

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
APR 22 2015
PUBLIC SERVICE
COMMISSION

In the Matter of:

The Application of Green River Valley)
Water District for Approval of) Case No. 2015-00
Financing and Issuance of a)
Certificate of Convenience and Necessity)

APPLICATION

Green River Valley Water District (GRVWD), by counsel, pursuant to KRS 278.020 and 278.300, petitions the Commission for an order approving the construction of a standby generator and the financing of the improvements through a loan from the Kentucky Infrastructure Authority. Pursuant to the order in Case No. 2013-00346, GRVWD is requesting approval to use remaining funds from the prior project for the installation of a stand-by generator. Because the entire loan from KIA has been previously approved, GRVWD believes no additional approval of financing is required, but provides the attached information to facilitate the review of the proposed use of funds.

1. GRVWD is a regulated water district formed under KRS Chapter 74. It has no articles of incorporation. Its address is Box 399, 85 East Les Turner Road, Cave City, KY 42127. Its contact information and manager are:

David Paige, manager
85 E. Les Turner Road
Cave City, KY 42127
270 773 2135 Ph
270 773 5261 fax
grvwd@scrtc.com

2. It currently serves approximately 6828 customers in portions of Barren, Green, Hart, Larue and Metcalf Counties. It serves wholesale water to Horse Cave Water System, Cave City Water System, Munfordville Water Works, Larue County Water District #1, Bonnieville Water District, Green-Taylor Water District and the Caveland Environmental Authority.

3. A description of its water system and its property stated at original cost by accounts is contained in its 2014 Annual Report, which is incorporated by reference.

4. It proposes to install a 1000 KW emergency generator for powering the water treatment plant. The project is described in Exhibit A. Two paper copy of the Maps, Plans, Specifications are provided as a separate bound document. One electronic copy is also attached.

5. The construction is in the public interest and is required to allow Green River Valley to continue to provide adequate service to residents of the county and to its wholesale customers. The purpose of this project is needed to assure the ability to pump water during electrical outages. The project, its cost, need and other details are contained in Exhibit A.

6. The total project cost is approximately \$837,700.00. The District is financing the project with the remainder of a \$1,175,000 loan from the Kentucky Infrastructure Authority, approved in Case No2013-00346, Exhibit A. The District had \$406,106 remaining from that loan after the completion of the prior project. KIA has also approved an additional ten percent increase of the original loan. The District will add \$431,593 of currently available funds to the project. The correspondence with the KIA is attached as Exhibit B.

7. No easements and rights of way are acquired, see Exhibit A.

8. This service will not compete with any other utility in the area.
9. The proposed project, identified in Exhibit A, is scheduled to begin construction upon PSC approval. Construction period is approximately 60 days. Bid information is included with Exhibit C. Bids were opened on March 12, 2015 and are valid for 90 days from that date.
10. No new franchises are required. The DOW has reviewed the project and indicated no approval is needed, see Exhibit D.
11. Construction descriptions are in Exhibit A and Bid Documents, Exhibit C. Facts relied on to justify the public need are included in the project descriptions in Exhibit A.
12. Maps of the area showing location of the proposed facilities are in Exhibit A.
13. The construction costs will be funded as previously described.
14. Estimated operating costs for operation and maintenance, depreciation and debt service after construction to the extent that there are any are shown in Exhibits A and B.
15. A description of the facilities and operation of the system are in Exhibit A.
16. A full description of the route, location of the project, description of construction and related information is in Exhibit A.
17. The start date for construction; proposed in-service date; and total estimated cost of construction at completion are included in Exhibits A and B.
18. CWIP at end of test year is listed in the Annual Report.
19. Plant retirements are listed in the Annual Report. No salvage values are included as booked.
20. The use of the funds and need for the facilities is justified based on a the engineering report included as Exhibit A

21. No rate adjustment is being proposed. A cash flow analysis showing adequate revenues to maintain operations and coverage is included in Exhibit B.

22. The following information is provided in response to 807 KAR 5:001 (14)(2):

a. Articles of Incorporation – None. Green River Valley is a statutorily created water district under KRS Chapter 74;

23. The following information is supplied pursuant to 807 KAR 5:001(15):

a. Facts relied upon to show that the application is in the public interest: See Exhibit A.

24. The following information is provided as required by 807 KAR 5:001 (18):

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

b. No stock is to be issued; No bonds are to be issued in this case.

c. There is no refunding or refinancing.

d. The proceeds of the financing are to construct the property described in Exhibit A.

e. The par value, expenses, use of proceeds, interest rates and other information is not applicable because no bonds are being issued at this time.

25. The following exhibits are provided pursuant to 807 KAR 5:001 (18)(2):

a. There are no trust deeds. All notes, indebtedness and mortgages are included in the financial information provided in Exhibit E, the Independent Audit Report and the Public Service Commission Annual Report.

b. Property is to be constructed is described in Exhibit A.

26. The following information is provided pursuant to 807 KAR 5:001(12):

a. No stock is authorized.

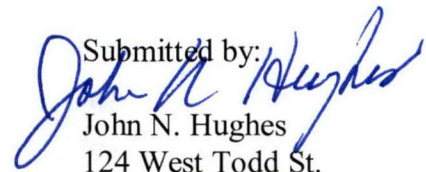
b. No stock is issued.

- c. There are no stock preferences.
- d. Mortgages are listed Exhibit E.
- e. Bonds are listed in Exhibit E.
- f. Notes are listed in Exhibit E.
- g. Other indebtedness is listed in Exhibit E.
- h. No dividends have been paid.
- i. Current balance sheet; income statement and debt schedule are listed in Exhibit E.

27. GRVWD states that there have been no material changes in its financial condition since the date of the preparation of Exhibit E. If necessary, it moves for a deviation pursuant to 807 KAR 5:001(22) for use of the financial information contained in Exhibit E, which is greater than 90 days old and for any other filing requirement not essential for the review and approval of the application. It also moves for incorporation by reference of the financial information contained in the 2014 Annual Report and incorporation of the record in Case No. 2013-00346

28. Plant additions will be classified according to USoA "Power Generating Equipment" 310.

For these reasons, Green River Valley requests an order approving financing, if required, the certificate to install the generator and other authorizations that may be required.

Submitted by: 

John N. Hughes

124 West Todd St.

Frankfort, KY 40601

(502) 227 7270

jnhughes@fewpb.net

Attorney for Green River

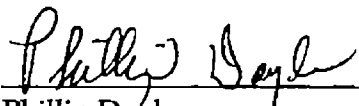
Valley Water District

AFFIDAVIT

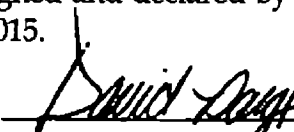
COMMONWEALTH OF KENTUCKY

COUNTY OF HART

Affiant, Phillip Doyle, after being first sworn, deposes and says that he is the Chairman of the Green River Valley Water District, that he is authorized to submit this Petition on behalf of the District, and that the information contained in the Petition is true and correct to the best of his knowledge and belief except as to those matters that are based on information provided to him and as to those he believes to be true and correct.


Phillip Doyle

This instrument was produced, signed and declared by Phillip Doyle to be his act and deed the 21st day of April, 2015.


Notary Public
Registration Number;

My Commission expires: 12/29/2015

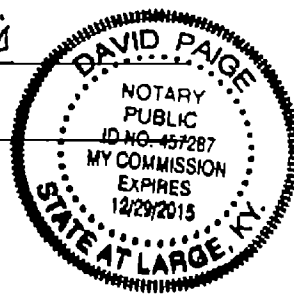


EXHIBIT A

ORDER CASE NO. 2013-00346

PLANS AND SPECIFICATIONS (TWO PAPER COPIES, ONE CD)

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF GREEN RIVER VALLEY WATER)	
DISTRICT FOR APPROVAL OF FINANCING AND)	CASE NO.
ISSUANCE OF A CERTIFICATE OF)	2013-00346
CONVENIENCE AND NECESSITY)	

ORDER

Green River Valley Water District ("Green River District") has applied for a Certificate of Public Convenience and Necessity ("Certificate") to perform repairs to the Rio Verde Dam and for authorization to borrow the funds for such repairs. Having reviewed the record and being otherwise sufficiently advised,¹ the Commission finds that:

1. Green River District, a water district organized pursuant to KRS Chapter 74, owns and operates facilities that treat and distribute water to approximately 6,813 customers in portions of Barren, Green, Hart, Larue, and Metcalfe counties, Kentucky,² and provides wholesale water service to the cities of Bonnleville, Horse Cave, Cave City, and Munfordville, and to Larue County Water District, Green-Taylor Water District, and Caveland Environmental Authority.³

¹ Green River Valley tendered its application on September 20, 2013. In its application, Green River Valley requested a deviation from 807 KAR 5:001, Section 17(2)(a). On October 8, 2013, the Commission granted the request and accepted the application for filing. Commission Staff obtained and has placed into the record of this proceeding the records of the Kentucky Division of Water regarding the proposed repairs. No person or entity has intervened in this matter. The Commission has received no requests for hearing and finds the record complete.

² *Annual Report of Green River Valley Water District to the Public Service Commission of Kentucky for the Year Ending December 31, 2012 ("Annual Report")* at 5 and 27.

³ *Id.* at 29 and 30.

2. In 2012, Rio Verde Spring accounted for 69 percent of Green River District's water supply.⁴ The Green River supplied the remaining portion of Green River District's remaining supply.⁵

3. Rio Verde Dam impounds the Rio Verde Spring's flow.⁶

4. Rio Verde Dam is a concrete buttress structure with a slight arc to the dam alignment and a centrally located spillway with a concrete apron. It is approximately 110 feet in length and 21 feet in height at its maximum section.⁷

5. In the spring of 2012, Green River District personnel discovered a significant increase in seepage around the Rio Verde Dam's foundation.⁸

6. If the seepage problem is not corrected, the amount of water available from Rio Verde Spring will be significantly reduced and Green River District will be required to offset the loss by increasing its withdrawals from the Green River. Because water from the Green River has a higher turbidity level, especially after storm events, increased reliance upon the Green River will require construction of additional sedimentation basins and backwash waste lagoons.⁹

⁴ R. Vaughn Williams, Green River Valley Water District: Rio Verde Dam Modifications 4 (Mar. 13, 2012) (filed Oct. 28, 2013).

⁵ *Id.*

⁶ *Id.* at 1.

⁷ *Id.*

⁸ *Id.*

⁹ *Id.* at 4-5. See also Robyn L. Minor, *Small Section Under Dam Needs Repairs*, Bowling Green Daily News, July 3, 2013, available at 2013 WLNR 18166668.

7. The proposed project¹⁰ involves the reconstruction of a 20-foot section of the Rio Verde Dam located west of its spillway and the installation of an 80-foot grout curtain. The proposed construction would stabilize the concrete buttress dam, and address seepage through the foundation, includes surface repairs and addresses erosion problems at the dam's foundation. As a part of the proposed construction, the flow of the Rio Verde Spring will be diverted around the dam. A temporary sandbag structure will be located approximately 370 feet upstream from the existing dam and will channel water into a 24-inch High Density Polyethylene pipe that is approximately 920 linear feet in length and that will run into an existing 20-inch raw water main.¹¹

8. Total cost of the proposed project, including administrative expenses, legal expenses, engineering fees, construction cost, and contingencies, is approximately \$1,175,000.¹²

9. The proposed construction is the least costly alternative to resolve the Rio Verde Dam's structural problems.¹³

10. Green River District proposes to finance the proposed project with a loan of \$1,175,000 from the Kentucky Infrastructure Authority ("KIA").

11. Kenvirons, Inc. of Frankfort, Kentucky, prepared the plans and specifications for the proposed project.

¹⁰ The Water Resource Information System has designated this project as WRIS No. WX2109903.

¹¹ R. Vaughn Williams, *supra* note 4, at 2-3.

¹² Application Ex. C.

¹³ For an assessment of the other alternatives, see R. Vaughn Williams, *supra* note 4, at 4-6.

12. The Kentucky Division of Water ("KDOW") has approved the plans and specifications for the proposed project.¹⁴

13. The proposed construction will not result in wasteful duplication of existing facilities.

14. The proposed construction does not conflict with any existing certificates or the service of any other utility operating in the area.

15. The public convenience and necessity require the proposed construction.

16. KIA has authorized a loan of \$1,175,000 to Green River District for the proposed project with repayment over a period not to exceed 20 years at an interest rate of 0.75 percent per annum.¹⁵

17. Based upon projections of Green River District's operations, Green River District's existing rates will provide sufficient revenues to meet the debt service coverage requirements of its existing debt instruments and the proposed KIA loan.¹⁶

18. The proposed loan with KIA is for lawful objects within Green River District's corporate purpose, is necessary, appropriate for, and consistent with the proper performance of Green River District's service to the public, will not impair Green River District's ability to perform that service, and is reasonably necessary and appropriate for such purpose.

¹⁴ Letter from Mark Rasche, Supervisor, Engineering Section, Water Infrastructure Branch, KDOW, to Davey Palge, General Manager, Green River Valley Water District (July 30, 2013); Letter from Shane Cook, Supervisor, Dam Safety Section, Water Infrastructure Branch, KDOW, to Green River Valley Water District (June 25, 2013). The Army Corps of Engineers advised Green River District that the proposed project is authorized by federal law. Letter from Jane Archer, Regulatory Specialist, Army Corps of Engineers, to Vaughn Williams, Kenvirons, Inc. (Aug. 27, 2013).

¹⁵ Letter from John LeFevre, Financial Analyst, KIA, to Jack London, Chairman, Green River Valley Water District (Apr. 5, 2013).

¹⁶ Application Ex. B.

IT IS THEREFORE ORDERED that:

1. Green River District is granted a Certificate to proceed with the proposed construction as set forth in its application.
2. Green River District shall notify the Commission prior to performing any additional construction not expressly authorized by this Order.
3. Any deviation from the construction approved shall be undertaken only with the prior approval of the Commission.
4. Green River District shall file with the Commission documentation of the total cost of this project, including the cost of construction and all other capitalized costs (e.g., engineering, legal, administrative) within 60 days of the date that construction is substantially completed. Construction costs shall be classified into appropriate plant accounts in accordance with the Commission's Uniform System of Accounts for Water Utilities.
5. Green River District shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.
6. Green River District shall require construction to be inspected under the general supervision of a licensed professional engineer with a Kentucky registration in civil or mechanical engineering to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

7. Green River District is authorized to execute an Assistance Agreement with KIA to borrow an amount not to exceed \$1,175,000 to be repaid over a period not to exceed 20 years at an interest rate of 0.75 percent per annum.

8. Within 30 days of executing its proposed Assistance Agreement with KIA, Green River District shall file a copy of the executed Assistance Agreement and any documents referenced in the Assistance Agreement that Green River District has not previously filed with the Commission.

9. Green River District shall use the proceeds from the proposed Assistance Agreement with KIA only for the lawful purposes set forth in its application.

10. Any documents filed in the future pursuant to ordering paragraphs 2, 4, 5, and 8 shall reference this case number and shall be retained in the utility's general correspondence file.

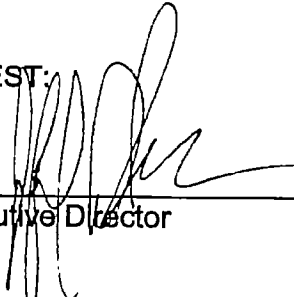
11. The Executive Director is delegated authority to grant reasonable extensions of time for the filing of any documents required by this Order upon Green River District's showing of good cause for such extension.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

By the Commission

ENTERED ⁰¹⁰⁷
NOV 27 2013
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Case No. 2013-00346

Honorable John N Hughes
Attorney at Law
124 West Todd Street
Frankfort, KENTUCKY 40601

EXHIBIT B



Steven L. Beshear
Governor

KENTUCKY INFRASTRUCTURE AUTHORITY

1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601
Phone (502) 573-0260
Fax (502) 573-0157
<http://kia.ky.gov>

John E. Covington III
Executive Director

June 11, 2014

Mr. David Paige, Manager
Green River Valley Water District
Post Office Box 399
Cave City, KY 42127

Re: Request to Use Remaining Funds on KIA Loan #B13-006

Dear Mr. Paige:

We have received your request dated May 27, 2014 to permit the District to use the remaining funds associated with KIA Loan #B13-006. KIA will approve of the use of funds subject to the items listed on the attached e-mail dated June 9, 2014 from Tammy McCall to Neil Crawford.

Please feel free to call me if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Jeff Abshire".

Jeff Abshire (Jeff.Abshire@KY.gov)
Financial Analyst
Kentucky Infrastructure Authority

Abshire, Jeff (KIA)

From: McCall, Tammy (KIA)
Sent: Monday, June 09, 2014 11:03 AM
To: 'ncrawford@ok4.com'
Cc: Abshire, Jeff (KIA); Armstrong, Brandi (KIA)
Subject: B13-008 Green River Valley Water District
Attachments: PSC Order 11.27.13 Approving Financing and Cert of Conv&Necessity.pdf; Legal Counsel Certification Letter.doc; Projection Certification.doc

Neil,

I am sending this email to follow-up with our phone conversation this morning. The following items will need to be submitted to KIA before funds can be disbursed for reimbursement regarding the new office building:

1. The Water District will need to confirm with PSC if they need to submit or do anything more for this new part of the project. Once the District has confirmation on what PSC does or does not require, please make KIA aware of that confirmation. The PSC Order Approving Financing and Issuance of a Certificate of Convenience and Necessity dated 11/27/13 is attached.
2. Complete and submit a Legal Counsel Procurement and Wage Certification – *sample is attached*
3. Complete and submit a Projection Certification – *sample is attached*.
4. As Bid tabulations
5. As Bid project budget, reviewed and approved by consulting engineer.
6. Engineering recommendation on compliance with bid specifications and recommendations.

If you have additional questions, please contact Jeff Abshire at jeff.abshire@ky.gov or at the phone number listed below.

Tammy McCall

Financial Analyst
Kentucky Infrastructure Authority
1024 Capital Center Drive Suite 340
Frankfort, KY 40601
502-573-0260

Green River Valley Water District Rio Verde Dam Improvements

Project Budget

April 15, 2014

	<i>Original Estimate</i>	<i>Construction Budget</i>	<i>Final Expenditure</i>
Total Construction Cost	\$780,000.00	\$610,385.00	\$550,816.92
Contingency	156,000.00	340,000.00	0.00
Engineering @ 9.2%	72,000.00	59,213.00	59,212.00
Inspection @ 6.0%	47,000.00	41,262.00	41,262.00
Preliminary Engineering Report	10,000.00	10,000.00	10,000.00
Geotechnical Exploration	82,000.00	82,000.00	69,962.67
Environmental Survey	23,000.00	27,140.00	27,140.00
Administration	5,000.00	5,000.00	5,000.00
Legal	0.00	0.00	5,500.00
 Total Project Cost	 \$1,175,000.00	 \$1,175,000.00	 \$768,893.59

KIA FUND B

Funds Remaining \$406,106.41

VAUGHN WILLIAMS

From: Abshire, Jeff (KIA) <jeff.abshire@ky.gov>
Sent: Thursday, March 26, 2015 4:49 PM
To: VAUGHN WILLIAMS
Cc: Paige, David; Hughes, John; Johnson, Jami (KIA); Yeary, Amanda (KIA)
Subject: RE: Green River Valley Water District - Fund B Loan (B13-006)

Vaughn,

We are amenable to a ten percent increase. We would need a formal request (email is formal enough though) from the District which outlines how the funds will be used, project timeline (bid open date, construction start, construction completion), and provide a revised project budget. We would provide a conditional commitment letter for the increase and the District would have to meet any standard conditions that require update prior to issuance of a supplemental Assistance Agreement. Notable items that would be required include bid tabs, plans and specs approval, and updated PSC approvals (if applicable).

Even though a ten percent increase does not require KIA Board approval we would still need to prepare an updated credit analysis and present the increase to the Capital Projects and Bond Oversight Committee for approval.

Thanks,

Jeff Abshire
Phone: 502-573-0260, Ext. 240
Email: jeff.abshire@ky.gov
Internet: <http://kia.ky.gov/>

From: VAUGHN WILLIAMS [mailto:VWILLIAMS@kenvirons.com]
Sent: Tuesday, March 24, 2015 8:40 AM
To: Abshire, Jeff (KIA)
Cc: Paige, David; Hughes, John
Subject: Green River Valley Water District - Fund B Loan (B13-006)

Jeff,
Green River Valley Water District received bids for an emergency generator at its water treatment plant. The Water District Board met last Thursday, March 19, and decided to accept the bid from B&R Electrical in the amount of \$724,100. The proposed project budget and funding follows;

Total Construction Cost	\$724,100.00
Engineering	68,000.00
Inspection	45,600.00
Total Project Cost	\$837,700.00

Remaining KIA Fund B Loan	\$406,106.41
GRVWD Project Contribution	\$431,593.59
Total Project Funding	\$837,700.00

Alternatively, the Water District would like to investigate the possibility of increasing the original KIA loan amount by 10%. This would increase the loan from \$1,175,000 to \$1,292,500 and the proposed project funding scenario would be;

Remaining KIA Fund B Loan	\$406,106.41
Increase KIA Loan Amount 10%	\$117,500.00
<u>GRVWD Project Contribution</u>	<u>\$314,093.59</u>
Total Project Funding	\$837,700.00

Please advise on the documentation needed by KIA to proceed with the project construction.

Thanks,
Vaughn

R. Vaughn Williams, PE | President

KENVIRONS, INC. | Civil & Environmental Engineers
452 Versailles Road | Frankfort, KY 40601
Office (502) 695-4357 | Mobile (502) 382-6188

Attention: This email message is intended solely for the primary addressee(s) named and may contain information that is confidential, proprietary and/or legally privileged. If you are not the intended recipient please delete the message and notify the sender. Any views or opinions presented are solely those of the author.

GREEN RIVER VALLEY WATER DISTRICT

85 E. Les Turner Rd.
P.O. Box 399
Cave City, KY 42127
(270) 773-2135
David Paige, Manager

TTY1-800-648-6056

DISTRICT COMMISSIONERS
Phillip Doyle, Chairman
Pat Ross, Attorney
John Bunnell, Secretary/Treasurer
Ray Branstetter
Pat Tucker
Leland Glass

March 27, 2015

Mr. Jeff Abshire
Kentucky Infrastructure Authority
1024 Capital Center Drive
Suite 340
Frankfort, KY 40601-0615

RE: Fund B Loan No. B13-006

Dear Mr. Abshire:

Green River Valley Water District requests that the Fund B Loan No. B13-006 be increased from the original amount of \$1,175,000 to \$1,292,500. The additional loan amount would be combined with the remaining funds from the Rio Verde Dam Improvements Project for the installation of a 1,000 KW Emergency Generator at the District's Water Treatment Plant. The generator will allow the District to produce and pump potable water to its customers during periods of power outage.

The Emergency Generator Project's plans and specifications were developed by Kenvirons, Inc. and are currently being reviewed by the Kentucky Division of Water. Further, the project was advertised and bids were received on March 12, 2015. The Water District Board met on March 19th and decided to accept the low bid from B&R Electrical in the amount of \$724,100. The proposed project budget and funding follows;

PROJECT BUDGET

Total Construction Cost	\$724,100.00
Engineering	68,000.00
Inspection	45,600.00
Total Project Cost	\$837,700.00

PROJECT FUNDING

Remaining KIA Fund B Loan	\$406,106.41
Increase KIA Loan Amount 10%	\$117,500.00

GREEN RIVER VALLEY WATER DISTRICT

85 E. Les Turner Rd.
P.O. Box 399
Cave City, KY 42127
(270) 773-2135
David Paige, Manager

TTY1-800-648-6056

DISTRICT COMMISSIONERS
Phillip Doyle, Chairman
Pat Ross, Attorney
John Bunnell, Secretary/Treasurer
Ray Branstetter
Pat Tucker
Leland Glass

<u>GRVWD Project Contribution</u>	<u>\$314,093.59</u>
Total Project Funding	\$837,700.00

The Water District will cover any project cost overruns using its own reserves.

The District intends to expedite the project as quickly as possible. Following is an estimated timeline for the project;

PROJECT TIMELINE

Receive Bids	March 12, 2015
KYDOW Approval	April 3, 2015
KIA Conditional Commitment Letter	April 10, 2015
PSC Approval	June 12, 2015
Start Construction	June 30, 2015
End Construction	November 30, 2015
Project Closeout	December 15, 2015

We appreciate your consideration of this request and look forward to working with KIA on the Emergency Generator Project. Please advise if any other documentation is needed prior to the Conditional Commitment evaluation.

Sincerely,



David Paige
Manager

cc: R. Vaughn Williams, Kenvirons

EXHIBIT C



KENVIRONS, INC
 452 Versailles Road
 Frankfort, KY 40601
 Tel (502) 695-4357
 www.kenvirons.com

BID TABULATIONS

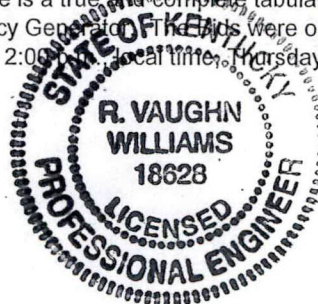
PROJECT: Green River Valley Water District
 1,000 KW Emergency Generator
 LOCATION: Flemingsburg, Kentucky
 BID DATE: March 12, 2015

Engineers Estimate - \$650,000

			B&R Electrical, Inc. 550 Kelly Road Bowling Green, KY 42101	Industrial Electrical Contr. P.O. Box 51566 Bowling Green, KY 42101	D&M Electric, Inc. 136 Vanderbilt Drive Bowling Green, KY 42103
Item Description	Unit	Quantity	Lump Sum Bid	Lump Sum Bid	Lump Sum Bid
Complete Project, Lump Sum Bid	LS	1	\$762,850.00	\$800,900.00	\$809,690.00
Deductive Altern. No. 1 Main Plant Service	LS	1	\$32,676.00 <i>\$730,174.00</i>	\$34,200.00 <i>\$766,700.00</i>	\$33,090.00 <i>\$776,600.00</i>
Deductive Altern. No. 2 High Service PS No. 3	LS	1	\$38,750.00 <i>\$691,424.00</i>	\$44,260.00 <i>\$722,440.00</i>	\$40,300.00 <i>\$736,300.00</i>
Deductive Altern. No. 3 High Service PS No. 2	LS	1	\$208,740.00 <i>\$482,684.00</i>	\$232,330.00 <i>\$490,110.00</i>	\$251,200.00 <i>\$485,100.00</i>
<i>Italic numbers above indicate revised Bid Amount after the Deductive Alternate is subtracted.</i>					

			J.L. Davis Electrical Contr. P.O. Box 1028 Barbourville, KY 40906	Gene Ray Electric Co. 304 Valley Creek Road Elizabethtown, KY 42701	
Item Description	Unit	Quantity	Lump Sum Bid	Lump Sum Bid	Lump Sum Bid
Complete Project, Lump Sum Bid	LS	1	\$835,000.00	\$872,900.00	
Deductive Altern. No. 1 Main Plant Service	LS	1	\$25,000.00 <i>\$810,000.00</i>	\$31,386.00 <i>\$841,514.00</i>	
Deductive Altern. No. 2 High Service PS No. 3	LS	1	\$17,300.00 <i>\$792,700.00</i>	\$62,475.00 <i>\$779,039.00</i>	
Deductive Altern. No. 3 High Service PS No. 2	LS	1	\$195,000.00 <i>\$597,700.00</i>	\$260,760.00 <i>\$518,279.00</i>	
<i>Italic numbers above indicate revised Bid Amount after the Deductive Alternate is subtracted.</i>					

The above is a true and complete tabulation of the Bids received by the Green River Valley Water District for Contract 1 - 1,000 KW Emergency Generator. The Bids were opened and read aloud at the Water District Office, 85 E. Les Turner Road, Cave City, KY 42127, at 2:00 p.m. local time, Thursday March 12, 2015.



By: *R. Vaughn Williams*
 R. Vaughn Williams, P.E.

3/13/15
 Date



Kenvirons, Inc.

452 Versailles Road • Frankfort, KY 40601 • Phone: (502) 695-4357 • Fax: (502) 695-4363
Civil & Environmental Engineering and Laboratory Services

March 18, 2015

Mr. Phillip Doyle, Chairman
Green River Valley Water District
85 E. Les Turner Road
Cave City, KY 42127

RE: 1,000 KW Emergency Generator for the WTP

Dear Mr. Doyle:

On March 12, 2015 bids for the above referenced Project were received and read aloud. The bid prices were acceptable and the difference in price between the three lowest bids was only 6.2%. The low bidder and bid amount for the complete project was;

B&R Electrical, Inc.
550 Kelley Road
Bowling Green, KY 42101
Total Base Bid – \$762,850.00

Deductive alternates were included in the bid so portions of the project could be deleted from the contract and reduce the expenditure at this time. The deductive alternates were for electrical wiring from the generator to the Main WTP Service, High Service Pump Station No. 2, and High Service Pump Station No. 3. It is Kenvirons recommendation that the Water District accept Deductive Alternate No. 2 for the amount of \$38,750.00. This will delete the wiring from the generator to Pump Station No. 3. Therefore, the final project budget is;

Total Construction Cost	\$724,100.00
Engineering	68,000.00
Inspection	45,600.00
<hr/> Total Project Cost	<hr/> \$837,700.00

The Water District has \$406,106.41 funds remaining from the KIA Fund B loan that was used for the Rio Verde Dam Improvement Project and KIA is receptive to increase the loan another \$117,500.00, ten percent of the original loan value.



The proposed funding for the Emergency Generator Project is;

Remaining KIA Fund B Loan	\$406,106.41
Increase KIA Loan 10%	117,500.00
Water District Contribution	314,093.59
<u>Total Project Funding</u>	<u>\$837,700.00</u>

Increasing the KIA Fund B Loan an additional \$117,500 will increase the annual debt service and administrative fees for the loan by \$6,584, and the total annual payment will be approximately \$72,420. Based upon the District's 2014 Financial Statement, the current and proposed bond coverage are calculated to be;

2014 Gross Revenues	\$4,194,739
2014 Operating Expenses	2,731,786
<u>Net Revenue Available for Debt Service</u>	<u>\$1,462,953</u>
2014 Annual Debt Service Requirements	\$1,082,027
Coverage (Net Revenue/Debt Service)	1.35
Proposed Annual Debt Service Requirements	\$1,154,447
Coverage (Net Revenue/Debt Service)	1.27

The District's current rates are sufficient to handle the additional debt service.

Kenvirons has contacted several references from the contractor on similar projects and all offered favorable comments concerning B&R Electrical. The low Bidder has constructed several projects similar to the project being undertaken. It is hereby recommended that Green River Valley Water District accept B&R Electrical's bid in the amount of \$837,700.00 and award the contract.

Transmitted herewith is the Bid Tabulation for all the bids received on the project.

Sincerely,

A handwritten signature in blue ink, appearing to read 'R. Vaughn Williams', is written over the typed name.

R. Vaughn Williams, P.E.
President

attachments

EXHIBIT D



STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET

DEPARTMENT FOR ENVIRONMENTAL PROTECTION

DIVISION OF WATER

200 FAIR OAKS LANE, 4TH FLOOR

FRANKFORT, KENTUCKY 40601

www.kentucky.gov

April 3, 2015

Mr. David Paige
Green River Valley Water District
P. O. Box 399
Cave City, KY 42127

RE: Green River Valley Water District
AI # 1776, APE20150001
PWSID # 0500166-15-001
Emergency Generator for WTP
Hart County, KY

Dear Mr. Paige:

We have reviewed the plans and specifications for the above referenced project. This is to advise that the Division of Water does not require a review of this project since it consists the installation of a 1,000 kW Emergency Generator. Thus, the project is being returned to the engineer without approval, but has been documented in our database. The Division of Water appreciates being notified of maintenance projects to the distribution system.

If you have any questions concerning this project, please contact Mr. Mortaza Tabayeh at 502-564-3410 extension 4826.

Sincerely,

Mark Rasche, P.E.
Supervisor, Engineering Section
Water Infrastructure Branch
Division of Water

MR:MT

Enclosures

- C: Kenvirons, Inc. (by e-mail only)
- Barren River District (Hart County) Health Department (by e-mail only)
- Public Service Commission (by e-mail only)
- Division of Plumbing (by e-mail only)



EXHIBIT E

Green River Valley Water District

Financial Statements

June 30, 2014 and 2013

GREEN RIVER VALLEY WATER DISTRICT
BOND COVERAGE 2014

Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Annual Debt Service Requirements Principal	Interest	Total	Coverage
2014	\$ 4,194,739	\$ 2,731,786	\$ 1,462,953	\$ 627,500	\$ 454,527	\$ 1,082,027	1.4

1) Operating revenue and investment income.
 (2) Excluding depreciation and interest expense

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-6
Statements of Net Position	7-8
Statements of Revenues, Expenses and Changes in Net Position	9-10
Statements of Cash Flows	11
Notes to Financial Statements	12-21
Supplemental Information	
Schedules of Operating Expenses	22-23
Schedule of Findings and Responses	24
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 <i>Government Auditing Standards</i>	25-26



CAMPBELL, MYERS AND RUTLEDGE, PLLC

Cindy L. Greer, CPA ▪ L. Joe Rutledge, CPA ▪ Jonathan W. Belcher, CPA ▪ R. Brent Billingsley, CPA
Skip R. Campbell, CPA ▪ Sammie D. Parsley, CPA ▪ Ryan Mosier, CPA ▪ Jenna B. Pace, CPA ▪ Adam Duvall

INDEPENDENT AUDITOR'S REPORT

To the Commissioners
Green River Valley Water District

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Green River Valley Water District as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Green River Valley Water District, as of June 30, 2014 and June 30, 2013, and the respective changes in financial position and, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-6 be presented to supplement the basic financial statements. Such information, 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 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedules of operating expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of operating expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 schedules of operating expenses 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 August 27, 2014, on our consideration of the District'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 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 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 Green River Valley Water District's internal control over financial reporting and compliance.

Campbell, Myers & Rutledge, PLLC

Glasgow, KY
August 27, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Green River Valley Water District, we offer readers of the District's financial statements this narrative overview of the financial activities of the District for the fiscal years ending June 30, 2014 and 2013. We encourage readers to consider the information presented here in conjunction with the District's financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

For the year ending June 30, 2014, total operating and non-operating revenues (including capital contributions) totaled \$4,257,585. This represents a 1% increase in revenues from the prior year. The increase was primarily due to an increase in non-operating revenues.

Expenses amounted to \$4,129,159 a decrease of \$8,400 from the prior year. This decrease was primarily due to a decrease in interest on long term debt.

Total assets increased by \$253,606 while total liabilities and deferred inflows decreased by \$84,780. These changes resulted in an increase in net position of \$168,826.

At June 30, 2014 GRVWD had spent \$763,394 of the \$1,175,000 KIA Loan for the Rio Verde Dam Project. The remaining (\$411,606) will be used for the purchase of property at HWY 218, Horse Cave and the renovation of the existing building for the Water District's Office. The Water District has filed application with USDA-RD for a loan and grant for a WTP upgrade to increase the capacity of the water plant. This project is needed to make sure the District has sufficient water supply to meet the needs of our customers.

Overview of the Financial Statements

This report consists of this Management's Discussion and Analysis report, the Independent Auditor's Report, Financial Statements and Supplementary Information. The Financial Statements include notes which explain in detail some of the information included in the Financial Statements.

Required Financial Statements

The financial statements of Green River Valley Water District report information of Green River Valley Water District using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The Statement of Net Position includes all of Green River Valley Water District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Green River Valley Water District creditors (liabilities). It also provides the basis for evaluation the capital structure of Green River Valley Water District and assessing the liquidity and financial flexibility of Green River Valley Water District.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of Green River Valley Water District's operations over the past year and can be used to determine whether Green River Valley Water District has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Financial Analysis of Green River Valley Water District

**Green River Valley Water District
Summary of Net Position
June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Assets		
Total Current Assets	\$ 2,632,775	\$ 2,458,471
Total Restricted Assets	1,217,830	1,054,133
Net Capital Assets	<u>23,239,892</u>	<u>23,324,287</u>
Total Assets	<u>\$ 27,090,497</u>	<u>\$ 26,836,891</u>
Liabilities		
Total Current Liabilities	332,375	343,176
Total Liabilities Payable from Restricted Assets	816,962	761,141
Total Long-term Liabilities	<u>12,440,706</u>	<u>12,345,000</u>
Total Liabilities	<u>\$ 13,590,043</u>	<u>\$ 13,449,317</u>
Deferred Inflows of Resources	<u>\$ 278,521</u>	<u>\$ 334,467</u>
Net Position		
Net Investment In Capital Assets	\$ 10,133,499	\$ 10,353,789
Restricted for equipment replacement	647,207	623,010
Restricted for construction projects	-	-
Restricted for debt retirement	570,623	431,122
Unrestricted	<u>1,870,604</u>	<u>1,645,186</u>
Total Net Position	<u>\$ 13,221,933</u>	<u>\$ 13,053,107</u>

The largest portion (77%) of the District's net position reflects its investment in capital assets, less any related debt used to acquire those assets still outstanding. This represents a 1% increase from the prior year. This increase is primarily due to construction projects that have been completed and reduction of outstanding bonds. The District uses these capital assets to provide services to citizens and consumers; consequently, these assets are not available for future spending.

Restricted net position (9%) represents resources that are subject to external restrictions on how they may be used. There was nominal change from the prior year.

The balance (14%) of unrestricted net position may be used to meet the Company's ongoing obligations to citizens, consumers and creditors. This has increased 14% from the prior year.

**Green River Valley Water District
Summary of Changes In Net Position
For the Years Ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Total operating revenues	\$ 4,192,932	\$ 4,191,477
Total operating expenses	<u>3,674,732</u>	<u>3,562,612</u>
Operating Income	518,200	628,865
Total non-operating revenue (expenses)	<u>(389,874)</u>	<u>(524,901)</u>
Income before capital contributions	128,326	103,964
Capital contributions	<u>40,500</u>	<u>52,200</u>
Increase in net position	168,826	156,164
Beginning of year	<u>13,053,107</u>	<u>12,896,943</u>
End of year	<u>\$ 13,221,933</u>	<u>\$ 13,053,107</u>

Net position increased by \$168,826 an increase from the prior year of \$12,662.

Capital Asset Changes

At June 30, 2014, the District had invested \$23.239 million in capital assets net of accumulated depreciation. This amount represents a net decrease of \$84,395. This decrease is the result of construction projects completed during the year net of depreciation.

Debt Administration

At June 30, 2014, the District had \$12,343,000 bonds outstanding, a decrease of \$627,500 from the prior year's balance of \$12,970,500. This decrease resulted from current year scheduled payments. The District also received \$763,394 from a .75% loan from the Kentucky Infrastructure Authority. The balance of the loan (\$411,606) will be used for additional construction projects.

Request for Information

This financial report is designed to provide our customers and creditors with a general overview of Green River Valley Water District's finances and to demonstrate Green River Valley Water District's accountability for the funds it receives. If you have any questions about this report or need any additional information, please contact the Green River Valley Water District at P.O. Box 399, Cave City, Kentucky 42127, or by phone (270) 773-2135.

GREEN RIVER VALLEY WATER DISTRICT
Statements of Net Position
June 30, 2014 and 2013

Assets	<u>2014</u>	<u>2013</u>
Current Assets		
Cash	1,926,048	\$ 1,724,293
Accounts receivable	332,983	331,621
Accrued Interest	2,967	2,967
Plant materials and supplies, (at replacement cost)	216,695	213,655
Prepaid and other assets	<u>154,082</u>	<u>185,935</u>
Total Current Assets	<u>2,632,775</u>	<u>2,458,471</u>
Non-current Assets		
Restricted Assets		
Cash - Depreciation fund	120,007	95,811
Cash - Bond and Interest redemption fund	570,623	431,122
Investments - Depreciation fund	<u>527,200</u>	<u>527,200</u>
Total Restricted Assets	<u>1,217,830</u>	<u>1,054,133</u>
Capital Assets		
Utility plant in service	38,645,084	37,867,438
Accumulated depreciation	<u>(15,405,192)</u>	<u>(14,543,151)</u>
Net Capital Assets	<u>23,239,892</u>	<u>23,324,287</u>
Total Non-current Assets	<u>24,457,722</u>	<u>24,378,420</u>
Total Assets	<u>27,090,497</u>	<u>26,836,891</u>

The accompanying notes are an integral part of the financial statements.
Page 7

GREEN RIVER VALLEY WATER DISTRICT
Statements of Net Position (Continued)
June 30, 2014 and 2013

Liabilities

Current Liabilities

Accounts payable and accrued liabilities	\$	298,549	\$	303,628
Customer deposits		<u>33,826</u>		<u>39,548</u>
Total Current Liabilities		<u>332,375</u>		<u>343,176</u>

Liabilities Payable from Restricted Assets

Current maturities of long-term debt		665,688		625,500
Accrued interest		<u>151,274</u>		<u>135,641</u>
Total Liabilities Payable from Restricted Assets		<u>816,962</u>		<u>761,141</u>

Long-term Liabilities

Long-term debt, less current maturities		<u>12,440,706</u>		<u>12,345,000</u>
Total Long-term Liabilities		<u>12,440,706</u>		<u>12,345,000</u>

Total Liabilities		<u>13,590,043</u>		<u>13,449,317</u>
--------------------------	--	-------------------	--	-------------------

Deferred Inflows of Resources

Unamortized Premium on Bonds		<u>278,521</u>		<u>334,467</u>
------------------------------	--	----------------	--	----------------

Net Position

Net investment in capital assets		10,133,499		10,353,789
Restricted for debt retirement		570,623		431,122
Restricted for equipment replacement		647,207		623,010
Unrestricted		<u>1,870,604</u>		<u>1,645,186</u>
Total Net Position	\$	<u>13,221,933</u>	\$	<u>13,053,107</u>

GREEN RIVER VALLEY WATER DISTRICT
Statements of Revenues, Expenses and Changes In Net Position
For the Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating revenue:		
Metered water sales:		
Residential	\$ 2,446,003	\$ 2,420,131
Commercial	<u>261,544</u>	<u>293,265</u>
	<u>2,707,547</u>	<u>2,713,396</u>
 Wholesale water sales:		
Horse Cave	526,706	482,785
CEA Cave City	273,871	275,990
Munfordville	157,128	197,625
Larue County	191,497	179,141
Bonnleville	27,456	40,416
Green-Taylor	90,618	92,119
CEA	<u>16,985</u>	<u>19,917</u>
	<u>1,284,261</u>	<u>1,287,993</u>
 Other operating revenues:		
Cash water sales	257	-
Revenues from maintenance and contract work, net of expenses of \$8,150 and \$6,590 respectively	87,426	83,244
Forfeited discounts	69,988	72,987
Miscellaneous	<u>43,453</u>	<u>33,857</u>
	<u>201,124</u>	<u>190,088</u>
 Total operating revenues	<u>4,192,932</u>	<u>4,191,477</u>
 Operating expenses:		
Source of supply and pumping expenses:		
Operations	516,809	432,535
Maintenance	69,825	64,479
Water treatment expenses:		
Operations	392,329	336,214
Transmission and distribution:		
Operations	96,784	97,973
Maintenance	812,204	910,088
Customer accounts expenses	307,829	295,282
Administrative and general expenses	464,100	417,725
Depreciation and amortization	942,946	941,832
Taxes other than income	<u>71,906</u>	<u>66,484</u>
 Total operating expenses	<u>3,674,732</u>	<u>3,562,612</u>
 Operating income	<u>518,200</u>	<u>628,865</u>

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

GREEN RIVER VALLEY WATER DISTRICT
Statements of Revenues, Expenses and Changes in Net Position(Continued)
For the Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Nonoperating revenue (expenses):		
Gain on sale of equipment	\$ 6,900	\$ 1,650
Interest Income	1,807	6,792
Amortization of Premium on Bond Issue	55,946	20,002
Interest Penalty on Early Retirement of Bonds	-	(40,701)
Interest on long-term debt	<u>(454,527)</u>	<u>(512,644)</u>
Total nonoperating revenue (expenses)	<u>(389,874)</u>	<u>(524,901)</u>
Income (Loss) before capital contributions	<u>128,326</u>	<u>103,964</u>
Capital Contributions	<u>40,500</u>	<u>52,200</u>
Increase (Decrease) In net position	168,826	156,164
Net Position:		
Beginning of year	<u>13,053,107</u>	<u>12,896,943</u>
End of year	<u>\$ 13,221,933</u>	<u>\$ 13,053,107</u>

GREEN RIVER VALLEY WATER DISTRICT
Statements of Cash Flows
For the Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Cash receipts from customers	\$ 4,191,570	\$ 4,212,287
Cash payments to suppliers for goods and services	(1,790,731)	(1,827,273)
Cash payments to employees for services	(924,232)	(857,272)
Net cash provided (used) by operating activities	<u>1,476,607</u>	<u>1,527,742</u>
Cash flows from capital and related financing activities:		
Proceeds from issuance of long-term debt	763,394	3,795,000
Premium on bonds issued	-	354,459
Bond issuance costs	-	(92,650)
Principal paid on long-term debt	(627,500)	(4,719,100)
Interest paid on long-term debt	(433,993)	(553,345)
Cash paid for capital assets	(862,263)	(272,295)
Sale of capital assets	6,900	-
Capital contributions	40,500	52,200
Net cash provided (used) in financing activities	<u>(1,112,962)</u>	<u>(1,435,731)</u>
Cash flows from investing activities:		
Disposal of Investments	-	156,921
Investment Income	1,807	6,792
Net cash provided by (used) in Investing activities	<u>1,807</u>	<u>163,713</u>
Net increase (decrease) in cash and cash equivalents	365,452	255,724
Cash and cash equivalents, beginning of year	<u>2,251,226</u>	<u>1,995,502</u>
Cash and cash equivalents, end of year	<u>\$ 2,616,678</u>	<u>\$ 2,251,226</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating Income	\$ 518,200	\$ 628,865
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	942,946	941,832
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(1,362)	20,810
(Increase) decrease in prepaid and other assets	30,664	(89,582)
(Increase) decrease in plant materials and supplies	(3,040)	(11,640)
Increase (decrease) in accounts payable	(5,079)	28,886
Increase (decrease) in customer deposits	(5,722)	13,473
Net cash provided (used) by operating activities	<u>\$ 1,476,607</u>	<u>\$ 1,532,644</u>

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

GREEN RIVER VALLEY WATER DISTRICT
Notes to Financial Statements
June 30, 2014 and 2013

Note 1 – Description of Entity and Summary of Significant Accounting Policies

Organization

Green River Valley Water District was organized in 1962 under KRS 74:010 to provide water to sections of Barren, Hart and Larue counties. In addition to the above, the District also wholesales water to certain other cities and water districts. The commissioners are appointed for specified terms by the respective county judges.

Basis of Accounting/Measurement Focus

The accounts of the District are organized on the basis of a proprietary fund accounting entity. The operations are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate.

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows for each major proprietary fund.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Fund Balance Disclosure

The District implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASBS No. 54) in 2011, as required. The purpose of GASB No. 54 is to improve the consistency and usefulness of the fund balance information to the financial user. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent.

Proprietary Fund Financial Statements

In accordance with GASBS No. 54, the District classifies fund balances as follows:

GREEN RIVER VALLEY WATER DISTRICT
Notes to Financial Statements
June 30, 2014 and 2013

Note 1 – Description of Entity and Summary of Significant Accounting Policies, Continued

- *Investment in capital assets* - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- *Restricted* - This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* - This component of net position consists of assets that do not meet the definition of "restricted" or "investment in capital assets."

Cash and Investments

The District considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. Investments are reported at fair market value.

Receivables

Accounts Receivable totaled \$332,983 and \$331,621 at June 30, 2014 and 2013 respectively, of which all was due from retail and wholesale customers.

The District uses the direct write-off method to account for bad debts. No allowance for bad debts has been provided, as no material write-offs are expected for receivables as of June 30, 2014. The direct write-off method does not significantly depart from generally accepted accounting principles. As of June 30, 2014 and 2013, bad debts were \$9,225 and \$13,404 respectively.

Capital Assets

The utility plant in service is stated at cost. The cost of additions to the utility plant and major replacements of retired units of property is capitalized. Cost includes direct labor, outside services, materials and transportation, employee fringe benefits, overhead, and interest on funds borrowed to finance construction. The cost and accumulated depreciation of property sold or retired is deducted from capital assets, and any profit or loss resulting from the disposal is credited or charged in the non operating section of the statement of revenues, expenses and changes in net position. The cost of current repairs, maintenance, and minor replacements is charged to expense as incurred. Depreciation has been provided over estimated useful lives of the assets using the straight-line method. Depreciation expense for the years ended June 30, 2014 and 2013 was \$924,041 and \$921,940 respectively.

The estimated useful lives of capital assets are as follows:

Utility plant	50 years
Equipment	10 years
Other	5 -20 years

GREEN RIVER VALLEY WATER DISTRICT
Notes to Financial Statements
June 30, 2014 and 2013

Note 1 – Description of Entity and Summary of Significant Accounting Policies, Continued

Compensated Absences

Accumulated unpaid vacation and sick pay amounts are accrued when benefits vest to employees and the unpaid liability is reflected in accrued liabilities.

Long-Term Obligations

Long-term debt and other obligations are reported as liabilities on the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds.

Operating Revenues and Expenses

Operating revenues and expenses consist of those revenues that result from the ongoing principal operations of the District. Operating revenues consist primarily of charges for services. Non operating revenues and expenses consist of those revenues and expenses that are related to financing and investing type of activities and result from non exchange transactions.

Capital Contributions

Transmission and distribution system assets contributed to the District by installers are capitalized at the installers' costs and recorded as capital contributions when received. Also included in capital contributions are various grants received for infrastructure and payments received from customers for tap fees.

Income Taxes

The District is exempt from federal and state income taxes.

Extraordinary and Special Items

Extraordinary items are transactions or other events that are both unusual in nature and infrequent in occurrence. Special items are significant transactions or other events within the control of management that are either unusual in nature or infrequent in occurrence. If such items exist during the reporting period, they are reported separately in the statement of revenues, expenses and changes in net position.

Use of Restricted/Unrestricted Funds

When an expense is incurred for purposes for which both restricted and unrestricted funds are available, the District's policy is to apply restricted funds first.

Subsequent Events

The District has evaluated subsequent events through August 27, 2014, the date which the financial statements were available to be issued.

Note 2 – Cash and Investments

Depreciation Fund

The ordinances authorizing the various bond issues of the District require monthly transfers into a depreciation fund. These funds can be used for capital improvements, expansions and extraordinary repairs. The maximum requirement in these funds is \$517,200, and after this balance is reached transfers can cease. At June 30, 2014, the District had a fund balance that exceeded the maximum annual requirement.

GREEN RIVER VALLEY WATER DISTRICT
Notes to Financial Statements
June 30, 2014 and 2013

Note 2 – Cash and Investments, Concluded

Bond and Interest Redemption Fund

The ordinances authorizing the various bond issues require a monthly deposit of one-twelfth of the annual bond and interest due currently. The District has made all required deposits into these accounts.

Deposits

At year end, the carrying amount of the District's cash deposits was \$2,616,678 and the bank balances were \$2,656,192. The difference between book and bank balances primarily represents checks that have been issued, but have not cleared the bank as of June 30, 2014.

The District's investments included two certificates of deposit totaling \$527,200 with two different financial institutions at rates of approximately 1.0% and maturity dates ranging from one to two years.

Non-interest bearing accounts of the District are insured by the FDIC and up to \$250,000 of interest bearing accounts are insured per financial institution. All of the District's cash and investment accounts were insured by FDIC or by a financial institution. The District had securities pledged for deposits in excess of FDIC limits in the amount of \$2,818,257 at a total of two separate financial institutions at June 30, 2014. The District also had \$300,013 of deposits at one financial institution all of which were held as Federal Treasury Bills in trust accounts and insured by the financial institution.

The nature of the District's cash and investments and being restricted or unrestricted is as follows:

As reflected in the Statement of Net Position:

	<u>2014</u>	<u>2013</u>
<u>Unrestricted:</u>		
Cash and cash equivalents	\$ 1,926,048	\$ 1,724,293
Investments	-	-
<u>Restricted:</u>		
Cash and cash equivalents	690,630	526,933
Investments	<u>527,200</u>	<u>527,200</u>
Total Cash and Investments	<u>\$ 3,143,878</u>	<u>\$ 2,778,426</u>

GREEN RIVER VALLEY WATER DISTRICT
Notes to Financial Statements
June 30, 2014 and 2013

Note 3 – Capital Assets

Capital asset activity for the year ended June 30, 2014 and 2013 was as follows:

	Balance <u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2014</u>
<i>Non Depreciable Assets:</i>				
Construction in Progress	\$ 65,116	\$ 709,300	\$ (774,416)	\$ -
Land & Land Rights	149,672	-	-	149,672
L & L Rights Structures & Improvements	66,496	-	-	66,496
L & L Rights Water Treatment	76,386	-	-	76,386
L & L Rights Hydrants	6,900	-	-	6,900
Total Non Depreciable Assets	<u>364,570</u>	<u>709,300</u>	<u>(774,416)</u>	<u>299,454</u>
<i>Depreciable Assets:</i>				
Structures & Improvements	3,557,346	-	-	3,557,346
Structures & Improvements Office Bldg.	125,082	-	-	125,082
Collecting and Impounding Reservoirs	1,781,790	774,416	-	2,556,206
River Intakes	495,652	-	-	495,652
Supply Mains	312,627	-	-	312,627
Electric Pumping Equip	3,113,703	679	-	3,114,382
Water Treatment Equip	1,345,508	-	-	1,345,508
Distr Reserv & Stand Pipes	3,108,628	-	-	3,108,628
T & D Mains	19,320,496	12,721	-	19,333,217
Services	897,371	3,839	-	901,210
Meters	1,547,893	24,817	-	1,572,710
Meter Installation	157,159	-	-	157,159
Hydrants	116,033	2,107	-	118,140
Other Plant	25,564	-	-	25,564
Office Furniture & Equip	292,466	13,387	-	305,853
Trans Equip	586,242	66,545	(62,000)	590,787
Tools Shop & Equip	156,537	986	-	157,523
Lab Equip	3,343	-	-	3,343
Power Oper Equip	371,643	5,265	-	376,908
Communication Equip	187,784	-	-	187,784
Total Depreciable Assets	<u>37,502,868</u>	<u>904,762</u>	<u>(62,000)</u>	<u>38,345,630</u>
Total Capital Assets	37,867,438	1,614,062	(836,416)	38,645,084
Less: Accumulated Depreciation	<u>(14,543,151)</u>	<u>(924,041)</u>	<u>62,000</u>	<u>(15,405,192)</u>
	<u>\$ 23,324,287</u>	<u>\$ 690,021</u>	<u>\$ (774,416)</u>	<u>\$ 23,239,892</u>

GREEN RIVER VALLEY WATER DISTRICT
Notes to Financial Statements
June 30, 2014 and 2013

Note 3 – Capital Assets, Concluded:

	<u>Balance</u>			<u>Balance</u>
	<u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2013</u>
<i>Non Depreciable Assets:</i>				
Construction In Progress	\$ -	\$ 65,116	\$ -	\$ 65,116
Land & Land Rights	149,672	-	-	149,672
L & L Rights Structures & Improvements	66,496	-	-	66,496
L & L Rights Water Treatment	76,386	-	-	76,386
L & L Rights Hydrants	6,900	-	-	6,900
Total Non Depreciable Assets	<u>299,454</u>	<u>65,116</u>	<u>-</u>	<u>364,570</u>
<i>Depreciable Assets:</i>				
Structures & Improvements	3,557,346	-	-	3,557,346
Structures & Improvements Office Bldg.	125,082	-	-	125,082
Collecting and Impounding Reservoirs	1,781,790	-	-	1,781,790
River Intakes	487,279	8,373	-	495,652
Supply Mains	312,627	-	-	312,627
Electric Pumping Equip	3,087,303	26,400	-	3,113,703
Water Treatment Equip	1,302,689	42,819	-	1,345,508
Distr Reserv & Stand Pipes	3,107,559	1,069	-	3,108,628
T & D Mains	19,303,376	17,120	-	19,320,496
Services	893,028	4,343	-	897,371
Meters	1,517,981	29,912	-	1,547,893
Meter Installation	157,159	-	-	157,159
Hydrants	114,763	1,270	-	116,033
Other Plant	25,564	-	-	25,564
Office Furniture & Equip	281,629	10,837	-	292,466
Trans Equip	586,242	-	-	586,242
Tools Shop & Equip	153,405	3,132	-	156,537
Lab Equip	3,343	-	-	3,343
Power Oper Equip	310,518	61,125	-	371,643
Communication Equip	187,784	-	-	187,784
Total Depreciable Assets	<u>37,296,468</u>	<u>206,400</u>	<u>-</u>	<u>37,502,868</u>
Total Capital Assets	37,595,922	271,516	-	37,867,438
Less: Accumulated Depreciation	<u>(13,621,211)</u>	<u>(921,940)</u>	<u>-</u>	<u>(14,543,151)</u>
	<u>\$ 23,974,711</u>	<u>\$ (650,424)</u>	<u>\$ -</u>	<u>\$ 23,324,287</u>

GREEN RIVER VALLEY WATER DISTRICT
Notes to Financial Statements
June 30, 2014 and 2013

Note 4 – Long-Term Debt

Long-term debt consists of the following at June 30, 2014:

Series 1996-A Water Revenue Bonds issued in the amount of \$1,050,000; due in annual installments on April 1 ranging from \$14,000 to \$16,000 through April, 2035; interest rate 4.5% due semi-annually on April 1 and October 1.	\$ 781,000
Series 1996-B Water Revenue Bonds Issued in the amount of \$650,000; due in annual installments on April 15 ranging from \$9,000 to \$34,500 through April, 2035; interest rate 4.5% due semi-annually on April 1 and October 1.	482,500
Series 1996-C Water Revenue Bonds Issued in the amount of \$249,000; due in annual installments on April 15 ranging from \$3,500 to \$12,500 through April, 2036; interest rate 4.5% due semi-annually on April 1 and October 1.	190,500
Series 2004A Revenue Refunding Bonds Issued on August 12, 2004 in the amount of \$5,000,000; due in annual installments on April 1 ranging from \$52,000 to \$266,000 through April, 2044; interest rate of 4.5% due semi-annually on April 1 and October 1.	4,512,000
Series 2010 Revenue Bonds(Build America) Issued on December 22, 2010 in the amount of \$3,200,000; due in annual installments beginning April 1, 2012 ranging from \$51,500 to \$128,000 through April, 2049; interest rate of 2.25% due semi-annually on April 1 and October 1. Through the Build America bond issuance, the District receives a refund of 35% of each semi-annual interest payment.	3,042,000
Series 2013 B Refunding Bonds Issued on March 27, 2013 in the amount of \$3,795,000; due in annual installments on January 1 ranging from \$460,000 to \$10,000 through January, 2028. Interest rates vary from 2.3% to 4.6% due on January and July of each year.	<u>3,335,000</u>
Total bonds	<u>\$ 12,343,000</u>
Note Payable Kentucky Infrastructure Authority:	
A \$1,175,000, .75% loan was approved by KIA for repairing a section of the Rio Verde Dam. As of June 30, 2014, \$763,394 of the funds had been advanced. The loan, plus principal and interest is to be repaid over a twenty year period, on June 1 and December 1.	<u>\$ 763,394</u>

GREEN RIVER VALLEY WATER DISTRICT
Notes to Financial Statements
June 30, 2014 and 2013

Note 4 – Long-Term Debt, Continued

Principal and interest maturities of bonded debt are as follows:

Future Bond Maturities			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 634,000	\$ 441,422	\$ 1,075,422
2016	615,000	419,070	1,034,070
2017	577,000	395,638	972,638
2018-2022	2,765,500	1,705,718	4,471,218
2023-2027	1,951,000	1,270,891	3,221,891
2028-2032	1,608,500	956,578	2,565,078
2033-2037	1,531,500	640,311	2,171,811
2038-2042	1,690,500	348,791	2,039,291
Thereafter	<u>970,000</u>	<u>85,736</u>	<u>1,055,736</u>
Total	<u>\$ 12,343,000</u>	<u>\$ 6,264,155</u>	<u>\$ 18,607,155</u>

Bonded debt activities for the year ended June 30, 2014, are as follows:

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Debt Payments</u> <u>and Reductions</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Amount Due</u> <u>within One Year</u>
Series 1996A	\$ 804,000	\$ -	\$ (23,000)	\$ 781,000	\$ (24,000)
Series 1996B	497,000	-	(14,500)	482,500	(15,000)
Series 1996C	195,500	-	(5,000)	190,500	(5,500)
Series 2004 A	4,583,000	-	(71,000)	4,512,000	(74,000)
Series 2010	3,096,000	-	(54,000)	3,042,000	(55,500)
Series 2013 B	<u>3,795,000</u>	-	<u>(460,000)</u>	<u>3,335,000</u>	<u>(460,000)</u>
	<u>\$ 12,970,500</u>	<u>\$ -</u>	<u>\$ (627,500)</u>	<u>\$ 12,343,000</u>	<u>\$ (634,000)</u>

Capitalization of Interest:

Interest costs incurred during construction are capitalized, net of interest income from proceeds of tax-exempt debt as part of the cost of the related assets of the District. Interest capitalized for the year ended June 30, 2014 and 2013, was \$0 and \$0, respectively.

GREEN RIVER VALLEY WATER DISTRICT
Notes to Financial Statements
June 30, 2014 and 2013

Note 4 – Long-Term Debt, Concluded

Advance Refunding

On March 27, 2013, the District issued \$3,795,000 of Serial Revenue Bonds, Series 2013C. The bonds consist of serial bonds bearing various fixed rates ranging from 2.3% to 4.8% with annual maturities from January 2014 through January 2028.

The net proceeds of \$4,056,829 (after issuance costs of \$92,640, plus premium of \$354,469) along with existing bond sinking fund accounts were used to advance refund various series of bonds with a total principal amount of \$4,139,800 and an average interest rate of 4.25%.

The advance refunding was done in order to reduce debt payments in the long-term. The transaction resulted in an economic gain (difference between the present value of the debt service on the old and the new bonds) of approximately \$584,000.

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. During the current year, the District performed calculations of excess investment earnings on various bonds and financings and at June 30, 2014, does not expect to incur a liability.

Note 5 - Deferred Outflows/Inflows of Resources

The District adopted GASB No. 63, and in addition to assets, the statement of financial 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 or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no item that qualifies for reporting in this category.

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 or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item that qualifies for reporting in this category. It is the deferred premium on refunding reported in the statement of net position. A deferred premium on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunding debt.

GREEN RIVER VALLEY WATER DISTRICT
Notes to Financial Statements, Concluded
June 30, 2014 and 2013

Note 6 – Pension Plan

The District contributes to a defined contribution pension plan for employees who meet certain requirements as to age and length of service. Funding is based upon the level of funding method and there are no unfunded prior service costs. The District contributes 10% of employees' salaries and employees contribute nothing to the plan. Contributions by Green River Valley Water District to this plan, included in operations, were approximately \$82,192 and \$77,099 for the years ended June 30, 2014 and 2013, respectively.

Note 7 –Commitments

At June 30, 2013, Green River Valley Water District had committed from the Kentucky Infrastructure Authority a .75% loan in the amount of \$1,175,000. The committed funds were used to repair the Rio Springs dam, the major source of the District's water source. As of June 30, 2014, \$763,394 of the funds had been expended and the project completed. The balance of the funds will be used for additional projects.

Supplemental Information

GREEN RIVER VALLEY WATER DISTRICT
Schedule of Operating Expenses
For the Year Ended June 30, 2014

	Source of Supply and Pumping Expenses		Water Treatment Expenses		Transmission and Distribution		Customer Accounts Expenses	Administrative and General Expenses	Total (Memorandum Only)
	Operations	Maintenance	Operating	Maintenance	Operating	Maintenance			
Salaries and wages - employees	\$ 137,179	\$ -	\$ 116,405	\$ -	\$ -	\$ 316,908	\$ 129,976	\$ 213,624	\$ 914,092
Salaries and wages - directors	-	-	-	-	-	-	-	14,225	14,225
Employee pensions and benefits	24,679	-	9,987	-	-	24,031	12,103	21,450	92,250
Purchased water	10,824	-	-	-	-	-	-	-	10,824
Purchased power	227,724	-	-	-	96,784	-	-	17,872	342,380
Chemicals	-	-	178,614	-	-	-	-	-	178,614
Materials and supplies	15,696	-	17,060	-	-	103,679	70,687	23,160	230,282
Contractual services - accounting	-	-	-	-	-	-	-	26,750	-
Contractual services - legal	-	-	-	-	-	-	-	8,016	-
Contractual services - customer accounts	-	-	-	-	-	-	-	-	-
Contractual services - other	54,300	69,825	30,880	-	-	170,211	-	36,548	-
Transportation expense	-	-	-	-	-	82,432	37,200	3,600	-
Insurance - vehicle	-	-	-	-	-	7,728	3,621	6,229	-
Insurance - workers' compensation	8,720	-	7,400	-	-	20,146	8,262	13,580	-
Employee insurance	19,465	-	16,518	-	-	44,969	18,443	30,313	-
Employee flex reimbursements	11,249	-	9,546	-	-	25,988	10,659	17,518	-
Property and other Insurance	6,973	-	5,919	-	-	16,112	6,607	10,862	-
Bad debt expense	-	-	-	-	-	-	9,225	-	-
Miscellaneous	-	-	-	-	-	-	1,046	20,353	-
Totals	\$ 516,809	\$ 69,825	\$ 392,329	\$ -	\$ 96,784	\$ 812,204	\$ 307,829	\$ 464,100	\$ 2,659,880

GREEN RIVER VALLEY WATER DISTRICT
Schedule of Operating Expenses
For the Year Ended June 30, 2013

	Source of Supply and Pumping Expenses		Water Treatment Expenses		Transmission and Distribution		Customer Accounts Expenses	Administrative and General Expenses	Total (Memorandum Only)
	Operations	Maintenance	Operating	Maintenance	Operating	Maintenance			
Salaries and wages - employees	\$ 138,921	\$ -	\$ 103,923	\$ -	\$ -	\$ 281,926	\$ 121,934	\$ 197,293	\$ 843,997
Salaries and wages - directors	-	-	-	-	-	-	-	13,275	13,275
Employee pensions and benefits	17,233	-	10,296	-	-	26,465	12,244	20,412	86,650
Purchased water	1,923	-	-	-	-	-	-	-	1,923
Purchased power	207,310	-	-	-	97,973	-	-	23,606	328,889
Chemicals	-	-	154,929	-	-	-	-	-	154,929
Materials and supplies	17,880	-	9,393	-	-	101,457	62,441	19,083	210,254
Contractual services - accounting	-	-	-	-	-	-	-	26,997	26,997
Contractual services - legal	-	-	-	-	-	-	-	4,945	4,945
Contractual services - customer accounts	-	-	-	-	-	-	995	-	995
Contractual services - other	-	64,479	20,817	-	-	266,609	-	24,980	376,885
Transportation expense	-	-	-	-	-	129,915	37,200	3,600	170,715
Insurance - vehicle	-	-	-	-	-	3,731	1,748	3,008	8,487
Insurance - workers' compensation	6,046	-	4,523	-	-	12,270	5,307	8,586	36,732
Employee insurance	28,517	-	21,333	-	-	57,873	25,030	40,500	173,253
Employee flex reimbursements	8,391	-	6,277	-	-	17,029	7,365	11,917	50,979
Property and other insurance	6,314	-	4,723	-	-	12,813	5,542	8,967	38,359
Bad debt expense	-	-	-	-	-	-	13,404	-	13,404
Miscellaneous	-	-	-	-	-	-	2,072	10,556	12,628
Totals	\$ 432,535	\$ 64,479	\$ 336,214	\$ -	\$ 97,973	\$ 910,088	\$ 295,282	\$ 417,725	\$ 2,554,296

GREEN RIVER VALLEY WATER DISTRICT
Schedule of Findings and Responses
June 30, 2014

Finding 2014-1: Reconcile Accounts to General Ledger

Criteria: During our audit we noted that one bank account, the accounts receivable and accounts payable subsidiary ledgers had not recently been reconciled to the general ledger.

Condition: The District's personnel have not been reviewing these accounts on a monthly basis and reconciling any differences.

Cause: Accounting personnel should be made aware of the importance, and responsibility assigned for performing these reconciliations. Also, additional training of personnel should be provided as needed in these areas.

Effect: This weakness increases the risk that material errors could exist in the District's financial data and not be detected in a timely manner. Also, these reconciliations and adjustments will ensure meaningful and accurate financial statements.

Recommendation: We recommend that all bank accounts and subsidiary ledgers be reconciled to the general ledger on a monthly basis, and a checklist of month end closing requirements be used. We also recommend that in the future the District provide additional training for personnel to acquire knowledge needed for utility accounting.

Response: Management and the commissioners will provide for any additional needed training for employees and ensure that all accounts and subsidiaries are reconciled to the general ledger and financial statements.



CAMPBELL, MYERS AND RUTLEDGE, PLLC

Cindy L. Greer, CPA ▪ L. Joe Rutledge, CPA ▪ Jonathan W. Belcher, CPA ▪ R. Brent Billingsley, CPA
Skip R. Campbell, CPA ▪ Sammie D. Parsley, CPA ▪ Ryan Mosier, CPA ▪ Jenna B. Pace, CPA ▪ Adam Duvall

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 Commissioners
Green River Valley Water District

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 of Green River Valley Water District, as of and for the years ended June 30, 2014 and June 30, 2013, and the related notes to the financial statements, which collectively comprise Green River Valley Water District's basic financial statements and have issued our report thereon dated August 27, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Green River Valley Water District'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 Green River Valley Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of Green River Valley Water District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and responses to be material weakness. (2014-1)

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Green River Valley Water District'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.

Green River Valley Water District's Response to Findings

Green River Valley Water District's response to the findings identified in our audit is described in the accompanying schedule of findings responses. Green River Valley Water District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Campbell, Myers & Rattledge, PLLC

Glasgow, Kentucky

August 27, 2014