	<b>Allocation to the District</b>
2020	\$69,285	\$27,884	\$97,169	\$ 18,462
2021	\$69,605	\$28,094	\$97,699	\$ 18,563
2022	\$69,905	\$27,794	\$97,699	\$ 18,563
2023	\$70,185	\$27,650	\$97,835	\$ 18,589
2024	\$70,445	\$27,845	\$98,290	\$ 18,675

#### D. Debt Service for Facilities under Paragraph 5 of the Second Supplement Agreement

In 2019, the Leitchfield Utilities System issued revenue bonds in the aggregate principal amount of \$10,103,000, consisting of \$5,564,000 Series A bonds and \$4,539,000 Series B bonds for the construction of the new water treatment plant (WTP). The capacity of the WTP is 4.0 MGD of which 0.95 MGD of the total 4.0 MGD capacity is allocated to the District. Accordingly, 23.75 percent (0.95/4.0) of the debt service costs is allocated to the District. Listed below in **Table 6** is a summary of the annual debt service costs for the Series 2019A and 2019B bonds and the amount allocated to the District.

Table 6				
Debt Service for Series 2019A & 2019B				
Year Ending June 30,	2019 A	2019B	Total	Allocation to the District
2020	\$0	\$0	\$0	\$ 0
2021	\$132,480	\$107,508	\$239,988	\$ 56,997
2022	\$194,672	\$159,050	\$353,722	\$ 84,009
2023	\$194,940	\$158,632	\$353,572	\$ 83,973
2024	\$194,172	\$159,198	\$353,370	\$ 83,925

#### VI REPLACEMENT COSTS

Included in the March 1988 Joint Report was a tabulation of items taken from the depreciation schedule of the Commission. These types of items were selected in the March 1988 Joint Report to be included for joint participation based on *"a review of individual transactions to verify benefits both to the District and City"*. Previous Joint Reports have updated these items to reflect additional items and remove those items completely depreciated."

A summary of the depreciation schedule for joint use facilities not covered by bonded debt is contained in **Table 7**, which is included in the Appendix of this Report. As presented therein, the joint participation costs are \$60,970.96 for the year ending June 30, 2022.

## VII SUMMARY AND RATE COMPUTATIONS

**Table 8** presents a summary of the expenses considered in this study and the actual computation of the wholesale water rate applicable to the District for the year ending June 30, 2022. The divisor (521,489,072.16 gallons) in the rate computation is the total quantity water as discussed in Section II entitled Gallons of Water Pumped and 159,713,600 gallons as the annual amount purchased by the District during year ending June 30, 2022.

**Table 8**  
**Summary of Expense Allocations and Rate Computation**  
(Year Ending June 30, 2022)

Expense Category	Joint Use Allocation	Divisor	Rate Per 1,000 Gals
Operation & Maintenance	\$882,845	521,489,072.16	\$1.693
General & Administrative	\$336,931	521,489,072.16	\$0.646
Replacement Cost	\$55,054.42	521,489,072.16	\$0.106
Debt Service <sup>-1</sup>	\$39,868	159,713,600	\$0.250
Debt Service <sup>-2</sup>	\$18,563	159,713,600	\$0.116
Debt Service <sup>-3</sup>	<u>\$84,009</u>	159,713,600	<u>\$0.526</u>
Totals	\$1,417,270.42		\$3.337

<sup>-1</sup> Debt Service under Paragraph 4 of the Second Supplement Agreement (Section B)

<sup>-2</sup> Debt Service under Paragraph 5 of the Second Supplement Agreement (Section C)

<sup>-3</sup> Debt Service under Paragraph 4 of the Second Supplement Agreement (Section D)



## APPENDIX

## **APPENDIX 1**

**Tables A-1, A-2, and 7**

**Table No. A-1**  
**Summary of Direct Labor Expenses**  
**Leitchfield Utilities Commission**  
 (Year Ending June 30, 2022)

Utility	Amount	Percent
Water	\$ 571,136	36%
Sewer	\$ 439,225	38%
Gas	\$ 220,727	14%
Commission	\$ 29,000	2%
Admin	\$ 309,267	20%
	<hr/>	<hr/>
	\$ 1,569,355	100%
Water	Amount	Percent
Water System	\$ 211,110	36.96%
Water Plant	\$ 360,026	63.04%
	<hr/>	<hr/>
	\$ 571,136	100%

**Table No. A-2**  
**Contract C - Water Treatment Plant Additions and Modifications**

			Distribution of Contractor's Breakdown to Contract's Capacity Allocations				
Items and Amounts of Contractor's Breakdown			Common	Raw Water	Settling	Filter	Backwash
			Const. Items	Main	Basin		Retention
							Facilities
Bonds and Insurance	\$38,000		\$38,000				
Supervision	\$36,000		\$36,000				
Mobilization	\$4,000		\$4,000				
Lagoon Expansion	\$22,000						\$22,000
Structure Cut Filter Bldg.	\$8,000					\$8,000	
Final Grade	\$2,000		\$2,000				
Bituminous Paving	\$4,000		\$4,000				
Seeding	\$3,000		\$3,000				
Concrete: Filter Bldg.	\$65,000					\$65,000	
Precast Roof Filter Bldg	\$2,800					\$2,800	
Masonry: Filter Bldg.	\$15,000					\$15,000	
Misc. Metals	\$6,000		\$6,000				
Membrane Roofing Filter Bldg.	\$5,000					\$5,000	
Hollow Metal Doors\Frames	\$1,200					\$1,200	
Windows	\$1,200					\$1,200	
Painting	\$10,000		\$10,000				
Elevator	\$25,445		\$25,445				
Electric	\$59,655		\$59,655				
Exterior Ductile Iron Piping	\$52,622					\$52,622	
Interior Ductile Iron Piping	\$12,000						\$12,000
Raw Water Line	\$63,000			\$63,000			
Valves	\$10,000						\$10,000
Filter Equipment	\$53,000					\$53,000	
Instrumentation & Filter Valves	\$160,000					\$160,000	
Tube Settlers	\$23,550				\$23,550		
Sub-total	\$682,472						
Amount of Unit Price Items 2 thru 5	\$58,050						
Amount of Unit Price Items 6 thru 9	\$10,450						
Amount of Original Bid	\$750,972						
Items and amount added by Change Order 2							
Emergency Overflow Pipe for Lagoon	\$1,413						\$1,413
Reroute Chlorine thru Building (Safety Prob.)	\$507		\$507				
Insulation of Filter Influent Pipe	\$1,500					\$1,500	
Subtotal	\$3,420						
Amount deleted by change orders 1 & 2	\$68,500						
Final Contract Amount	\$685,892	\$188,607					
Total of Allocated Cost	\$497,285			\$63,000	\$23,550	\$365,322	\$23,413
Percent of Allocated Cost to \$497,285				12.67%	4.74%	73.46%	4.71%
Cost to be Prorated	\$188,607						
Summary of Prorated Cost				\$23,897	\$8,940	\$138,551	\$8,883
Totals of Allocated Costs	\$685,892			\$86,897	\$32,490	\$503,873	\$32,296
Percent to be Allocated to District				26.00%	35.20%	31.70%	35.20%
Construction Cost Allocated to District	\$215,804			\$22,593	\$11,436	\$159,728	\$11,368

**Table 7**  
**Leitchfield Utilities System**  
**Schedule of Utilities System Depreciation**  
**6/30/2022**

Description	Joint Use					Prior	Current	Joint
	Cost	Cost	Percent	Method	Rate/Yrs			
Renovated Old Tower - 1978	46,705.00	-	0.00%	SL	0.100	46,705.00	-	-
1981-82	137,863.31	51,919.32	37.66%	SL	0.030	137,863.31	-	-
Emergency Pump - 1982	13,642.00	13,642.00	100.00%	SL	0.030	13,642.00	-	-
Pump Install - 1982	5,746.00	5,746.00	100.00%	SL	0.030	5,746.00	-	-
Blast & Paint Tower	3,450.00	3,450.00	100.00%	SL	0.030	3,450.00	-	-
Electric Check Valves, 7-82	3,593.01	3,593.01	100.00%	SL	0.030	3,593.01	-	-
Pumps Installed, 5-82	8,911.80	8,911.80	100.00%	SL	0.030	8,867.12	-	-
Lightning Damage	7,570.61	7,570.61	100.00%	SL	0.030	7,513.89	-	-
Motor Repair, 5-84	1,836.30	1,836.30	100.00%	SL	0.025	1,704.40	85.99	85.99
Water Lines, 6-84	14,225.96	14,225.96	100.00%	SL	0.020	10,551.44	284.52	284.52
1984 Installations	14,026.72	14,026.72	100.00%	SL	0.030	14,026.72	-	-
1984-85 Expenditures Capitalized	24,095.45	-	0.00%	SL	0.030	24,094.45	-	-
1985-86 Expenditures Capitalized	16,479.71	2,076.44	12.60%	SL	0.030	16,479.71	-	-
1985-86 Const Capitalized	99,251.41	12,505.68	12.60%	SL	0.020	71,461.08	1,985.03	250.11
1985-86 Account Additions	33,085.29	4,168.75	12.60%	SL	0.020	23,821.56	661.71	83.38
1986-87 Capitalization	58,854.83	11,770.97	20.00%	SL	0.020	54,146.60	1,177.10	235.42
1987-88 Account Additions	35,168.65	7,033.73	20.00%	SL	0.020	23,914.58	703.37	140.67
1987-88 Capitalized Expenses	17,233.52	3,446.70	20.00%	SL	0.020	11,718.78	344.67	68.93
1988-89 Additions	84,368.29	16,873.66	20.00%	SL	0.020	55,683.21	1,687.37	337.47
1988-89 Capitalized Expenses	25,002.05	5,000.41	20.00%	SL	0.020	16,501.32	500.04	100.01
1990-91 Additions	91,258.04	18,251.61	20.00%	SL	0.040	91,258.04	-	-
1990-91 Capitalized Expenses	13,406.16	2,681.23	20.00%	SL	0.040	13,406.16	-	-
1990-91 Water Tower	359,219.15	359,219.15	100.00%	SL	0.020	241,935.68	7,184.38	7,184.38
1991-1992 Capitalized Expenses	13,142.81	2,628.56	20.00%	SL	0.040	13,142.81	-	-
1991-1992 Additions	19,886.47	3,977.29	20.00%	SL	0.040	19,886.47	-	-
97-98 high svc vertical motor repairs	6,413.72	6,413.72	100.00%	SL	0.100	6,413.72	-	-
98-99 repair to to high service pump	5,512.21	5,512.21	100.00%	SL	0.100	5,512.21	-	-
99-00 raw water pump repair	18,757.00	18,757.00	100.00%	SL	0.100	18,757.00	-	-
00-01 Rebuild pump	10,696.00	10,696.00	100.00%	SL	0.100	10,696.00	-	-
01-02 Roof-water plant	15,740.00	15,740.00	100.00%	SL	0.040	12,277.20	629.60	629.60
02-03 Flocculator shafts/seals	9,447.00	9,447.00	100.00%	SL	0.100	9,447.00	-	-
02-03 Pump - seal packing	3,228.00	3,228.00	100.00%	SL	0.100	3,228.00	-	-
02-03 Painting water towers	526,103.17	526,103.17	100.00%	SL	0.040	389,316.40	21,044.13	21,044.13
04-05 WTP Filter Cells	6,403.50	6,403.50	100.00%	SL	0.100	6,403.50	-	-
04-05 Raw Water Pump	14,410.00	14,410.00	100.00%	SL	0.100	14,410.00	-	-
04-05 125HP pump	7,392.70	7,392.70	100.00%	SL	0.100	7,392.70	-	-
05-06 High service pump WTP	13,589.00	13,589.00	100.00%	SL	0.100	13,589.00	-	-
05-06 3 phase electric WTP	15,800.00	15,800.00	100.00%	SL	0.100	15,800.00	-	-
05-06 WTP high service pump #2	13,886.00	13,886.00	100.00%	SL	0.100	13,886.00	-	-
05-06 High service pump WTP	9,933.50	9,933.50	100.00%	SL	0.100	9,933.50	-	-

The above items were included in the rate analysis that was performed for the FY ending June 30, 2006

subtotal	30,444.62
----------	-----------

06-07 Clearwell Baffling	87,021.77	87,021.77	100.00%	SL	40.000	31,545.33	2,175.54	2,175.54
06-07 WTP Filter Media Renovations	47,110.22	47,110.22	100.00%	SL	10.000	47,110.22	-	-
06-07 WTP Water Pump	21,560.00	21,560.00	100.00%	SL	10.000	21,560.00	-	-
06-07 WTP Wireless Scada	14,258.00	14,258.00	100.00%	SL	10.000	14,258.00	-	-
06-07 Raw Water Intake Motor Repairs	5,426.00	5,426.00	100.00%	SL	10.000	5,426.00	-	-
06-07 Scada for Sunbeam Tank	7,293.75	7,293.75	100.00%	SL	10.000	7,293.75	-	-
06-07 Fence for Sunbeam Tank	7,650.00	7,650.00	100.00%	SL	10.000	7,650.00	-	-

The above items were included in the rate analysis that was performed for the FY ending June 30, 2008

subtotal	32,620.16
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**Table 7 (Continued)**  
**Leitchfield Utilities System**  
**Schedule of Utilities System Depreciation**  
**6/30/2022**

Description	Joint Use		Percent	Method	Rate/Yrs	Prior	Current	Joint
	Cost	Cost						
High Energy Pump - WTP	13,796.00	13,796.00	100.00%	SL	10.000	13,796.00	-	-
Spectrophotometer	6,447.95	6,447.95	100.00%	SL	7.000	6,447.95	-	-
Water Plant Tube Settlers	55,576.00	55,576.00	100.00%	SL	10.000	55,576.00	-	-
Water Plant Electrical Upgrades / Modifications	103,494.82	103,494.82	100.00%	SL	40.000	29,323.53	2,587.37	2,587.37

The above items were included in the rate analysis that was performed for the FY ending June 30, 2010

subtotal	35,207.53
----------	-----------

Lagoon Pump - Taul Equipment	15,900.00	15,900.00	100.00%	SL	10.000	15,767.50	132.50	132.50
Lilac Road (Jr Foods) Water Tower Improvements	5,588.00	5,588.00	100.00%	SL	10.000	5,494.87	93.13	93.13
WTP - Generators for Back Up Power (CDBG Grant)	209,398.75	209,398.75	100.00%	SL	20.000	97,719.44	10,469.94	-
WTP House Repairs (Storm Damage)	5,520.46	5,520.46	100.00%	SL	10.000	5,014.45	506.01	506.01
WTP - Motor for Raw Water Pump #2	8,872.00	8,872.00	100.00%	SL	10.000	8,058.69	813.31	813.31

The above items were included in the rate analysis that was performed for the FY ending June 30, 2014

subtotal	36,752.48
----------	-----------

Add'l WTP - Raw Water Intake Costs	40,013.31	40,013.31	100.00%	SL	40.000	3,501.16	1,000.33	1,000.33
Layne Christensen - Rebuild WTP HS Pump #1	18,164.00	18,164.00	100.00%	SL	10.000	2,573.23	1,816.40	1,816.40

The above items were included in the rate analysis that was performed for the FY ending June 30, 2017

subtotal	39,569.21
----------	-----------

Sludge truck (Contrib Capital) Split w/ WTP/WWTP	56,899.00	56,899.00	100.00%	SL	0.020	23,897.58	1,137.98	1,137.98
1990-91 Water Tower (Contrib Capital)	13,050.00	13,050.00	100.00%	SL	0.020	5,481.00	261.00	261.00
FmHA Water Tank Grant (Contrib Cap)	83,030.69	83,030.69	100.00%	SL	0.020	34,872.81	1,660.61	-
96-97 Water intake completion	63,000.00	63,000.00	100.00%	SL	0.040	61,740.00	1,260.00	1,260.00
Water Tower-HTI, Inc - Replace Telemetry at School St	10,500.00	10,500.00	100.00%	SL	40.000	1,225.00	262.50	262.50
WTP-Radios for SCADA System	7,300.00	7,300.00	100.00%	SL	10.000	2,798.33	730.00	730.00
WTP - Dixie Chopper (XG2703-60) W/ Roll Bar	6,899.00	6,899.00	100.00%	SL	10.000	6,899.00	-	-
WTP High Service #3 Valve (CI Thornburg)	5,415.72	5,415.72	100.00%	SL	10.000	4,152.04	541.57	541.57
WTP New Starter (Heartland Electric)	6,375.00	6,375.00	100.00%	SL	10.000	2,284.38	637.50	637.50
WTP - High Service #1 New Motor 125 HP	10,891.00	10,891.00	100.00%	SL	10.000	7,986.73	1,089.10	1,089.10
WTP - Motor RW Pump 1 Old Int	10,974.00	10,974.00	100.00%	SL	10.000	7,316.00	1,097.40	1,097.40
WTP - New Lime Machine	11,719.20	11,719.20	100.00%	SL	10.000	7,519.82	1,171.92	1,171.92
WTP - Carbon Feeder Machine	13,803.55	13,803.55	100.00%	SL	10.000	8,397.19	1,380.36	1,380.36
WTP-TW-15 Tractor Purchased from City / PW	12,000.00	12,000.00	100.00%	SL	10.000	7,400.00	1,200.00	1,200.00
WTP/WWTP-Tanker Trailer VIN#9465	19,000.00	19,000.00	100.00%	SL	10.000	8,708.33	1,900.00	1,900.00

The above items were included in the rate analysis that was performed for the FY ending June 30, 2018

total	52,238.54
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WTP Cone Drive Gear Box	9,307.53	9,307.53	100.00%	SL	0.100	2,559.56	930.75	930.75
WTP Procat Mower	8,900.00	8,900.00	100.00%	SL	0.100	5,481.00	890.00	890.00
WTP Generator Repair at new intake	9,951.32	9,951.32	100.00%	SL	0.100	1,990.26	995.13	995.13

The above items were included in the rate analysis that was performed for the FY ending June 30, 2022

total	55,054.42
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## **APPENDIX 2**

**Leitchfield Utilities Commission's Audit for Year Ending June 30, 2022**

LEITCHFIELD UTILITIES SYSTEM  
(A COMPONENT UNIT OF  
CITY OF LEITCHFIELD, KENTUCKY)

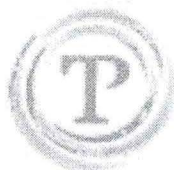
FINANCIAL STATEMENTS

JUNE 30, 2022

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### INDEPENDENT AUDITOR'S REPORT

To the Commission  
Leitchfield Utilities System  
Leitchfield, Kentucky

#### Report on the Audit of the Financial Statements

##### *Opinions*

We have audited the accompanying financial statements of the business-type activities and the major fund of the Leitchfield Utilities System, a component unit of the City of Leitchfield, Kentucky, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the major fund of the Leitchfield Utilities System, as of June 30, 2022, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

##### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Leitchfield Utilities System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

##### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Report on the Audit of the Financial Statements - Continued**

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension and OPEB information on pages 6 - 10 and 37 - 42 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and

To the Commission  
Leitchfield Utilities System

## **Report on the Audit of the Financial Statements - Concluded**

### ***Required Supplementary Information - Concluded***

comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Leitchfield Utilities System's basic financial statements. The supplementary schedule of expenses and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedule of expenses and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2023, on our consideration of the Leitchfield Utilities System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Leitchfield Utilities System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Leitchfield Utilities System's internal control over financial reporting and compliance.

*Jayfor, Polson & Company, PSC*

Certified Public Accountants

Glasgow, Kentucky

February 8, 2023

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2022

The Leitchfield Utilities System (System) offers readers of the System's financial statements this narrative overview and analysis of the financial activities of the System for the fiscal year ended June 30, 2022. Management's Discussion and Analysis should be read in conjunction with the financial statements.

In accordance with Governmental Accounting Standards Board Statement No. 34 (GASB 34), the System is presenting a comparative analysis. The GASB 34 format is intended to provide improved information to users.

### FINANCIAL HIGHLIGHTS

- Total assets of our business-type activities were approximately \$39.2 million at June 30, 2022, as compared to approximately \$37.2 million at June 30, 2021.
- Total revenues for the twelve months ended June 30, 2022, were approximately \$10.14 million, as compared to approximately \$6.85 million at June 30, 2021. Total revenues for the twelve months ended June 30, 2022, were comprised of approximately \$4.88 million of water revenues, \$1.92 million of sewer revenues, and \$3.34 million of gas revenues.
- Total expenses for all departments were approximately \$7.44 million for the twelve months ended June 30, 2022, as compared to \$6.9 million for the twelve months ended June 30, 2021. Total expenses for the twelve months ended June 30, 2022, were comprised of approximately \$2.41 million of water expenses, \$2.17 million of sewer expenses, and \$2.86 million of gas expenses.
- For the twelve months ended June 30, 2022, the System made approximately \$3.09 million in capital acquisitions comprised primarily of the following: improvements to the water system \$7,104, sewer system \$44,024, gas system \$8,369, equipment \$21,874, and construction in progress \$3.01 million.
- Total net position for the System at June 30, 2022, was approximately \$19.97 million as compared to approximately \$17.56 million at June 30, 2021.
- The System had a combined total net income of \$2,404,506 for the fiscal year ended June 30, 2022. The Statement of Cash Flows for the proprietary fund shows a net increase in cash and cash equivalents for the fiscal year ended June 30, 2022, of \$671. Please refer to the Statement of Cash Flows for a detailed explanation of the changes in cash flow.

### FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position are produced using the accrual method of accounting, which is similar to the accounting used by most private-sector companies. The accrual method of accounting reports revenues and expenses when they are incurred, regardless of when cash is received or paid.

The Statement of Net Position provides information on all assets and liabilities, with the difference reported as net position. The Statement of Revenues, Expenses, and Changes in Net Position reflects how the assets have changed through the fiscal year. Increases or decreases in assets over time are one indicator of whether the System's financial status is improving, stagnating, or deteriorating. Other non-financial factors should also be considered, such as changes in the condition of the System's infrastructure, to assess the overall financial status of the System.

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**FINANCIAL STATEMENTS - CONTINUED**

The net position for the fiscal years ended June 30, 2022 and 2021, is summarized as follows:

	<u>6-30-22</u>	<u>6-30-21</u>
<b>ASSETS</b>		
Current and Other Assets	4,650,725	4,523,468
Noncurrent Assets	7,569,746	7,729,306
Capital Assets, Net of Depreciation	<u>26,968,411</u>	<u>24,973,678</u>
<b>Total Assets</b>	<u>39,188,882</u>	<u>37,226,452</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>1,449,148</u>	<u>1,538,163</u>
<b>LIABILITIES</b>		
Current and Other Liabilities	747,035	1,088,060
Long-Term Liabilities	<u>18,749,036</u>	<u>19,800,412</u>
<b>Total Liabilities</b>	<u>19,496,071</u>	<u>20,888,472</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>1,174,760</u>	<u>313,450</u>
<b>NET POSITION</b>		
Invested in Capital Assets, Net of Related Debt	13,073,911	10,447,855
Restricted	7,569,746	7,729,305
Unrestricted (Deficit)	<u>( 676,458)</u>	<u>( 614,467)</u>
<b>Total Net Position</b>	<u>19,967,199</u>	<u>17,562,693</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2022**

**FINANCIAL STATEMENTS - CONTINUED**

A summary of revenues and expenses for the fiscal years ended June 30, 2022 and 2021, is as follows:

	<u>6-30-22</u>	<u>6-30-21</u>
<b>REVENUES</b>		
Operating Revenues	7,405,370	6,743,718
Non-Operating Revenues	<u>2,735,995</u>	<u>110,517</u>
<b>Total Revenues</b>	<u>10,141,365</u>	<u>6,854,235</u>
<b>EXPENSES</b>		
Operating Expenses	7,444,463	6,945,125
Non-Operating Expenses	<u>292,396</u>	<u>580,576</u>
<b>Total Expenses</b>	<u>7,736,859</u>	<u>7,525,701</u>
<b>TRANSFERS</b>	<u>-</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	<b>2,404,506</b>	<b>( 671,466)</b>
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>17,562,693</u>	<u>18,234,159</u>
<b>NET POSITION - END OF YEAR</b>	<u>19,967,199</u>	<u>17,562,693</u>

Total revenues increased from approximately \$6,900,000 for the fiscal year ended June 30, 2021, to approximately \$10,140,000 for the fiscal year ended June 30, 2022. The increase of approximately \$3,240,000, or 46.9%, is primarily from an increase in water and sewer revenues due to an increase in rates and receipt of \$2.7 million in grant funds. Total expenses were approximately \$7.7 million for the fiscal year ended June 30, 2022, as compared to \$7.5 million in the prior year.

The largest program in the business-type activity is the operation of a municipal natural gas system, which accounted for 43.6% of business-type expenses for the fiscal year ended June 30, 2022. The water system accounted for 30.6% and the sewer system accounted for 25.8% of business-type expenses for the fiscal year ended June 30, 2022.

In July 2002, the Grayson County Water District (District) began operating its own water treatment plant. The System completes a wholesale rate study biennially in order to review the rate charged to the District. The rate was increased by approximately 3.3% in February 2020.

The water system's operating revenue increased by approximately 2.27% for the fiscal year ended June 30, 2022, as compared to an increase of approximately 2.5% for the fiscal year ended June 30, 2021. The water system's operating expenses increased by 0.9% for the fiscal year ended June 30, 2022, as compared to an increase of 3.33% for the fiscal year ended June 30, 2021. The System regularly monitors the percentage of gallons produced versus sold. The System continually strives to reduce the difference in the number of gallons produced versus the number of gallons of water sold.

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2022**

**FINANCIAL STATEMENTS - CONCLUDED**

The sewer system's operating revenue increased by approximately 1.66% for the fiscal year ended June 30, 2022, as compared to an increase of approximately 10.73% for the fiscal year ended June 30, 2021. Operating expenses for the fiscal year ended June 30, 2022, decreased by approximately 0.48%, as compared to an increase of approximately 1.65% for the fiscal year ended June 30, 2021.

The gas system's operating revenue increased by approximately 21.89% for the fiscal year ended June 30, 2022, as compared to a decrease of approximately 2.5% for the fiscal year ended June 30, 2021. Additionally, the System has locked in a range of 60 - 75% of the System's projected natural gas load for January 2023 through June 2023, the upcoming heating season, at a weighted average price of \$2.84/Dth. The System purchases natural gas on a conservative basis in an effort to protect customers from major price increases. The System continually monitors the natural gas market and conditions in order to determine when natural gas should be purchased.

**OTHER ECONOMIC FACTORS**

As of June 30, 2022, the System had 2,485 residential, 424 commercial, and 19 industrial water customers. The Grayson County Water District is the only wholesale water customer. The System had 2,416 sewer customers and 2,297 natural gas customers. For the year ended June 30, 2022, the System had seen an increase in water customers by 5, a decrease in sewer customers by 10, and an increase in natural gas customers by 114.

**CAPITAL ASSETS**

All capital assets over \$5,000 are capitalized at cost and updated for additions and retirements during the year. Improvements are capitalized, but the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Depreciation expense is taken in amounts to spread the cost of the capital assets to operations over their estimated useful lives on the straight-line basis. Some of the additions to capital assets for the fiscal years ended June 30, 2022 and 2021, are as follows:

	<u>6-30-22</u>	<u>6-30-21</u>
Water System Improvements	7,104	40,714
Sewer System Improvements	13,695	35,770
Gas System Improvements	8,369	33,536
Vehicles	12,574	-
Equipment	39,630	248,730
Construction in Progress	3,013,844	4,911,959

Please refer to Note 5 for the schedule of additions and deletions to capital assets for the fiscal year ended June 30, 2022. Book values and applicable depreciation expense can also be found in Note 5.

**NET PENSION LIABILITY**

At June 30, 2022, per GASB Statement No. 68 and GASB Statement No. 71, the System reported a liability for its proportionate share of the net pension liability for CERS. The amount recognized by the System as its proportionate share of the net pension liability was \$3,518,030.

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONCLUDED  
FOR THE YEAR ENDED JUNE 30, 2022**

**NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY**

At June 30, 2022, per GASB Statement No. 75, the System reported a liability for its proportionate share of net OPEB liability for CERS. The amount recognized by the System as its proportionate share of the net OPEB liability was \$6,056,106.

**DEBT ADMINISTRATION**

Please refer to Note 6 for the schedule to amortize revenue bonds and notes payable outstanding as of June 30, 2022, including interest payments.

**CONTACTING THE LEITCHFIELD UTILITIES SYSTEM'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Leitchfield Utilities System's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Lori Woosley, City Clerk, P.O. Box 398, Leitchfield, Kentucky 42755-0398.

## BASIC FINANCIAL STATEMENTS - PROPRIETARY FUND

LEITCHFIELD UTILITIES SYSTEM  
(A COMPONENT UNIT OF CITY OF LEITCHFIELD, KENTUCKY)  
STATEMENT OF NET POSITION - PROPRIETARY FUND  
JUNE 30, 2022

	Enterprise Fund
<b>CURRENT ASSETS</b>	
Cash and Cash Equivalents	3,813,170
Trade Receivables, Net	324,682
Other Receivables	121,005
Accrued Interest Receivable	1,547
Prepaid Expenses	77,675
Deposits	700
Inventories - Supplies	311,946
<b>Total Current Assets</b>	<u>4,650,725</u>
<b>NON-CURRENT ASSETS</b>	
Restricted Cash and Cash Equivalents	7,569,746
Capital Assets	
Land and Construction in Progress	13,054,971
Other Capital Assets, Net of Depreciation	13,913,440
<b>Total Non-Current Assets</b>	<u>34,538,157</u>
<b>TOTAL ASSETS</b>	<u>39,188,882</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflows - Pension	770,303
Deferred Outflows - OPEB	678,845
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>1,449,148</u>
 <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	 <u>40,638,030</u>

	<u>Enterprise Fund</u>
<b>CURRENT LIABILITIES</b>	
Accounts Payable	248,501
Accrued Payroll	46,486
Accrued Vacation Payable	63,503
Accrued Interest Payable	46,768
Other Accrued Expenses	25,277
Current Portion of Long-Term Debt	<u>316,500</u>
<b>Total Current Liabilities</b>	<u>747,035</u>
<b>NON-CURRENT LIABILITIES</b>	
Bonds and Notes Payable	13,578,000
Customers' Deposit Liability	564,180
Net Pension Liability	3,518,030
Net OPEB Liability	1,056,106
Due on Sewer and Water Line Construction	<u>32,720</u>
<b>Total Non-Current Liabilities</b>	<u>18,749,036</u>
<b>TOTAL LIABILITIES</b>	<u>19,496,071</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflows - Pension	639,516
Deferred Inflows - OPEB	<u>535,244</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>1,174,760</u>
<b>NET POSITION</b>	
Invested in Capital Assets, Net of Related Debt	13,073,911
Restricted for Capital Outlay	5,098,978
Restricted for Debt Service	2,470,768
Unrestricted (Deficit)	<u>( 676,458)</u>
<b>TOTAL NET POSITION</b>	<u>19,967,199</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<u>40,638,030</u>

See accompanying notes to financial statements.

**LEITCHFIELD UTILITIES SYSTEM**  
**(A COMPONENT UNIT OF CITY OF LEITCHFIELD, KENTUCKY)**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Enterprise Fund			
	Water	Sewer	Gas	Total
<b>OPERATING REVENUES</b>				
Charges for Services	2,248,091	1,573,217	3,219,417	7,040,725
Miscellaneous Revenues	14,870	338,821	10,954	364,645
<b>Total Operating Revenues</b>	<b>2,262,961</b>	<b>1,912,038</b>	<b>3,230,371</b>	<b>7,405,370</b>
<b>OPERATING EXPENSES</b>				
System Operations	1,207,498	856,388	2,112,826	4,176,712
General Operating	131,223	137,402	104,807	373,432
General and Administrative	686,287	614,775	491,846	1,792,908
Depreciation	385,104	560,225	156,082	1,101,411
<b>Total Operating Expenses</b>	<b>2,410,112</b>	<b>2,168,790</b>	<b>2,865,561</b>	<b>7,444,463</b>
<b>OPERATING INCOME (LOSS)</b>	<b>( 147,151)</b>	<b>( 256,752)</b>	<b>364,810</b>	<b>( 39,093)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest Income	3,380	3,380	2,883	9,643
Gain on Sale of Assets	2,083	2,083	1,083	5,249
Grant Income	2,616,483	-	104,620	2,721,103
Interest Expense	( 287,346)	( 4,272)	-	( 291,618)
Debt Issuance Cost	( 778)	-	-	( 778)
Transfers	-	-	-	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>2,333,822</b>	<b>1,191</b>	<b>108,586</b>	<b>2,443,599</b>
<b>CHANGES IN NET POSITION</b>	<b>2,186,671</b>	<b>( 255,561)</b>	<b>473,396</b>	<b>2,404,506</b>
<b>NET POSITION - BEGINNING OF YEAR</b>				<b>17,562,693</b>
<b>NET POSITION - END OF YEAR</b>				<b>19,967,199</b>

See accompanying notes to financial statements.

LEITCHFIELD UTILITIES SYSTEM  
(A COMPONENT UNIT OF CITY OF LEITCHFIELD, KENTUCKY)  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Enterprise Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Customers	7,041,810
Cash Payments to Employees for Services	( 2,711,489)
Cash Payments to Suppliers for Goods and Services	( 3,072,727)
<b>Net Cash Provided by Operating Activities</b>	<u>1,257,594</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of Capital Assets	( 3,095,016)
Proceeds from Sale of Assets	5,249
Principal Paid on Debt	( 631,323)
Interest Paid on Debt	( 264,020)
Debt Issuance Cost	( 778)
Decrease in Due on Sewer and Water Line Construction	( 1,781)
Grant Income	2,721,103
Transfers	<u>-</u>
<b>Net Cash Used by Capital and Related Financing Activities</b>	<u>( 1,266,566)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Income	<u>9,643</u>
<b>Net Cash Provided by Investing Activities</b>	<u>9,643</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>671</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>11,382,245</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>11,382,916</u></u>

	<u>Enterprise Fund</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating Income (Loss)	( 39,093)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	1,101,411
Changes in Assets and Liabilities	
Receivables, Net	( 27,600)
Other Receivables	38,685
Prepaid Expenses	17,514
Deposits with Others	( 400)
Inventories - Supplies	4,061
Pension Deferred Outflows	127,396
OPEB Deferred Outflows	( 38,798)
Accounts Payable	29,412
Accrued Payroll	( 28,900)
Accrued Vacation Payable	( 10,877)
Other Accrued Expenses	( 85,099)
Customers' Deposit Liability	20,630
Net Pension Liability	( 502,694)
Net OPEB Liability	( 209,364)
Pension Deferred Inflows	565,755
OPEB Deferred Inflows	<u>295,555</u>
<b>Net Cash Provided by Operating Activities</b>	<b><u>1,257,594</u></b>

Cash and cash equivalents consisted of the following at the beginning and end of the year.

	<u>7-1-21</u>	<u>6-30-22</u>
Cash	3,652,939	3,813,170
Restricted Cash	<u>7,729,306</u>	<u>7,569,746</u>
	<b><u>11,382,245</u></b>	<b><u>11,382,916</u></b>

See accompanying notes to financial statements.

**LEITCHFIELD UTILITIES SYSTEM  
(A COMPONENT UNIT OF CITY OF LEITCHFIELD, KENTUCKY)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Leitchfield Utilities System (Utilities System or System) is a discretely presented component unit of the City of Leitchfield, Kentucky (City). The System is governed by a five-member utility commission, consisting of the Mayor of Leitchfield, Kentucky, and four other members appointed and approved by the Mayor and City Council. The System provides water, sewer, and natural gas services to residents of Leitchfield, Kentucky, and surrounding areas.

The basic financial statements of the Leitchfield Utilities System have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the System's accounting policies are described below.

**Reporting Entity**

The basic financial statements are those of the Leitchfield Utilities System and do not represent the operations of the City of Leitchfield, Kentucky. The System is presented as a discrete component unit of the City of Leitchfield, Kentucky. The City of Leitchfield, Kentucky, prepares its own financial statements, which may be obtained at Leitchfield City Hall, P.O. Box 398, Leitchfield, Kentucky 42755-0398.

**Fund Accounting**

The Leitchfield Utilities System is classified by the Governmental Accounting Standards Board as a proprietary fund. Proprietary funds are used to account for operations (a) that are primarily financed by user charges and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. This proprietary fund uses the economic resources measurement focus and the accrual basis of accounting. The revenues are recognized when they are earned, and the expenses are recognized when they are incurred.

**Due from/to Primary Government**

Amounts owed between the primary government (City) and its component unit (System) are classified as "due from/to primary government" on the Statement of Net Position. At year-end, the System reported no amount due to the primary government, and no amount due from the primary government.

**Accounts Receivable**

Trade receivables are shown net of an allowance for uncollectible accounts of \$10,318. Portions of the trade accounts receivable in excess of sixty days comprise the allowance for uncollectible accounts. Accounts over five years old are written off.

LEITCHFIELD UTILITIES SYSTEM  
(A COMPONENT UNIT OF CITY OF LEITCHFIELD, KENTUCKY)  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

**Inventories**

The inventories are composed of supplies used for routine maintenance and repairs and are valued at cost using the FIFO (first in-first out) method or market, whichever is lower.

**Prepaid Expenses**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

**Capital Assets**

The accounting and reporting treatment applied to capital assets associated with a fund are determined by its measurement focus.

All capital assets over \$5,000 are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. Improvements are capitalized, but the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

Depreciation is provided in the proprietary fund in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis. The service lives by type of asset are as follows:

Equipment	5-10 Years
Site Improvements	7-40 Years
Buildings	7-40 Years
Furniture and Equipment	7-20 Years
Distribution Systems	10-50 Years

**Deferred Outflows and Inflows of Resources**

As defined by GASB Concept Statement No. 4, *Elements of Financial Statements*, deferred outflows of resources and deferred inflows of resources are the consumption of net position by the government that are applicable to a future reporting period and an acquisition of net position by the government that are applicable to a future reporting period, respectively.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Utilities System currently has two types of deferred outflows of resources: The Utilities System reports *deferred pension and OPEB charges* in its Statement of Net Position in connection with its participation in the County Employee Retirement System. These *deferred pension and OPEB charges* are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

LEITCHFIELD UTILITIES SYSTEM  
(A COMPONENT UNIT OF CITY OF LEITCHFIELD, KENTUCKY)  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2022

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Deferred Outflows and Inflows of Resources - Concluded**

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Utilities System currently has two types of deferred inflows of resources: The Utilities System reports *deferred pension and OPEB credits* in its Statement of Net Position in connection with its participation in the County Employee Retirement System. These *deferred pension and OPEB credits* are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

**Net Position**

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets less accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on the use either through enabling legislation adopted by the System or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments. Unrestricted net position are those assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**Pensions**

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note 8 and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The Utilities System recognizes a net pension liability for the pension plans in which it participates, which represents the Utilities System's proportionate share of a cost-sharing multiple-employer plans, measured as of the Utilities System's fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

**Other Postemployment Benefits Plan**

In government-wide financial statements, OPEBs are required to be recognized and disclosed using the accrual basis of accounting (see Note 9 and required supplementary information immediately following the notes to the financial statements for more information), regardless of the

**LEITCHFIELD UTILITIES SYSTEM  
(A COMPONENT UNIT OF CITY OF LEITCHFIELD, KENTUCKY)  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONCLUDED**

**Other Postemployment Benefits Plan - Concluded**

amount recognized as OPEB expenditures on the modified accrual basis of accounting. The Utilities System recognizes a net OPEB liability for the OPEB insurance plan in which it participates, which represents the Utilities System's proportionate share of a cost-sharing multiple-employer plan, measured as of the Utilities System's fiscal year-end. Changes in the net OPEB liability during the period are recorded as OPEB expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net OPEB liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified OPEB plan and recorded as a component of OPEB expense beginning with the period in which they are incurred. Projected earnings on qualified OPEB plan investments are recognized as a component of OPEB expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of OPEB expense on a closed basis over a five-year period beginning with the period in which the differences occurred.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**2. CONCENTRATION OF CREDIT RISK**

The System provides water, sewer, and natural gas services to a diverse group of customers. The number and relatively small size of most accounts should prevent credit problems of any single customer creating a hardship on the System's cash flow. Two exceptions are that three industrial customers account for approximately one-fifth of the System's gross charges for services, and the Grayson County Water District purchased approximately \$452,000 of water (19% of the water system's operating revenues) for the year ended June 30, 2022. Also, the Utilities System customers are mostly in the Leitchfield, Kentucky, and surrounding area, and its business is subject to the general economic conditions of a single community.

**3. BUDGETARY PROCEDURES AND BUDGETARY ACCOUNTING**

The System follows these procedures in establishing budgetary data.

Normally prior to June 30, the Chairman submits to the Utilities Commission a proposed operating budget for the proprietary fund for the fiscal year commencing July 1. The operating budget includes proposed expenses and the means for financing them. Deficit budgets are contrary to state law. Public hearings are conducted to obtain citizen comments on the proposed budget and the budget is legally adopted along with other funds through passage of an appropriation ordinance by the City Council.

**LEITCHFIELD UTILITIES SYSTEM  
(A COMPONENT UNIT OF CITY OF LEITCHFIELD, KENTUCKY)  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2022**

**3. BUDGETARY PROCEDURES AND BUDGETARY ACCOUNTING - CONCLUDED**

Actual expenses and operating transfers may not legally exceed "budget" appropriations at the individual fund level. Budgetary control, however, is maintained at the department level. Appropriations lapse at the close of the fiscal year to the extent that they have not been expended.

**4. CASH AND CASH EQUIVALENTS**

The Utilities System considers cash and cash equivalents to be cash on hand, demand deposits, and certificates of deposit.

At June 30, 2022, the reported amount of the Utilities System's bank deposits was \$11,375,378 and the bank balance was \$11,509,324. The System also had \$7,538 of cash on hand at year end.

Custodial credit risk is the risk that in the event of a bank failure, the System's deposits may not be returned to it. The System does not have a deposit policy for custodial credit risk. At year end, deposits of the System were either insured or collateralized with securities pledged to the System by the custodial banks.

**Restricted Assets**

The System has restricted cash to satisfy various legal requirements established by bond ordinance or agreements. Construction accounts are reserved for specific construction projects.

**Investments**

Pursuant to the requirements of KRS 66.480, the Leitchfield Utilities System adopted a policy that governs investments of the System's funds. It is the policy of the System to invest public funds in a manner which will provide the highest investment return with the maximum security of principal while meeting the daily cash flow demands of the System and conforming to all state statutes and the City of Leitchfield regulations governing the investment of public funds.

**LEITCHFIELD UTILITIES SYSTEM**  
**(A COMPONENT UNIT OF CITY OF LEITCHFIELD, KENTUCKY)**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2022**

**5. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Balance 7-1-21	Additions	Deletions	Balance 6-30-22
<b>Not Depreciated:</b>				
Land and Rights-of-Way	456,513	-	-	456,513
Construction in Progress	10,019,990	3,013,644	-	13,033,634
	<u>10,476,503</u>	<u>3,013,644</u>	<u>-</u>	<u>13,490,147</u>
<b>Depreciated:</b>				
Wastewater System	18,645,043	13,695	-	18,658,738
Water System	16,596,749	7,104	139,906	16,463,947
Gas System	3,655,488	8,369	-	3,663,857
Equipment	2,379,282	39,630	8,246	2,410,666
Vehicles	907,517	12,574	32,951	887,140
Land Improvements	129,839	-	-	129,839
	<u>42,313,918</u>	<u>81,372</u>	<u>181,103</u>	<u>42,214,187</u>
<b>Accumulated Depreciation</b>	<u>27,816,743</u>	<u>1,101,411</u>	<u>181,103</u>	<u>28,737,051</u>
<b>Net Capital Assets</b>	<u>24,973,678</u>	<u>1,993,605</u>	<u>-</u>	<u>26,967,283</u>

Capital asset book values were summarized at June 30, 2022, as follows:

	Basis	Accumulated Depreciation	Book Value
Wastewater System	18,658,738	13,086,614	5,572,124
Water System	16,463,947	10,313,060	6,150,887
Gas System	3,663,857	2,926,287	737,570
Equipment	2,410,666	1,584,998	825,668
Vehicles	887,140	736,439	150,701
Land Improvements	129,839	89,653	40,186
	<u>42,214,187</u>	<u>28,737,051</u>	<u>13,477,136</u>

Changes in accumulated depreciation for the year ended June 30, 2022, were as follows:

	Balance 7-1-21	Current Year Expense	Deletions	Balance 6-30-22
Wastewater System	12,608,527	478,087	-	13,086,614
Water System	10,145,929	306,585	139,454	10,313,060
Gas System	2,852,342	73,945	-	2,926,287
Equipment	1,415,158	178,085	8,245	1,584,998
Vehicles	705,005	63,258	31,824	736,439
Land Improvements	89,782	1,451	1,580	89,653
	<u>27,816,743</u>	<u>1,101,411</u>	<u>181,103</u>	<u>28,737,051</u>

**LEITCHFIELD UTILITIES SYSTEM  
(A COMPONENT UNIT OF CITY OF LEITCHFIELD, KENTUCKY)  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2022**

**6. NONCURRENT LIABILITIES**

**Revenue Bonds Payable**

The construction costs of the Utilities System's water, sewer, and gas facilities have been financed by issuance of revenue bonds authorized under Kentucky Revised Statutes. All assets of the Utilities System are pledged as collateral for these bonds.

On February 10, 1997, the System issued \$2,880,000 in revenue bonds as the Series Bonds of 1995. Proceeds of this issue were used to repay interim financing of water system improvements, and the bonds will be repaid over forty years with an interest rate of 4.5%. On July 9, 2014, the bonds were refunded with the new \$2,310,000 City of Leitchfield, Kentucky Combined Utilities System Refunding Revenue Bonds, Series 2014. Proceeds of these bonds were used to repay the 1995 Series bonds. The bonds will be repaid over twenty-two years with interest due semi-annually on May 1 and November 1 each year with principal maturing on November 1 each year. Interest rates will range from 1% to 4% over the life of the bonds.

In June 2012, the System issued revenue bonds in the aggregate principal amount of \$2,710,000, consisting of \$1,960,000 Series A bonds and \$750,000 Series B bonds for the purpose of constructing a raw water intake system. The bonds will be repaid over forty years at an interest rate of 2%.

In June 2021, the System issued revenue bonds in the aggregate amount of \$10,103,000, consisting of \$5,564,000 Series 2019A bonds and \$4,539,000 Series 2019B bonds for the purpose of constructing a water treatment plant. The bonds will be repaid over 40 years at an interest rate of 1.75%.

All receipts for services are to be deposited into the Revenue Fund and then disbursed to the Sinking Fund, Depreciation Fund, and Operation and Maintenance Fund as outlined in the covenants of the bond ordinances.

**Due on Sewer and Water Line Construction**

Amounts due on sewer and water line construction represent balances due to industries and private builders for sewer and water lines. When the lines were completed, they were turned over to the Utilities System by the builders with the provisions that the builders are to be reimbursed at the rate of 72% of the revenue from those lines until the total liability is liquidated. These contracts are non-interest bearing.

**LEITCHFIELD UTILITIES SYSTEM**  
**(A COMPONENT UNIT OF CITY OF LEITCHFIELD, KENTUCKY)**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2022**

**6. NONCURRENT LIABILITIES - CONCLUDED**

**Changes in Long-Term Debt and Other Noncurrent Liabilities**

Changes in long-term debt and other noncurrent liabilities were as follows:

	Balance 7-1-21	Additions	Reductions	Balance 6-30-22	Due in One Year
Revenue Bonds	14,201,000	-	306,500	13,894,500	316,500
Notes Payable					
KIA	315,919	-	315,919	-	-
GCWD	8,903	-	8,903	-	-
Net Pension Liability	4,020,724	-	502,694	3,518,030	-
Net OPEB Liability	1,265,470	-	209,364	1,056,106	-
Customers' Deposit Liability	543,550	60,930	40,300	564,180	-
Due on Sewer/Water Line Construction	34,501	-	1,781	32,720	-
	<u>20,390,067</u>	<u>60,930</u>	<u>1,385,461</u>	<u>19,065,536</u>	<u>316,500</u>

Noncurrent liabilities other than long-term debt have been liquidated in the Proprietary Fund. The amount due within one year for the net pension liability, customers' deposit liability, and due on sewer and water line construction could not be determined.

**Annual Requirements**

The annual requirements to amortize revenue bonds outstanding as of June 30, 2022, including interest payments, are as follows:

Due Date Fiscal Year	Principal	Interest	Total Requirement
2023	316,500	274,030	590,530
2024	321,000	267,241	588,241
2025	330,500	222,613	553,113
2026	334,500	260,731	595,231
2027	345,500	250,934	596,434
2028-2032	1,857,500	1,146,183	3,003,683
2033-2037	2,114,000	908,441	3,022,441
2038-2042	1,613,000	680,444	2,293,444
2043-2047	1,779,000	525,114	2,304,114
2048-2052	1,969,000	338,414	2,307,414
2053-2057	1,566,000	188,550	1,754,550
2058-2061	<u>1,348,000</u>	<u>42,743</u>	<u>1,390,743</u>
<b>Total</b>	<u><b>13,894,500</b></u>	<u><b>5,105,438</b></u>	<u><b>18,999,938</b></u>

**LEITCHFIELD UTILITIES SYSTEM  
(A COMPONENT UNIT OF CITY OF LEITCHFIELD, KENTUCKY)  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2022**

**7. RELATED PARTY TRANSACTIONS**

As explained in Note 1, the System is a component unit of the City of Leitchfield, Kentucky. The System reimbursed the City \$117,391 and \$1,517 for its share of payroll and miscellaneous expenses, respectively. The System also paid \$54,000 in rent to the City for its use of the facilities, and \$51,228 for occupational taxes.

The City paid the System \$46,250 for utility services.

The Tourism Commission (another component unit of the City) paid \$24,315 for utility services.

**8. RETIREMENT PLAN**

**Defined Benefit Pension Plan  
County Employees' Retirement System**

**Pension Plan Description and Benefits**

The Leitchfield Utilities System (System) is a participant in the Commonwealth of Kentucky's County Employees' Retirement System (CERS), a cost-sharing multiple-employer public employee retirement system. CERS is administered by the Kentucky Public Pension Authority Board of Trustees pursuant to KRS 78.510-78.852. All full-time employees are required to participate in the Plan as well as any part-time employees who average one hundred or more hours per month. The Plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Cost of living adjustments are provided at the discretion of the State legislature. Benefits fully vest upon reaching five years of service and are established by state statute. Benefits are based on a factor of the number of years' service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components.

Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years' service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's beneficiary will receive the higher of the normal death benefits and \$10,000 plus 25% of the decedent's monthly final rate of pay and any dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% for all dependent children. Five years' service is required for nonservice-related disability benefits.

The Kentucky Public Pension Authority (KPPA) issues a publicly available financial report that includes financial statements and required supplementary information for CERS. The report is available at [www.kyret.ky.gov](http://www.kyret.ky.gov) or by writing to Kentucky Public Pension Authority, Premier Park West, 1260 Louisville Road, Frankfort, Kentucky 40601. CERS prepares its financial statements in accordance with GASB statements and generally accepted accounting principles. The accrual basis of accounting is used for all funds. Contributions are recognized when due, pursuant to statutory requirements. Benefits are recognized in the month they are earned and withdrawals are recognized in the month they are due and payable. Investments are recognized at fair value.

**LEITCHFIELD UTILITIES SYSTEM**  
**(A COMPONENT UNIT OF CITY OF LEITCHFIELD, KENTUCKY)**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2022**

**8. RETIREMENT PLAN - CONTINUED**

**Pension Plan Description and Benefits - Concluded**

For retirement purposes, employees are grouped into three tiers, based on hire date:

<u>Non-Hazardous</u>		
Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years of service or 65 years old
	Reduced retirement	At least 5 years of service and 55 years old or at least 25 years of service and any age
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Unreduced retirement	At least 5 years of service and 65 years old or age 57+ and sum of service years plus age equal 87
	Reduced retirement	At least 10 years of service and 60 years old
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least 5 years of service and 65 years old or age 57+ and sum of service years plus age equal 87
	Reduced retirement	Not available

Contributions - Required contributions by the employee are based on the tier:

	<u>Non-Hazardous</u>
Tier 1	5%
Tier 2	5% + 1% for insurance
Tier 3	5% + 1% for insurance

**Pension Contributions**

The Board of Trustees of KPPA determines the System's required pension contribution rate annually for non-hazardous covered employees, 21.17% for the year ended June 30, 2022.

The payroll for non-hazardous employees covered by CERS for the year ended June 30, 2022, was \$1,609,745; the System's total payroll was \$1,784,914. The contribution requirement for the year ended June 30, 2022, was \$421,270, which consisted of \$340,783 from the System and \$80,487 from employees.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2022, the System reported a liability for its proportionate share of the net pension liability for CERS. The amount recognized by the System as its proportionate share of the net pension liability was \$3,518,030. The total pension liability, net pension liability, and sensitivity information was measured as June 30, 2021, and was based on an actuarial valuation date of June 30, 2019. The total pension liability was rolled forward from the valuation date (June 30, 2019) to the Plan's fiscal year ending June 30, 2021, using generally accepted actuarial principles. At June 30, 2021, the System's proportion was .055178% for non-hazardous.

LEITCHFIELD UTILITIES SYSTEM  
(A COMPONENT UNIT OF CITY OF LEITCHFIELD, KENTUCKY)  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2022

8. RETIREMENT PLAN - CONTINUED

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Concluded**

For the year ended June 30, 2022, the System recognized pension expense of \$624,791. In addition, the System reported deferred outflows of resources and deferred inflows of resources related to pensions, as listed in the following table.

	<u>Non-Hazardous</u>	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference between expected and actual experience	40,398	34,145
Changes of assumptions	47,216	-
Net difference between projected and actual earnings on pension plan investments	136,476	605,371
Changes in proportion and differences between employer contributions and proportionate share of contributions	205,430	-
Employer contributions subsequent to the measurement date	<u>340,783</u>	<u>-</u>
<b>Total</b>	<b><u>770,303</u></b>	<b><u>639,516</u></b>

The \$340,783 reported as deferred outflows of resources related to pensions resulting from the System's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30</u>	
2023	76,322
2024	( 38,681)
2025	(100,803)
2026	(146,834)

**Actuarial Methods and Assumptions for Determining the Total Pension Liability and Net Pension Liability**

The total pension liability, net pension liability and sensitivity information as of June 30, 2021, were based on an actuarial valuation date of June 30, 2019. The total pension liability was rolled forward from the valuation date (June 30, 2019) to the Plan's fiscal year ending June 30, 2021, using generally accepted actuarial principles.

LEITCHFIELD UTILITIES SYSTEM  
(A COMPONENT UNIT OF CITY OF LEITCHFIELD, KENTUCKY)  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2022

8. RETIREMENT PLAN - CONTINUED

**Actuarial Methods and Assumptions for Determining the Total Pension Liability and Net Pension Liability - Concluded**

The total pension liability as of June 30, 2021, was determined using these assumptions:

Inflation	2.30%
Payroll Growth Rate	2.00%
Salary Increases	3.30% to 10.30%, varies by service for non-hazardous 3.55% to 19.05%, varies by service for CERS hazardous
Investment Rate of Return	6.25%

The mortality table used for active members was a Pub-2010 General Mortality table, for the Non-Hazardous System, and the Pub-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using base year of 2019. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

The long-term expected rates of return were determined by using a building block method in which best estimated ranges of expected future real rates of return were developed for each asset class. The ranges were combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the following table.

<u>Asset Class</u>		<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
<b>Growth</b>	<b>68.50%</b>		
US Equity		21.75%	5.70%
Non-US Equity		21.75%	6.35%
Private Equity		10.00%	9.70%
Specialty Credit/High Yield		15.00%	2.80%
<b>Liquidity</b>	<b>11.50%</b>		
Core Bonds		10.00%	(0.00%)
Cash		1.50%	(0.60%)
<b>Diversifying Strategies</b>	<b>20.00%</b>		
Real Estate		10.00%	5.40%
Real Return		<u>10.00%</u>	4.55%
<b>Expected Real Return</b>		<u>100.00%</u>	3.95%
<b>Long Term Inflation Assumption</b>			<u>2.30%</u>
<b>Expected Nominal Return for Portfolio</b>			<u>6.25%</u>

**LEITCHFIELD UTILITIES SYSTEM**  
**(A COMPONENT UNIT OF CITY OF LEITCHFIELD, KENTUCKY)**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2022**

**8. RETIREMENT PLAN - CONCLUDED**

**Discount Rate - Pension**

The projection of cash flows used to determine the discount rate of 6.25% for CERS Non-hazardous assumed that the funds receive the required employer contributions each future year, as determined by the current funding policy established in statute as last amended by House Bill 362 (passed in 2018). The discount rate determination does not use a municipal bond rate.

**Sensitivity of the Utilities System's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

The following table presents the net pension liability of the Utilities System, calculated using the discount rates selected by CERS as well as what the Utilities System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>Discount Rate</u>	<u>System's Proportionate Share of Net Pension Liability</u>
<b>Non-hazardous</b>		
1% Decrease	5.25%	4,512,041
Current Discount Rate	6.25%	3,518,030
1% Increase	7.25%	2,695,510

**Actuarial Methods and Assumptions Used to Determine the Actuarially Determined Contribution**

The following were the actuarial methods and assumptions used to determine the actuarial contributions:

Valuation Date	June 30, 2018
Experience Study	July 1, 2013 - June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll
Remaining Amortization Period	25 years, closed
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Payroll Growth Rate	2.00%
Inflation	2.30%
Salary Increase	3.30% to 11.55%, varies by service
Investment Rate of Return	6.25%

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back for one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back four years for males) is used for the period after disability retirement.

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial reports of CERS, included in Kentucky Public Pension Authority's Comprehensive Annual Financial Report found on the KPPA website at [www.kyret.ky.gov](http://www.kyret.ky.gov). The effect of CERS on the System's net position has been determined on the same basis used by CERS.

LEITCHFIELD UTILITIES SYSTEM  
(A COMPONENT UNIT OF CITY OF LEITCHFIELD, KENTUCKY)  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2022

9. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

**Medical Insurance Plan Description and Benefits**

In addition to the pension benefits described above, Kentucky Revised Statute 61.702 requires CERS to provide post-retirement health care benefits to eligible members and dependents. Changes to the medical plan may be made by the Kentucky Public Pension Authority's Board of Trustees and the General Assembly. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. KPPA submits the premium payments to DEI. The Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance.

The amounts of contribution paid by the Insurance Fund is based on years of service. For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

<u>Years of Service</u>	<u>Paid by Insurance Fund (%)</u>
20+ years	100.00%
15 - 19 years	75.00%
10 - 14 years	50.00%
4 - 9 years	25.00%
Less than 4 years	0.00%

As a result of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits are calculated differently for members who began participating on, or after, July 1, 2003. Once members reach a minimum vesting period of 10 years, non-hazardous employees whose participation began on, or after July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes.

The Kentucky Public Pension Authority (KPPA) issues a publicly available financial report that includes financial statements and required supplementary information for CERS. The report is available at [www.kyret.ky.gov](http://www.kyret.ky.gov) or by writing to Kentucky Public Pension Authority, Premier Park West, 1260 Louisville Road, Frankfort, Kentucky 40601. CERS prepares its financial statements in accordance with GASB statements and generally accepted accounting principles. The accrual basis of accounting is used for all funds. Contributions are recognized when due, pursuant to statutory requirements. Benefits are recognized in the month they are earned and withdrawals are recognized in the month they are due and payable. Investments are recognized at fair value.

**OPEB Contributions**

The Board of Trustees of KPPA determines the System's required OPEB contribution rate annually, for non-hazardous covered payroll, 5.78% for the year ended June 30, 2022. The contribution requirement for the year ended June 30, 2022, was \$109,140, which consisted of \$93,043 from the System and \$16,097 from employees.

LEITCHFIELD UTILITIES SYSTEM  
(A COMPONENT UNIT OF CITY OF LEITCHFIELD, KENTUCKY)  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2022

9. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN - CONTINUED

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2022, the System reported a liability for its proportionate share of the net OPEB liability for CERS. The amount recognized by the System as its proportionate share of the net OPEB liability was \$1,056,106. The total OPEB liability, net OPEB liability, and sensitivity information for the Plan was measured as of June 30, 2021, and was based on an actuarial valuation date of June 30, 2019. The total OPEB liability was rolled forward from the valuation date (June 30, 2019) to the Plan's fiscal year ending June 30, 2021, using generally accepted actuarial principals. At June 30, 2021, the System's proportion was .055165% for non-hazardous.

For the year ended June 30, 2022, the System recognized OPEB expense of \$47,303. At June 30, 2022, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Non-Hazardous</u>	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference between expected and actual experience	166,073	315,318
Changes of assumptions	279,994	982
Net difference between projected and actual earnings on plan investments	53,210	218,423
Changes in proportion and differences between employer contributions and proportionate share of contributions	86,525	521
Employer contributions subsequent to the measurement date	<u>93,043</u>	<u>—</u>
<b>Total</b>	<b><u>678,845</u></b>	<b><u>535,244</u></b>

The \$93,043 (Non-Hazardous) reported as deferred outflows of resources related to OPEB resulting from System contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending June 30</u>	
2023	53,346
2024	28,192
2025	20,949
2026	(51,929)

LEITCHFIELD UTILITIES SYSTEM  
(A COMPONENT UNIT OF CITY OF LEITCHFIELD, KENTUCKY)  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2022

9. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN - CONTINUED

**Actuarial Methods and Assumptions for Determining the Total OPEB Liability and Net OPEB Liability**

The total OPEB liability, net OPEB liability and sensitivity information as of June 30, 2021, were based on an actuarial valuation date of June 30, 2019. The total OPEB liability was rolled forward from the valuation date (June 30, 2019) to the Plan's fiscal year ending June 30, 2021, using generally accepted actuarial principles.

The total OPEB liability as of June 30, 2021, was determined using these assumptions:

Inflation	2.30%
Payroll Growth Rate	2.00%
Salary Increases	3.30% to 10.30%, varies by service for non-hazardous 3.55% to 19.05%, varies by service for CERS hazardous
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre - 65	Initial trend starting at 6.40% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Post - 65	Initial trend starting at 2.90% at January 1, 2023, and gradually decreasing to an ultimate trend rate 4.05% over a period of 13 years
Mortality	
Pre-retirement	PUB-2010 General Mortality table, for the Non-Hazardous Systems, and the PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010
Post-retirement (non-disabled)	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010

LEITCHFIELD UTILITIES SYSTEM  
(A COMPONENT UNIT OF CITY OF LEITCHFIELD, KENTUCKY)  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2022

9. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN - CONTINUED

**Actuarial Methods and Assumptions for Determining the Total OPEB Liability and Net OPEB Liability - Concluded**

The long-term expected rates of return were determined by using a building block method in which best estimated ranges of expected future real rates of return were developed for each asset class. The ranges were combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the table below.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
<b>Growth</b>	<b>68.50%</b>	
US Equity	21.75%	5.70%
Non-US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
<b>Liquidity</b>	<b>11.50%</b>	
Core Bonds	10.00%	(0.00%)
Cash	1.50%	(0.60%)
<b>Diversifying Strategies</b>	<b>20.00%</b>	
Real Estate	10.00%	5.40%
Real Return	<u>10.00%</u>	4.55%
<b>Expected Real Return</b>	<b><u>100.00%</u></b>	<b>3.95%</b>
<b>Long Term Inflation Assumption</b>		<b><u>2.30%</u></b>
<b>Expected Nominal Return for Portfolio</b>		<b><u>6.25%</u></b>

**Discount Rate - OPEB**

Single discount rates of 5.34% for CERS Non-hazardous, and 5.30% for CERS Hazardous were used to measure the total OPEB liability as of June 30, 2021. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25%, and a municipal bond rate of 2.45%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2021. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the Plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy was not included in the calculation of the KPPA's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the KPPA's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

**LEITCHFIELD UTILITIES SYSTEM**  
**(A COMPONENT UNIT OF CITY OF LEITCHFIELD, KENTUCKY)**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2022**

**9. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN - CONTINUED**

**Sensitivity of the System's Proportionate Share of Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rate**

The following tables present the net OPEB liability of the System, calculated using the discount and healthcare cost trend rates selected by CERS, as well as what the System's net OPEB liability would be if it were calculated using a discount rate or healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

**Table 1 - Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

	<u>Discount Rate</u>	<u>System's Proportionate Share of Net OPEB Liability</u>
<b>Non-Hazardous</b>		
1% Decrease	4.20%	1,450,026
Current Discount Rate	5.20%	1,056,106
1% Increase	6.20%	732,830

**Table 2 - Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate**

	<u>Healthcare Cost Trend Rate</u>	<u>System's Proportionate Share of Net OPEB Liability</u>
<b>Non-Hazardous</b>		
1% Decrease	4.20%	760,271
Current Healthcare Cost Trend Rate	5.20%	1,056,106
1% Increase	6.20%	1,413,184

**Actuarial Methods And Assumptions Used To Determine The Actuarially Determined Contribution**

The following tables were the actuarial methods and assumptions used to determine the actuarial contributions:

Valuation Date	June 30, 2019
Experience Study	July 1, 2013 - June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of pay
Remaining Amortization Period	30 years, closed period at June 30, 2019, Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization basis
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Payroll Growth Rate	2.00%
Inflation	2.30%
Salary Increase	3.30% to 19.05%, varies by service
Investment Rate of Return	6.25%

**LEITCHFIELD UTILITIES SYSTEM  
(A COMPONENT UNIT OF CITY OF LEITCHFIELD, KENTUCKY)  
NOTES TO FINANCIAL STATEMENTS - CONCLUDED  
JUNE 30, 2022**

**9. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN - CONCLUDED**

**Actuarial Methods And Assumptions Used To Determine The Actuarially Determined Contribution - Concluded**

Healthcare Cost Trend Rates  
Pre-65

Initial trends starting at 6.25% at January 1, 2021, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2020 premiums were known at the time of the valuation and were incorporated into the liability measurement.

Post-65

Initial trend starting at 5.50% at January 1, 2021, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years. The 2020 premiums were known at the time of the valuation and were incorporated into the liability measurement.

Phase-in-Provision

Board certified rate is phased into the actuarially rate in accordance with HB362 enacted in 2018 for CERS non-hazardous and hazardous

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back for one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back four years for males) is used for the period after disability retirement.

**OPEB Plan Fiduciary Net Position**

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial reports of CERS, included in Kentucky Public Pension Authority's Comprehensive Annual Financial Report. The effect of CERS on the System's net position has been determined on the same basis used by CERS.

**10. COMMITMENTS AND CONTINGENCIES**

The System receives federal and state grants for specific purposes that are subject to review and audit by oversight agencies. Such audits could result in a request for reimbursement for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of system management, such disallowances, if any, will not be significant.

In December 2019, a novel strain of Coronavirus was reported to have surfaced in China and has spread throughout the world. The virus has caused business disruption. There is considerable uncertainty as to the duration of the virus. Any related financial impact cannot be reasonably estimated.

REQUIRED SUPPLEMENTARY INFORMATION

LEITCHFIELD UTILITIES SYSTEM  
(A COMPONENT UNIT OF CITY OF LEITCHFIELD, KENTUCKY)  
GASB 68 REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2022

SCHEDULE OF THE SYSTEM'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
County Employees' Retirement System

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
System's proportion of the net pension liability	.050094%	.048336%	.04849%	.046107%	.048495%
System's proportionate share of the net pension liability	1,625,238	2,078,218	2,387,542	2,698,784	2,953,493
System's covered payroll	1,149,232	1,127,748	1,196,533	1,148,603	1,339,097
System's proportionate share of the net pension liability as a percentage of its covered payroll	141.42%	184.28%	199.54%	234.96%	220.56%
Plan fiduciary net position as a percentage of the total pension liability	66.80%	59.97%	55.50%	53.33%	53.55%

	<u>2020</u>	<u>2021</u>	<u>2022</u>
System's proportion of the net pension liability	.050097%	.052422%	.055178%
System's proportionate share of the net pension liability	3,523,344	4,020,724	3,518,030
System's covered payroll	1,446,854	1,324,796	1,583,084
System's proportionate share of the net pension liability as a percentage of its covered payroll	243.52%	303.50%	222.23%
Plan fiduciary net position as a percentage of the total pension liability	50.45%	47.81%	57.33%

(The amounts presented were determined as of the previous fiscal year end date.)

**SCHEDULE OF THE SYSTEM'S CONTRIBUTIONS**  
**County Employees' Retirement System**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	199,273	204,129	214,559	193,901	234,680
Contributions in relation to the contractually required contribution	<u>(199,273)</u>	<u>(204,129)</u>	<u>(214,559)</u>	<u>(193,901)</u>	<u>(234,680)</u>
Contribution deficiency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
System's covered payroll	1,127,748	1,196,533	1,148,603	1,339,097	1,446,854
Contribution as a percentage of covered payroll	17.67%	17.06%	18.68%	14.48%	16.22%

	<u>2020</u>	<u>2021</u>	<u>2022</u>
Contractually required contribution	287,990	305,535	340,783
Contributions in relation to the contractually required contribution	<u>(287,990)</u>	<u>(305,535)</u>	<u>(340,783)</u>
Contribution deficiency	<u>-</u>	<u>-</u>	<u>-</u>
System's covered payroll	1,342,796	1,583,084	1,609,745
Contribution as a percentage of covered payroll	19.30%	19.30%	21.17%

(The amounts presented were determined as of the current fiscal year end date.)

*Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.*

**Notes to Required Supplementary Information:**

*Changes of benefit terms:* None

*Changes of assumptions:* None

**LEITCHFIELD UTILITIES SYSTEM  
(A COMPONENT UNIT OF CITY OF LEITCHFIELD, KENTUCKY)  
GASB 75 REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2022**

**SCHEDULE OF THE SYSTEM'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY  
County Employees' Retirement System**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
System's proportion of the net OPEB liability	.046107%	.048495%	.050106%	.052407%	.055165%
System's proportionate share of the net OPEB liability	926,908	860,994	842,760	1,265,470	1,056,106
System's covered payroll	1,148,603	1,339,097	1,446,854	1,324,796	1,583,084
System's proportionate share of the net OPEB liability as a percentage of its covered payroll	80.70%	64.29%	58.25%	95.52%	66.71%
Plan fiduciary net position as a percentage of the total OPEB liability	52.40%	57.63%	60.44%	51.67%	62.91%

**SCHEDULE OF THE SYSTEM'S CONTRIBUTIONS**  
**County Employees' Retirement System**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Contractually required contribution	62,938	76,105	71,027	75,355	93,043
Contributions in relation to the contractually required contribution	(62,938)	(76,105)	(71,027)	(75,355)	(93,043)
Contribution deficiency	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
System's covered payroll	1,339,097	1,446,854	1,342,796	1,583,084	1,609,745
Contribution as a percentage of covered payroll	4.70%	5.26%	4.76%	4.76%	5.78%

*Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.*

**Notes to Required Supplementary Information:**

*Changes of benefit terms:* None

*Changes of assumptions:* None

See independent auditor's report

SUPPLEMENTARY SCHEDULE - PROPRIETARY FUND

**LEITCHFIELD UTILITIES SYSTEM  
(A COMPONENT UNIT OF CITY OF LEITCHFIELD, KENTUCKY)  
SCHEDULE OF EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2022**

	Enterprise Fund			
	Water	Sewer	Gas	Total
<b>SYSTEM OPERATIONS</b>				
Chemicals	217,088	52,157	-	269,245
Gas Purchases	-	-	1,781,688	1,781,688
Supplies	35,682	36,563	43,718	115,963
Monitoring and Lab Services	12,880	9,589	15,000	37,469
Personnel - Maintenance Labor	571,137	439,226	220,727	1,231,090
Repairs and Maintenance	105,406	30,023	47,342	182,771
Utilities	265,305	288,830	4,351	558,486
<b>Total System Operations</b>	<b><u>1,207,498</u></b>	<b><u>856,388</u></b>	<b><u>2,112,826</u></b>	<b><u>4,176,712</u></b>
<b>GENERAL OPERATING</b>				
Fuel	27,421	31,916	15,435	74,772
Rents	-	834	-	834
Miscellaneous	3,024	1,773	19,521	24,318
Postage and Freight	8,431	7,449	7,307	23,187
Publication Expense	1,230	117	7,911	9,258
Repairs and Maintenance	45,727	38,196	15,789	99,712
Supplies	9,041	11,963	3,599	24,603
Small Equipment	4,577	9,440	3,539	17,556
Travel and Training	12,896	9,794	21,483	44,173
Uniforms	6,007	6,736	2,989	15,732
Vehicle Expenses	12,869	19,184	7,234	39,287
<b>Total General Operating</b>	<b><u>131,223</u></b>	<b><u>137,402</u></b>	<b><u>104,807</u></b>	<b><u>373,432</u></b>
<b>GENERAL AND ADMINISTRATIVE</b>				
Insurance - Property and Liability	34,029	34,029	17,015	85,073
Legal and Accounting	17,703	19,230	16,409	53,342
Miscellaneous	3,724	4,271	2,643	10,638
Office Supplies and Equipment	26,738	21,446	22,649	70,833
Personnel				
Commission Salaries	9,859	9,859	9,283	29,001
Health Insurance/Medical	110,072	110,072	110,393	330,537
Office Salaries	103,578	103,203	102,486	309,267
Taxes, Retirement, Other	340,873	271,705	182,041	794,619
Workers' Compensation and Other	10,731	10,731	5,878	27,340
Rents	18,414	18,228	18,287	54,929
Telephone	10,566	12,001	4,762	27,329
<b>Total General and Administrative</b>	<b><u>686,287</u></b>	<b><u>614,775</u></b>	<b><u>491,846</u></b>	<b><u>1,792,908</u></b>

LEITCHFIELD UTILITIES SYSTEM  
(A COMPONENT UNIT OF CITY OF LEITCHFIELD, KENTUCKY)  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Agriculture Rural Development Passed through City of Leitchfield, Kentucky <b>Water and Waste Program Cluster</b> Water and Waste Disposal Systems for Rural Communities Grant/Loan	10.760	N/A	<u>2,683,314</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>2,683,314</u>

See accompanying notes to schedule of expenditures of federal awards.

LEITCHFIELD UTILITIES SYSTEM  
(A COMPONENT UNIT OF CITY OF LEITCHFIELD, KENTUCKY)  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of the Leitchfield Utilities System under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR), Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Leitchfield Utilities System, it is not intended to and does not present the financial position, changes in net position, or cash flows of the System.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. SUB-RECIPIENTS

The Utilities System was the sub-recipient of grants awarded to the City of Leitchfield, Kentucky (primary government).

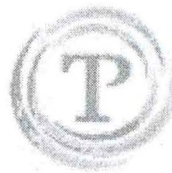
4. INDIRECT COST RATE

Leitchfield Utilities System has elected to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

5. LOAN AND LOAN GUARANTEE PROGRAMS

**Water and Waste Disposal Systems for Rural Communities**

Rural Development Series A	5,564,000
Bond Payment Series A	( 97,000)
Rural Development Series A	<u>5,467,000</u>
 Rural Development Series B	 4,539,000
Bond Payment Series B	( 79,000)
Rural Development Series B	<u>4,460,000</u>
Ending Balance June 30, 2022	<u>9,927,000</u>



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### INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Commission  
Leitchfield Utilities System  
Leitchfield, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and major fund of Leitchfield Utilities System, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Leitchfield Utilities System's basic financial statements, and have issued our report thereon dated February 8, 2023.

#### Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Leitchfield Utilities System's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Leitchfield Utilities System's internal control. Accordingly, we do not express an opinion on the effectiveness of Leitchfield Utilities System's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Commission  
Leitchfield Utilities System

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Leitchfield Utilities System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Taylor, Polson & Company, PSC*

Certified Public Accountants

Glasgow, Kentucky

February 8, 2023



## Taylor, Polson & Company, PSC

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### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Commission  
Leitchfield Utilities System  
Leitchfield, Kentucky

#### Report on Compliance for Each Major Federal Program

##### *Opinion on Each Major Federal Program*

We have audited Leitchfield Utilities System's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Leitchfield Utilities System's major federal programs for the year ended June 30, 2022. Leitchfield Utilities System's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Leitchfield Utilities System complied, in all material respects with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

##### *Basis for Opinions on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Leitchfield Utilities System and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Leitchfield Utilities System's compliance with the compliance requirements referred to above.

##### *Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Leitchfield Utilities System's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Leitchfield Utilities System's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, ***Government Auditing Standards***, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Leitchfield Utilities System's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, ***Government Auditing Standards***, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Leitchfield Utilities System's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Leitchfield Utilities System's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Leitchfield Utilities System's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on Internal Control over Compliance**

A ***deficiency in internal control over compliance*** exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A ***material weakness in internal control over compliance*** is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A ***significant deficiency in internal control over compliance*** is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

To the Commission  
Leitchfield Utilities System

#### **Report on Internal Control over Compliance - Concluded**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit on Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Taylor, Blank & Company, PSC*

Certified Public Accountants

Glasgow, Kentucky

February 8, 2023

LEITCHFIELD UTILITIES SYSTEM  
(A COMPONENT UNIT OF LEITCHFIELD, KENTUCKY)  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022

**SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Leitchfield Utilities System were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**.
3. No instances of noncompliance material to the financial statements of Leitchfield Utilities System, which would be required to be reported in accordance with **Government Auditing Standards**, were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the **Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance**.
5. The auditor's report on compliance for major federal award programs for Leitchfield Utilities System expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The program tested as a major program was:

Program	CFDA Number
<b>Water and Waste Program Cluster</b>	
Water and Waste Disposal Systems for Rural Communities	10.760

8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Leitchfield Utilities System did not qualify as a low-risk auditee.

## **APPENDIX 3**

### **Supplemental Information – Table 1**

**Table No. 1**  
**Water System Operation & Maintenance Expenses**  
**Leitchfield Utilities Commission**  
 (Year Ending June 30, 2022)

<b>Account Name</b>	<b>Joint Use</b>	<b>City Only</b>	<b>Total</b>	<b>Audit Total</b>
<b>Labor</b>				
Labor - Water		\$211,110	\$211,110	
Labor - Water Plant	\$360,026		\$360,026	
SUBTOTALS	\$360,026	\$211,110	\$571,136	
<b>Power &amp; Pumping</b>				
Water Plant Electric	\$155,604	\$2,328	\$157,932	
Raw Water Intake Electric	\$99,742	\$0	\$99,742	
Water Tower Electric	\$2,048	\$0	\$2,048	
Water Plant House Electric	\$1,704	\$0	\$1,704	
Electric for Booster	\$0	\$0	\$0	
SUBTOTALS	\$259,098	\$2,328	\$261,426	
<b>Purification Supplies</b>				
Water Plant Chemicals	\$217,088	\$0	\$217,088	
Water Plant Lab Supplies	\$27,492	\$0	\$27,492	
Water Plant Monitoring/Lab Svcs	\$12,880	\$0	\$12,880	
SUBTOTALS	\$257,460	\$0	\$257,460	
<b>Supplies/Repairs/Services</b>				
Water Tower Expense & Maint	\$2,924	\$0	\$2,924	
Line & Meter R&M	\$438	\$102,044	\$102,482	
Materials for Water Installation	\$0	\$8,190	\$8,190	
Utilities/Security Expense	\$2,899	\$979	\$3,878	
SUBTOTALS	\$6,261	\$111,213	\$117,474	
TOTALS	\$882,845	\$324,651	\$1,207,498	\$1,207,498 (pg. 44)

## **APPENDIX 4**

**Bond Debt Service Schedules – Revenue Bonds, Series 2014, Series 2012A and  
2012B, and Series 2019A and 2019B**

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## BOND DEBT SERVICE

WTP-91-02 Series 5 2012 4 pmt

City of Leitchfield, KY  
Water and Sewer Revenue Bonds, Series 2012A

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
05/01/2012			14,373.33	14,373.33	
06/30/2012					14,373.33
11/01/2012			19,600.00	19,600.00	
05/01/2013			19,600.00	19,600.00	
06/30/2013					39,200.00
11/01/2013			19,600.00	19,600.00	
05/01/2014			✓19,600.00	✓19,600.00	
06/30/2014					39,200.00
11/01/2014	29,000	2.000%	19,600.00	48,600.00	
05/01/2015			19,310.00	19,310.00	
06/30/2015					67,910.00
11/01/2015	30,000✓	2.000%	19,310.00✓	49,310.00✓	
05/01/2016			19,010.00✓	19,010.00	
06/30/2016					68,320.00
11/01/2016	31,000✓	2.000%	19,010.00✓	50,010.00✓	
05/01/2017			18,700.00✓	18,700.00✓	
06/30/2017					68,710.00
11/01/2017	31,500✓	2.000%	18,700.00✓	50,200.00✓	
05/01/2018			18,385.00✓	18,385.00✓	
06/30/2018					68,585.00
11/01/2018	32,500✓	2.000%	18,385.00✓	50,885.00✓	
05/01/2019			18,060.00✓	18,060.00✓	
06/30/2019					68,945.00
11/01/2019	33,500✓	2.000%	18,060.00✓	51,560.00✓	
05/01/2020			17,725.00✓	17,725.00✓	
06/30/2020					69,285.00
11/01/2020	34,500✓	2.000%	17,725.00✓	52,225.00✓	
05/01/2021			17,380.00✓	17,380.00✓	
06/30/2021					69,605.00
11/01/2021	35,500✓	2.000%	17,380.00✓	52,880.00✓	
05/01/2022			17,025.00✓	17,025.00✓	
06/30/2022					69,905.00
11/01/2022	36,500✓	2.000%	17,025.00✓	53,525.00✓	
05/01/2023			16,660.00	16,660.00	
06/30/2023					70,185.00
11/01/2023	37,500	2.000%	16,660.00	54,160.00	
05/01/2024			16,285.00	16,285.00	
06/30/2024					70,445.00
11/01/2024	38,500	2.000%	16,285.00	54,785.00	
05/01/2025			15,900.00	15,900.00	
06/30/2025					70,685.00
11/01/2025	39,500	2.000%	15,900.00	55,400.00	
05/01/2026			15,505.00	15,505.00	
06/30/2026					70,905.00
11/01/2026	41,000	2.000%	15,505.00	56,505.00	
05/01/2027			15,095.00	15,095.00	
06/30/2027					71,600.00
11/01/2027	42,000	2.000%	15,095.00	57,095.00	
05/01/2028			14,675.00	14,675.00	
06/30/2028					71,770.00
11/01/2028	43,500	2.000%	14,675.00	58,175.00	
05/01/2029			14,240.00	14,240.00	

**BOND DEBT SERVICE**

City of Leitchfield, KY  
Water and Sewer Revenue Bonds, Series 2012A

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/30/2029					72,415.00
11/01/2029	44,500	2.000%	14,240.00	58,740.00	
05/01/2030			13,795.00	13,795.00	
06/30/2030					72,535.00
11/01/2030	46,000	2.000%	13,795.00	59,795.00	
05/01/2031			13,335.00	13,335.00	
06/30/2031					73,130.00
11/01/2031	47,000	2.000%	13,335.00	60,335.00	
05/01/2032			12,865.00	12,865.00	
06/30/2032					73,200.00
11/01/2032	48,500	2.000%	12,865.00	61,365.00	
05/01/2033			12,380.00	12,380.00	
06/30/2033					73,745.00
11/01/2033	50,000	2.000%	12,380.00	62,380.00	
05/01/2034			11,880.00	11,880.00	
06/30/2034					74,260.00
11/01/2034	51,500	2.000%	11,880.00	63,380.00	
05/01/2035			11,365.00	11,365.00	
06/30/2035					74,745.00
11/01/2035	53,000	2.000%	11,365.00	64,365.00	
05/01/2036			10,835.00	10,835.00	
06/30/2036					75,200.00
11/01/2036	54,500	2.000%	10,835.00	65,335.00	
05/01/2037			10,290.00	10,290.00	
06/30/2037					75,625.00
11/01/2037	56,000	2.000%	10,290.00	66,290.00	
05/01/2038			9,730.00	9,730.00	
06/30/2038					76,020.00
11/01/2038	57,500	2.000%	9,730.00	67,230.00	
05/01/2039			9,155.00	9,155.00	
06/30/2039					76,385.00
11/01/2039	59,000	2.000%	9,155.00	68,155.00	
05/01/2040			8,565.00	8,565.00	
06/30/2040					76,720.00
11/01/2040	61,000	2.000%	8,565.00	69,565.00	
05/01/2041			7,955.00	7,955.00	
06/30/2041					77,520.00
11/01/2041	62,500	2.000%	7,955.00	70,455.00	
05/01/2042			7,330.00	7,330.00	
06/30/2042					77,785.00
11/01/2042	64,500	2.000%	7,330.00	71,830.00	
05/01/2043			6,685.00	6,685.00	
06/30/2043					78,515.00
11/01/2043	66,000	2.000%	6,685.00	72,685.00	
05/01/2044			6,025.00	6,025.00	
06/30/2044					78,710.00
11/01/2044	68,000	2.000%	6,025.00	74,025.00	
05/01/2045			5,345.00	5,345.00	
06/30/2045					79,370.00
11/01/2045	70,000	2.000%	5,345.00	75,345.00	
05/01/2046			4,645.00	4,645.00	
06/30/2046					79,990.00

**BOND DEBT SERVICE**

City of Leitchfield, KY  
Water and Sewer Revenue Bonds, Series 2012A

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
11/01/2046	72,000	2.000%	4,645.00	76,645.00	
05/01/2047			3,925.00	3,925.00	
06/30/2047					80,570.00
11/01/2047	74,000	2.000%	3,925.00	77,925.00	
05/01/2048			3,185.00	3,185.00	
06/30/2048					81,110.00
11/01/2048	76,500	2.000%	3,185.00	79,685.00	
05/01/2049			2,420.00	2,420.00	
06/30/2049					82,105.00
11/01/2049	78,500	2.000%	2,420.00	80,920.00	
05/01/2050			1,635.00	1,635.00	
06/30/2050					82,555.00
11/01/2050	81,000	2.000%	1,635.00	82,635.00	
05/01/2051			825.00	825.00	
06/30/2051					83,460.00
11/01/2051	82,500	2.000%	825.00	83,325.00	
06/30/2052					83,325.00
	1,960,000		968,623.33	2,928,623.33	2,928,623.33

3rd Line SF  
RURDEV EFT

RUR+

WTP-91.64 Series 2012B.pmt

## BOND DEBT SERVICE

City of Leitchfield, KY  
Water and Sewer Revenue Bonds, Series 2012B

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
05/01/2012			5,500	5,500	
06/30/2012					5,500
11/01/2012			✓ 7,500	7,500	
05/01/2013			7,500	7,500	
06/30/2013					15,000
11/01/2013			✓ 7,500	7,500	
05/01/2014			✓ 7,500	7,500	
06/30/2014					15,000
11/01/2014	12,500	2.000%	7,500	20,000	
05/01/2015			7,375	7,375	
06/30/2015					27,375
11/01/2015	13,000 ✓	2.000%	7,375	20,375	
05/01/2016			7,242.21	7,242.21	
06/30/2016					27,620
11/01/2016	13,500 ✓	2.000%	✓ 7,242.21	20,742.21	
05/01/2017			✓ 7,110.21	✓ 7,110.21	
06/30/2017					27,855
11/01/2017	13,500 ✓	2.000%	7,110.21	20,610.21	
05/01/2018			✓ 6,975	✓ 6,975	
06/30/2018			✓ 6,972.21	✓ 6,972.21	27,585
11/01/2018	14,000 ✓	2.000%	6,975	20,975	
05/01/2019			✓ 6,835.63	✓ 6,835.63	
06/30/2019					27,810
11/01/2019	14,000 ✓	2.000%	6,835.63	20,832.21	
05/01/2020			6,695.66	6,695.66	
06/30/2020					27,530
11/01/2020	14,500 ✓	2.000%	✓ 6,695.66	21,195.21	
05/01/2021			6,550.65	6,550.65	
06/30/2021			✓ 6,547.21	✓ 6,547.21	27,745
11/01/2021	15,000 ✓	2.000%	6,550.65	21,550.21	
05/01/2022			6,400.63	6,400.63	
06/30/2022			✓ 6,397.21	✓ 6,397.21	27,950
11/01/2022	15,000 ✓	2.000%	6,400.63	21,400.21	
05/01/2023			6,250	6,250	
06/30/2023					27,650
11/01/2023	15,500	2.000%	6,250	21,750	
05/01/2024			6,095	6,095	
06/30/2024					27,845
11/01/2024	16,000	2.000%	6,095	22,095	
05/01/2025			5,935	5,935	
06/30/2025					28,030
11/01/2025	16,000	2.000%	5,935	21,935	
05/01/2026			5,775	5,775	
06/30/2026					27,710
11/01/2026	16,500	2.000%	5,775	22,275	
05/01/2027			5,610	5,610	
06/30/2027					27,885
11/01/2027	17,000	2.000%	5,610	22,610	
05/01/2028			5,440	5,440	
06/30/2028					28,050
11/01/2028	17,500	2.000%	5,440	22,940	

## BOND DEBT SERVICE

City of Leitchfield, KY  
Water and Sewer Revenue Bonds, Series 2012B

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
05/01/2029			5,265	5,265	
06/30/2029					28,205
11/01/2029	17,500	2.000%	5,265	22,765	
05/01/2030			5,090	5,090	
06/30/2030					27,855
11/01/2030	18,000	2.000%	5,090	23,090	
05/01/2031			4,910	4,910	
06/30/2031					28,000
11/01/2031	18,500	2.000%	4,910	23,410	
05/01/2032			4,725	4,725	
06/30/2032					28,135
11/01/2032	19,000	2.000%	4,725	23,725	
05/01/2033			4,535	4,535	
06/30/2033					28,260
11/01/2033	19,500	2.000%	4,535	24,035	
05/01/2034			4,340	4,340	
06/30/2034					28,375
11/01/2034	20,000	2.000%	4,340	24,340	
05/01/2035			4,140	4,140	
06/30/2035					28,480
11/01/2035	20,500	2.000%	4,140	24,640	
05/01/2036			3,935	3,935	
06/30/2036					28,575
11/01/2036	20,500	2.000%	3,935	24,435	
05/01/2037			3,730	3,730	
06/30/2037					28,165
11/01/2037	21,000	2.000%	3,730	24,730	
05/01/2038			3,520	3,520	
06/30/2038					28,250
11/01/2038	21,500	2.000%	3,520	25,020	
05/01/2039			3,305	3,305	
06/30/2039					28,325
11/01/2039	22,000	2.000%	3,305	25,305	
05/01/2040			3,085	3,085	
06/30/2040					28,390
11/01/2040	22,500	2.000%	3,085	25,585	
05/01/2041			2,860	2,860	
06/30/2041					28,445
11/01/2041	23,000	2.000%	2,860	25,860	
05/01/2042			2,630	2,630	
06/30/2042					28,490
11/01/2042	23,500	2.000%	2,630	26,130	
05/01/2043			2,395	2,395	
06/30/2043					28,525
11/01/2043	24,000	2.000%	2,395	26,395	
05/01/2044			2,155	2,155	
06/30/2044					28,550
11/01/2044	24,500	2.000%	2,155	26,655	
05/01/2045			1,910	1,910	
06/30/2045					28,565
11/01/2045	25,500	2.000%	1,910	27,410	

**BOND DEBT SERVICE**

City of Leitchfield, KY  
Water and Sewer Revenue Bonds, Series 2012B

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
05/01/2046			1,655	1,655	
06/30/2046					29,065
11/01/2046	26,000	2.000%	1,655	27,655	
05/01/2047			1,395	1,395	
06/30/2047					29,050
11/01/2047	26,500	2.000%	1,395	27,895	
05/01/2048			1,130	1,130	
06/30/2048					29,025
11/01/2048	27,000	2.000%	1,130	28,130	
05/01/2049			860	860	
06/30/2049					28,990
11/01/2049	27,500	2.000%	860	28,360	
05/01/2050			585	585	
06/30/2050					28,945
11/01/2050	28,500	2.000%	585	29,085	
05/01/2051			300	300	
06/30/2051					29,385
11/01/2051	30,000	2.000%	300	30,300	
06/30/2052					30,300
	750,000		360,490	1,110,490	1,110,490

REGTRU

1st Sinking Fund

Schedule III

2014 Series Refunding Debt Pmt

\$2,260,000 City of Leitchfield Combined Utilities System Refunding Revenue Bonds Series 2014					
Debt Service Requirements					
Date	Coupon	Principal	Interest	Total P+I	Fiscal Total
11/01/2014	1.00%	95,000.00 ✓	\$16,689.97 ✓	\$111,689.97 ✓	
5/01/2015	-	-	34,457.50 ✓	34,457.50	\$146,147.47
11/01/2015	1.00%	75,000.00 ✓	34,457.50 ✓	109,457.50 ✓	
5/01/2016	-	-	34,082.50 ✓	34,082.50 ✓	143,540.00
11/01/2016	1.00%	75,000.00 ✓	34,082.50 ✓	109,082.50 ✓	
5/01/2017	-	-	33,707.50 ✓	33,707.50 ✓	142,790.00
11/01/2017	1.40%	75,000.00 ✓	33,707.50 ✓	108,707.50 ✓	
5/01/2018	-	-	33,182.50 ✓	33,182.50 ✓	141,890.00
11/01/2018	1.40%	75,000.00 ✓	33,182.50 ✓	108,182.50 ✓	
5/01/2019	-	-	32,657.50 ✓	32,657.50 ✓	140,840.00
11/01/2019	2.00%	80,000.00 ✓	32,657.50 ✓	112,657.50 ✓	
5/01/2020	-	-	31,857.50 ✓	31,857.50 ✓	144,515.00
11/01/2020	2.00%	80,000.00 ✓	31,857.50 ✓	111,857.50 ✓	
5/01/2021	-	-	31,057.50 ✓	31,057.50 ✓	142,915.00
11/01/2021	2.60%	80,000.00 ✓	31,057.50 ✓	111,057.50 ✓	
5/01/2022	-	-	30,017.50 ✓	30,017.50 ✓	141,075.00
11/01/2022	2.60%	85,000.00 ✓	30,017.50 ✓	115,017.50 ✓	
5/01/2023	-	-	28,912.50	28,912.50	143,930.00
11/01/2023	2.90%	85,000.00	28,912.50	113,912.50	
5/01/2024	-	-	27,680.00	27,680.00	141,592.50
11/01/2024	2.90%	90,000.00	27,680.00	117,680.00	
5/01/2025	-	-	26,375.00	26,375.00	144,055.00
11/01/2025	3.00%	90,000.00	26,375.00	116,375.00	
5/01/2026	-	-	25,025.00	25,025.00	141,400.00
11/01/2026	3.00%	95,000.00	25,025.00	120,025.00	
5/01/2027	-	-	23,600.00	23,600.00	143,625.00
11/01/2027	4.00%	100,000.00	23,600.00	123,600.00	
5/01/2028	-	-	21,600.00	21,600.00	145,200.00
11/01/2028	4.00%	100,000.00	21,600.00	121,600.00	
5/01/2029	-	-	19,600.00	19,600.00	141,200.00
11/01/2029	4.00%	105,000.00	19,600.00	124,600.00	
5/01/2030	-	-	17,500.00	17,500.00	142,100.00
11/01/2030	4.00%	110,000.00	17,500.00	127,500.00	
5/01/2031	-	-	15,300.00	15,300.00	142,800.00
11/01/2031	4.00%	115,000.00	15,300.00	130,300.00	
5/01/2032	-	-	13,000.00	13,000.00	143,300.00
11/01/2032	4.00%	120,000.00	13,000.00	133,000.00	
5/01/2033	-	-	10,600.00	10,600.00	143,600.00
11/01/2033	4.00%	125,000.00	10,600.00	135,600.00	
5/01/2034	-	-	8,100.00	8,100.00	143,700.00
11/01/2034	4.00%	130,000.00	8,100.00	138,100.00	
5/01/2035	-	-	5,500.00	5,500.00	143,600.00
11/01/2035	4.00%	135,000.00	5,500.00	140,500.00	
5/01/2036	-	-	2,800.00	2,800.00	143,300.00
11/01/2036	4.00%	140,000.00	2,800.00	142,800.00	142,800.00
Total		\$2,260,000.00	\$1,029,914.97	\$3,289,914.97	\$3,289,914.97

J.J.B. Hilliard, W.L. Lyons  
 Public Finance  
 7/31/2014

(AP) Annual Refunding Fee 200,700.710.90225

275,000

146,000

BONDS  
DATE OF ISSUE  
AMOUNT OF ISSUE  
INTEREST RATE  
DATE OF FIRST PAYMENT

Int  
200.700.710.90100  
Loan #91-06  
6/21/2021  
\$5,564,000  
1.750%  
11/1/2021

200.000  
Principal  
200.000.000  
20678

Series 2019 A



35,400.3

City of Leitchfield

This payment schedule is an estimate only based upon the bond schedule and is for planning purposes only.

Notices will be mailed prior to the scheduled payment dates which state the required payment amount.

Pmt Date	Interest	Principal	Total Payment	Outstanding Principal
11/01/21	\$35,746.80	\$97,000	\$132,746.80	\$5,467,000
05/01/22	\$47,836.25		\$47,836.25	\$5,467,000
11/01/22	\$47,836.25	\$99,000	\$146,836.25	\$5,368,000
05/01/23	\$46,970.00		\$46,970.00	\$5,368,000
11/01/23	\$46,970.00	\$101,000	\$147,970.00	\$5,267,000
05/01/24	\$46,086.25		\$46,086.25	\$5,267,000
11/01/24	\$46,086.25	\$102,000	\$148,086.25	\$5,165,000
05/01/25	\$45,193.75		\$45,193.75	\$5,165,000
11/01/25	\$45,193.75	\$104,000	\$149,193.75	\$5,061,000
05/01/26	\$44,283.75		\$44,283.75	\$5,061,000
11/01/26	\$44,283.75	\$106,000	\$150,283.75	\$4,955,000
05/01/27	\$43,356.25		\$43,356.25	\$4,955,000
11/01/27	\$43,356.25	\$108,000	\$151,356.25	\$4,847,000
05/01/28	\$42,411.25		\$42,411.25	\$4,847,000
11/01/28	\$42,411.25	\$110,000	\$152,411.25	\$4,737,000
05/01/29	\$41,448.75		\$41,448.75	\$4,737,000
11/01/29	\$41,448.75	\$112,000	\$153,448.75	\$4,625,000
05/01/30	\$40,468.75		\$40,468.75	\$4,625,000
11/01/30	\$40,468.75	\$114,000	\$154,468.75	\$4,511,000
05/01/31	\$39,471.25		\$39,471.25	\$4,511,000
11/01/31	\$39,471.25	\$116,000	\$155,471.25	\$4,395,000
05/01/32	\$38,456.25		\$38,456.25	\$4,395,000
11/01/32	\$38,456.25	\$118,000	\$156,456.25	\$4,277,000
05/01/33	\$37,423.75		\$37,423.75	\$4,277,000
11/01/33	\$37,423.75	\$120,000	\$157,423.75	\$4,157,000
05/01/34	\$36,373.75		\$36,373.75	\$4,157,000
11/01/34	\$36,373.75	\$122,000	\$158,373.75	\$4,035,000
05/01/35	\$35,306.25		\$35,306.25	\$4,035,000
11/01/35	\$35,306.25	\$124,000	\$159,306.25	\$3,911,000
05/01/36	\$34,221.25		\$34,221.25	\$3,911,000
11/01/36	\$34,221.25	\$126,000	\$160,221.25	\$3,785,000
05/01/37	\$33,118.75		\$33,118.75	\$3,785,000
11/01/37	\$33,118.75	\$128,000	\$161,118.75	\$3,657,000
05/01/38	\$31,998.75		\$31,998.75	\$3,657,000
11/01/38	\$31,998.75	\$131,000	\$162,998.75	\$3,526,000
05/01/39	\$30,852.50		\$30,852.50	\$3,526,000
11/01/39	\$30,852.50	\$133,000	\$163,852.50	\$3,393,000
05/01/40	\$29,688.75		\$29,688.75	\$3,393,000
11/01/40	\$29,688.75	\$135,000	\$164,688.75	\$3,258,000
05/01/41	\$28,507.50		\$28,507.50	\$3,258,000
11/01/41	\$28,507.50	\$138,000	\$166,507.50	\$3,120,000
05/01/42	\$27,300.00		\$27,300.00	\$3,120,000
11/01/42	\$27,300.00	\$140,000	\$167,300.00	\$2,980,000
05/01/43	\$26,075.00		\$26,075.00	\$2,980,000
11/01/43	\$26,075.00	\$142,000	\$168,075.00	\$2,838,000
05/01/44	\$24,832.50		\$24,832.50	\$2,838,000
11/01/44	\$24,832.50	\$145,000	\$169,832.50	\$2,693,000
05/01/45	\$23,563.75		\$23,563.75	\$2,693,000
11/01/45	\$23,563.75	\$148,000	\$171,563.75	\$2,545,000
05/01/46	\$22,268.75		\$22,268.75	\$2,545,000
11/01/46	\$22,268.75	\$150,000	\$172,268.75	\$2,395,000
05/01/47	\$20,956.25		\$20,956.25	\$2,395,000
11/01/47	\$20,956.25	\$153,000	\$173,956.25	\$2,242,000
05/01/48	\$19,617.50		\$19,617.50	\$2,242,000
11/01/48	\$19,617.50	\$155,000	\$174,617.50	\$2,087,000
05/01/49	\$18,261.25		\$18,261.25	\$2,087,000
11/01/49	\$18,261.25	\$158,000	\$176,261.25	\$1,929,000
05/01/50	\$16,878.75		\$16,878.75	\$1,929,000
11/01/50	\$16,878.75	\$161,000	\$177,878.75	\$1,768,000
05/01/51	\$15,470.00		\$15,470.00	\$1,768,000
11/01/51	\$15,470.00	\$164,000	\$179,470.00	\$1,604,000
05/01/52	\$14,035.00		\$14,035.00	\$1,604,000
11/01/52	\$14,035.00	\$167,000	\$181,035.00	\$1,437,000
05/01/53	\$12,573.75		\$12,573.75	\$1,437,000
11/01/53	\$12,573.75	\$169,000	\$181,573.75	\$1,268,000
05/01/54	\$11,095.00		\$11,095.00	\$1,268,000
11/01/54	\$11,095.00	\$172,000	\$183,095.00	\$1,096,000

05/01/55	\$9,590.00		\$9,590.00	\$1,096,000
11/01/55	\$9,590.00	\$175,000	\$184,590.00	\$921,000
05/01/56	\$8,058.75		\$8,058.75	\$921,000
11/01/56	\$8,058.75	\$179,000	\$187,058.75	\$742,000
05/01/57	\$6,492.50		\$6,492.50	\$742,000
11/01/57	\$6,492.50	\$182,000	\$188,492.50	\$560,000
05/01/58	\$4,900.00		\$4,900.00	\$560,000
11/01/58	\$4,900.00	\$185,000	\$189,900.00	\$375,000
05/01/59	\$3,281.25		\$3,281.25	\$375,000
11/01/59	\$3,281.25	\$188,000	\$191,281.25	\$187,000
05/01/60	\$1,636.25		\$1,636.25	\$187,000
11/01/60	\$1,636.25	\$187,000	\$188,636.25	

BONDS  
DATE OF ISSUE  
AMOUNT OF ISSUE  
INTEREST RATE  
DATE OF FIRST PAYMENT

Int 200.700710.90100 WTP Series 2019B

Loan #91-08  
6/21/2021  
\$4,539,000  
1.750%  
11/1/2021

200.000.000.20679



28,508.45

City of Leitchfield

This payment schedule is an estimate only based upon the bond schedule and is for planning purposes only.

Notices will be mailed prior to the scheduled payment dates which state the required payment amount.

Pmt Date	Interest	Principal	Total Payment	Outstanding Principal
11/01/21	\$29,161.52	\$79,000	\$108,161.52	\$4,460,000
05/01/22	\$39,025.00		\$39,025.00	\$4,460,000
11/01/22	\$39,025.00	\$81,000	\$120,025.00	\$4,379,000
05/01/23	\$38,316.25		\$38,316.25	\$4,379,000
11/01/23	\$38,316.25	\$82,000	\$120,316.25	\$4,297,000
05/01/24	\$37,598.75		\$37,598.75	\$4,297,000
11/01/24	\$37,598.75	\$84,000	\$121,598.75	\$4,213,000
05/01/25	\$36,863.75		\$36,863.75	\$4,213,000
11/01/25	\$36,863.75	\$85,000	\$121,863.75	\$4,128,000
05/01/26	\$36,120.00		\$36,120.00	\$4,128,000
11/01/26	\$36,120.00	\$87,000	\$123,120.00	\$4,041,000
05/01/27	\$35,358.75		\$35,358.75	\$4,041,000
11/01/27	\$35,358.75	\$88,000	\$123,358.75	\$3,953,000
05/01/28	\$34,588.75		\$34,588.75	\$3,953,000
11/01/28	\$34,588.75	\$90,000	\$124,588.75	\$3,863,000
05/01/29	\$33,801.25		\$33,801.25	\$3,863,000
11/01/29	\$33,801.25	\$91,000	\$124,801.25	\$3,772,000
05/01/30	\$33,005.00		\$33,005.00	\$3,772,000
11/01/30	\$33,005.00	\$93,000	\$126,005.00	\$3,679,000
05/01/31	\$32,191.25		\$32,191.25	\$3,679,000
11/01/31	\$32,191.25	\$94,000	\$126,191.25	\$3,585,000
05/01/32	\$31,368.75		\$31,368.75	\$3,585,000
11/01/32	\$31,368.75	\$96,000	\$127,368.75	\$3,489,000
05/01/33	\$30,528.75		\$30,528.75	\$3,489,000
11/01/33	\$30,528.75	\$98,000	\$128,528.75	\$3,391,000
05/01/34	\$29,671.25		\$29,671.25	\$3,391,000
11/01/34	\$29,671.25	\$99,000	\$128,671.25	\$3,292,000
05/01/35	\$28,805.00		\$28,805.00	\$3,292,000
11/01/35	\$28,805.00	\$101,000	\$129,805.00	\$3,191,000
05/01/36	\$27,921.25		\$27,921.25	\$3,191,000
11/01/36	\$27,921.25	\$103,000	\$130,921.25	\$3,088,000
05/01/37	\$27,020.00		\$27,020.00	\$3,088,000
11/01/37	\$27,020.00	\$105,000	\$132,020.00	\$2,983,000
05/01/38	\$26,101.25		\$26,101.25	\$2,983,000
11/01/38	\$26,101.25	\$107,000	\$133,101.25	\$2,876,000
05/01/39	\$25,165.00		\$25,165.00	\$2,876,000
11/01/39	\$25,165.00	\$108,000	\$133,165.00	\$2,768,000
05/01/40	\$24,220.00		\$24,220.00	\$2,768,000
11/01/40	\$24,220.00	\$110,000	\$134,220.00	\$2,658,000
05/01/41	\$23,257.50		\$23,257.50	\$2,658,000
11/01/41	\$23,257.50	\$112,000	\$135,257.50	\$2,546,000
05/01/42	\$22,277.50		\$22,277.50	\$2,546,000
11/01/42	\$22,277.50	\$114,000	\$136,277.50	\$2,432,000
05/01/43	\$21,280.00		\$21,280.00	\$2,432,000
11/01/43	\$21,280.00	\$116,000	\$137,280.00	\$2,316,000
05/01/44	\$20,265.00		\$20,265.00	\$2,316,000
11/01/44	\$20,265.00	\$118,000	\$138,265.00	\$2,198,000
05/01/45	\$19,232.50		\$19,232.50	\$2,198,000
11/01/45	\$19,232.50	\$120,000	\$139,232.50	\$2,078,000
05/01/46	\$18,182.50		\$18,182.50	\$2,078,000
11/01/46	\$18,182.50	\$122,000	\$140,182.50	\$1,956,000
05/01/47	\$17,115.00		\$17,115.00	\$1,956,000
11/01/47	\$17,115.00	\$125,000	\$142,115.00	\$1,831,000
05/01/48	\$16,021.25		\$16,021.25	\$1,831,000
11/01/48	\$16,021.25	\$127,000	\$143,021.25	\$1,704,000
05/01/49	\$14,910.00		\$14,910.00	\$1,704,000
11/01/49	\$14,910.00	\$129,000	\$143,910.00	\$1,575,000
05/01/50	\$13,781.25		\$13,781.25	\$1,575,000
11/01/50	\$13,781.25	\$131,000	\$144,781.25	\$1,444,000
05/01/51	\$12,635.00		\$12,635.00	\$1,444,000
11/01/51	\$12,635.00	\$134,000	\$146,635.00	\$1,310,000
05/01/52	\$11,462.50		\$11,462.50	\$1,310,000
11/01/52	\$11,462.50	\$136,000	\$147,462.50	\$1,174,000
05/01/53	\$10,272.50		\$10,272.50	\$1,174,000
11/01/53	\$10,272.50	\$138,000	\$148,272.50	\$1,036,000
05/01/54	\$9,065.00		\$9,065.00	\$1,036,000
11/01/54	\$9,065.00	\$141,000	\$150,065.00	\$895,000

05/01/55	\$7,831.25		\$7,831.25	\$895,000
11/01/55	\$7,831.25	\$143,000	\$150,831.25	\$752,000
05/01/56	\$6,580.00		\$6,580.00	\$752,000
11/01/56	\$6,580.00	\$146,000	\$152,580.00	\$606,000
05/01/57	\$5,302.50		\$5,302.50	\$606,000
11/01/57	\$5,302.50	\$148,000	\$153,302.50	\$458,000
05/01/58	\$4,007.50		\$4,007.50	\$458,000
11/01/58	\$4,007.50	\$151,000	\$155,007.50	\$307,000
05/01/59	\$2,686.25		\$2,686.25	\$307,000
11/01/59	\$2,686.25	\$153,000	\$155,686.25	\$154,000
05/01/60	\$1,347.50		\$1,347.50	\$154,000
11/01/60	\$1,347.50	\$154,000	\$155,347.50	