



GREEN-TAYLOR WATER DISTRICT
FINANCIAL STATEMENTS
Years Ended December 31, 2011 and 2010

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of
Green-Taylor Water District

We have audited the accompanying financial statements of the business-type activities of Green-Taylor Water District, as of and for the years ended December 31, 2011 and 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Green-Taylor Water District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Green-Taylor Water District, as of December 31, 2011 and 2010, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2012, on our consideration of the Green-Taylor Water 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United State of America require that the management's discussion and analysis on pages 3 through 6 be presented in 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 State 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 provided any assurance.

Our audit was conducted for the purpose of forming opinions on financial statements that collectively comprise the Green-Taylor Water District's financial statements as a whole. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of management, the Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Wise, Buckner, Sprowles & Associates, PLLC

Wise, Buckner, Sprowles & Associates, PLLC
Campbellsville, KY

March 31, 2012

GREEN-TAYLOR WATER DISTRICT

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Management's Discussion and Analysis

Green-Taylor Water District is presenting the following discussion and analysis in order to provide an overall review of the utility's financial activities for the fiscal years ending December 31, 2011 and 2010. We encourage readers to consider the information presented here in conjunction with the utility's financial statements and notes to the basic financial statements in order to enhance their understanding of the utility's financial performance.

2011 HIGHLIGHTS

We have all felt the hardships of an unstable economy, and Green-Taylor Water District is no exception. We have not received any funding for new projects or upgrades. We have also seen a decrease in the number of new installations this year. We did work on a State Highway Relocation Project, but it did not add any new customers. Hopefully, better road conditions will give the opportunity for new growth in this area.

On a brighter side, our financial statements are more encouraging than last year. In part, because of a much needed and awaited rate increase that went into effect in January, after receiving rate increases from two of our suppliers in 2010. We were also able to locate and repair some very illusive main line leaks and water theft. This has dropped our water loss to 11% compared to 15% last year.

As we daily scrutinize our situation, and pursue any abnormalities, it is our goal to provide our customers with excellent service and the finest quality water possible.

Required Financial Statements

The Financial Statements of the District report information utilizing the full accrual basis of accounting. The Financial Statements conform to accounting principles which are generally accepted in the United States of America. The statements of Net Assets include information on the District's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to Districts creditors (liabilities). The Statement of Revenues, Expense and Changes in Net Assets identify the District's revenues and expenses for the years ended December 31, 2011 and 2010. This statement normally provides information on the District's operations and can be used to determine whether the District has recovered all of its actual and projected costs through user fees and other charges. The third financial statement is the Statements of Cash Flows. This statement provides information on the District's cash receipts, cash payments and changes in cash resulting from operations, investments and financing activities. From the Statements of Cash Flows, the reader can obtain information on the source and use of cash and the change in the cash and cash equivalents balance.

Green-Taylor Water District is an Equal Opportunity Provider and Employer

Complaints of discrimination should be sent to:

USDA, Director, Office of Civil Rights, Washington, D.C. 20240-9410

Financial Analysis of the District

The Statements of Net Assets includes all of the utility's assets and liabilities and provides information about the nature and amount of investments in resources and the obligations to creditors. This statement provides the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the utility.

A summary of the District's Statements of Net Assets is presented below.

ASSETS	2011	2010
Cash and Investments	\$ 1,629,786	\$ 1,329,543
Other Assets	523,197	514,511
Capital Assets	11,328,705	11,577,324
Total Assets	<u>13,481,688</u>	<u>13,421,378</u>
LIABILITIES		
Current Liabilities	225,035	191,744
Other Liabilities	151,500	145,500
Long-term Liabilities	4,384,999	4,541,438
Total Liabilities	<u>4,761,534</u>	<u>4,878,682</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	6,888,005	6,983,324
Restricted	1,120,743	1,047,166
Unrestricted, Restated	711,406	512,209
Total Net Assets	<u>\$ 8,720,154</u>	<u>\$ 8,542,699</u>

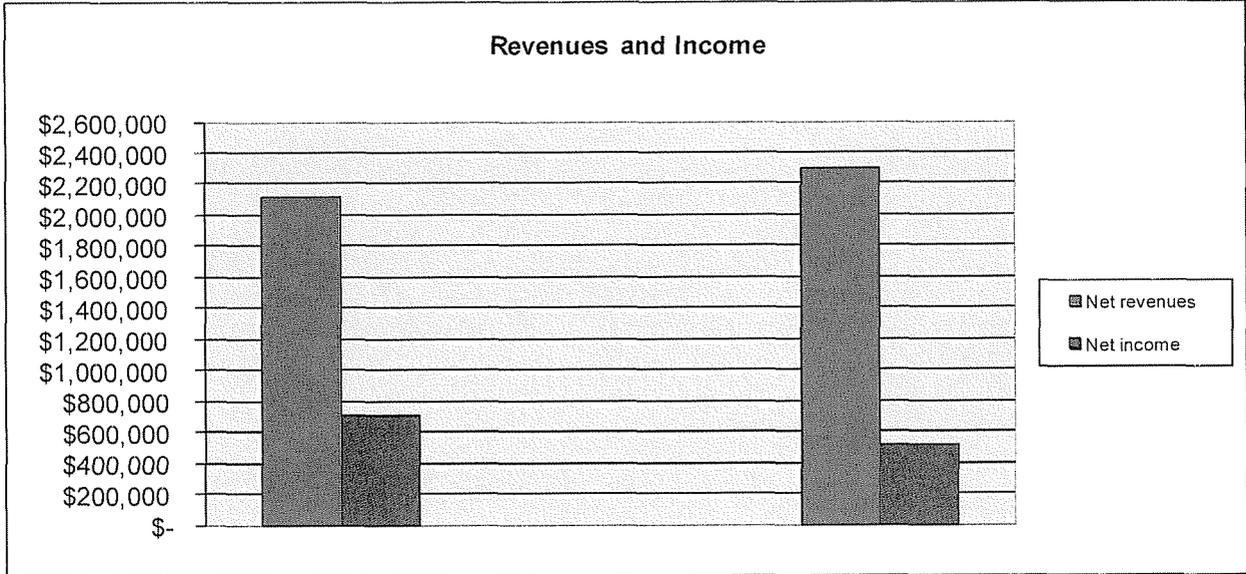
Net Assets increased \$177,455 from 2010 to 2011.

2011 Operating Results

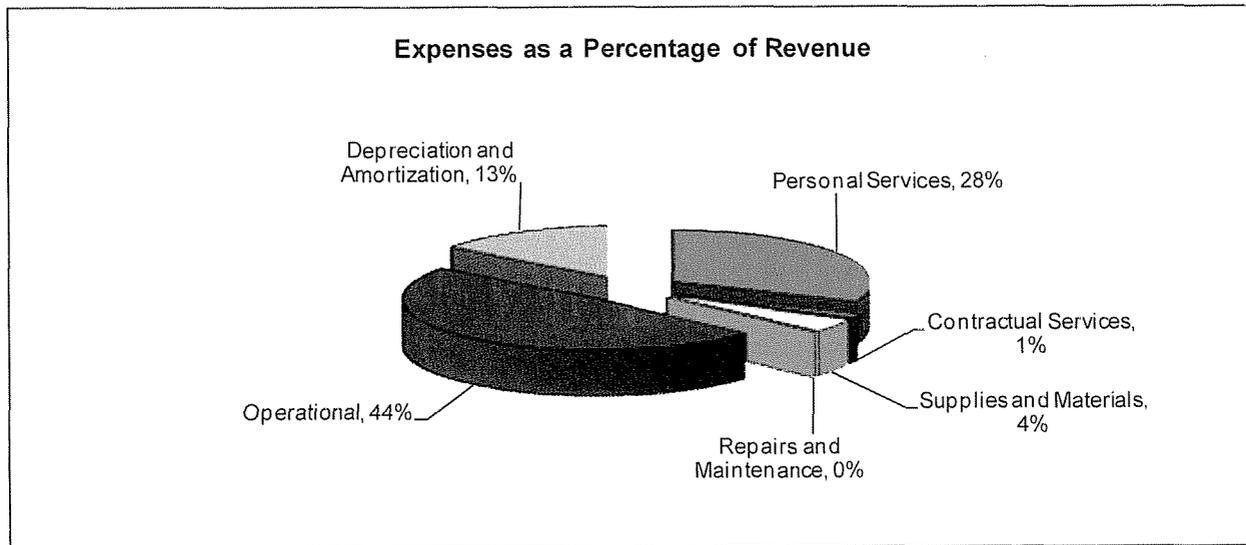
Condensed Statement of Revenues, Expenses and Changes in Net Assets:

	2011	2010
Operating Revenues	\$ 2,396,373	\$ 2,209,015
Other Revenues	9,942	20,159
Total Revenues	<u>2,406,315</u>	<u>2,229,174</u>
Operating Expenses	1,762,829	1,792,355
Depreciation and Amortization	305,713	307,348
Non-operating Expenses	205,545	198,276
Total Expenses	<u>2,274,087</u>	<u>2,297,979</u>
Income/(Loss) Before Capital Contributions and Grants	132,228	(68,805)
Capital Contributions	45,227	35,000
Grants	-	114,253
Change in Net Assets	177,455	80,448
Beginning Net Assets	<u>8,542,699</u>	<u>8,462,251</u>
Ending Net Assets	<u>\$ 8,720,154</u>	<u>\$ 8,542,699</u>

The following chart shows the difference between net revenues and net income for the years ended December 31, 2011 and 2010.



The following pie chart shows expenses as a percentage of revenue for the year ended December 31, 2011.



Capital Assets

At December 31, 2011 and 2010 the District had \$11,328,705 and \$11,577,324 invested in capital assets, consisting primarily of plant and equipment.

	2011	2010
Land	\$ 50,235	\$ 50,235
Construction In Progress	39,554	-
Buildings	151,733	151,733
Plant & Equipment	15,638,569	15,621,029
Total Capital Assets	<u>15,880,091</u>	<u>15,822,997</u>
Less: Accumulated Depreciation	(4,551,386)	(4,245,673)
Capital Assets, Net	<u>\$ 11,328,705</u>	<u>\$ 11,577,324</u>

Debt Outstanding

At year-end, the District had \$4,409,500 in notes outstanding versus \$4,555,000 last year. Long-term debt outstanding decreased \$145,500 from 2010 to 2011.

Financial Contact

The District's financial statements are designed to provide the District's customers, commissioners, creditors and other interested parties with a general overview of the District's financial operations and financial condition. If you have questions about the report or need additional financial information, please contact the District's Manager, Roger Moss at (270) 932-4947 or 250 Industrial Park Road, Greensburg, KY 42743.

GREEN-TAYLOR WATER DISTRICT
STATEMENT OF NET ASSETS
Years Ended December 31, 2011 and 2010

	2011	2010
ASSETS		
Cash & Cash Equivalents	\$ 509,044	\$ 282,376
Customer & Other Accounts Receivable	348,413	320,770
Inventory	81,025	84,538
Prepaid Expenses	5,387	16,642
Interest Receivable	299	299
Restricted Cash & Investments	1,120,743	1,047,166
Debt Issuance Cost (net of accumulated amortization)	88,072	92,263
Capital Assets:		
Land & Construction in Progress	89,789	50,235
Other Capital Assets (net of accumulated depreciation)	11,238,916	11,527,089
TOTAL ASSETS	13,481,688	13,421,378
LIABILITIES		
Accounts payable - Trade	120,832	92,713
Accrued & Withheld Taxes	14,593	13,690
Customer Deposits	81,810	76,870
Other Deferred Liabilities	-	671
Interest Payable	103,599	100,738
Current Portion - Capital Lease	7,800	7,800
Current Portion - Revenue Bonds	151,500	145,500
Non-Current Portion - Capital Lease	23,400	31,200
Non-Current Portion - Revenue Bonds	4,258,000	4,409,500
TOTAL LIABILITIES	4,761,534	4,878,682
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	6,888,005	6,983,324
Restricted	1,120,743	1,047,166
Unrestricted	711,406	512,209
TOTAL NET ASSETS	\$ 8,720,154	\$ 8,542,699

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

GREEN-TAYLOR WATER DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS
Years Ended December 31, 2011 and 2010

	2011	2010
OPERATING REVENUES		
Charges for Services	\$ 2,293,155	\$ 2,110,268
Service Charges and Other	103,218	98,748
TOTAL OPERATING REVENUES	2,396,373	2,209,016
OPERATING EXPENSES		
Contractual Services	29,120	38,429
Supplies & Materials	83,605	49,600
Depreciation & Amortization	305,713	307,348
Personal Service	650,613	676,542
Operational	999,491	1,027,785
TOTAL OPERATING EXPENSES	2,068,542	2,099,704
OPERATING INCOME (LOSS)	327,831	109,312
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	9,311	14,762
Interest Expenses and Fiscal Charges	(205,545)	(198,276)
Other income	631	5,397
TOTAL NON-OPERATING REVENUES (EXPENSES)	(195,603)	(178,117)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	132,228	(68,805)
Capital Contributions	45,227	35,000
Grants	-	114,253
CHANGE IN NET ASSETS	177,455	80,448
NET ASSETS		
Beginning of Year	8,542,699	8,462,251
End of Year	\$ 8,720,154	\$ 8,542,699

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

GREEN-TAYLOR WATER DISTRICT
 STATEMENTS OF CASH FLOWS
 Years Ended December 31, 2011 and 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received From Customers	\$ 2,388,554	\$ 2,156,140
Cash Payments to Employees for Services	(650,613)	(676,542)
Cash Payments to Suppliers for Goods & Services	(1,084,096)	(1,316,789)
Customer Deposits Received	18,950	20,570
Customer Deposits Returned	(14,010)	(14,099)
	658,785	169,280
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Paid on Bonds	(145,500)	(137,000)
Interest Paid on Debt	(202,684)	(194,348)
Acquisition of Capital Assets and Construction in Progress	(57,094)	(119,369)
Payments on Capital Lease	(7,800)	(7,800)
Proceeds from Grants	-	114,253
Contributed Capital	45,227	35,000
	(367,851)	(309,264)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest	9,311	11,174
	9,311	11,174
Net Increase (Decrease) In Cash and Cash Equivalents	300,245	(128,810)
Cash and Cash Equivalents - Beginning of Year	1,329,542	1,458,352
Cash and Cash Equivalents - End of Year	\$ 1,629,787	\$ 1,329,542
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS		
Cash and Cash Equivalents	\$ 509,044	\$ 282,376
Restricted Cash and Cash Equivalents	1,120,743	1,047,166
	\$ 1,629,787	\$ 1,329,542
TOTAL CASH AND CASH EQUIVALENTS	\$ 1,629,787	\$ 1,329,542

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

GREEN-TAYLOR WATER DISTRICT
 STATEMENTS OF CASH FLOWS (CONTINUED)
 Years Ended December 31, 2011 and 2010

	2011	2010
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED FOR OPERATING ACTIVITIES		
Operating Margin	\$ 327,831	\$ 109,312
ADJUSTMENT TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) FOR OPERATING ACTIVITIES		
Depreciation and Amortization	305,713	307,348
Change in Assets & Liabilities		
(Increase) Decrease in Accounts Receivable	(22,818)	(51,112)
(Increase) Decrease in Inventory	3,512	(24,211)
(Increase) Decrease in Prepaid Expenses	11,255	(756)
Increase (Decrease) in Accounts Payable	28,120	(187,713)
Increase (Decrease) in Other Deferred Liabilities	(671)	671
Increase (Decrease) in Accrued and Withheld Taxes	903	9,270
Increase (Decrease) in Customer Deposits	4,940	6,471
Total Reconciling Adjustments	330,954	59,968
Net Cash Provided (Used) By Operating Activities	\$ 658,785	\$ 169,280
SUPPLEMENTAL DISCLOSURES OF NONCASH FINANCING ACTIVITIES		
Equipment Lease	\$ -	\$ -
Debt Issued to Acquire Equipment	\$ -	\$ -

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

GREEN-TAYLOR WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2011 and 2010

NOTE 1: DESCRIPTION OF ENTITY

Reporting Entity - The Green-Taylor Water District Commissioners have financial accountability and control over all activities related to the water district. The district's primary source of income is derived from water sales. The district also receives funding from federal government sources and must comply with the requirements of those funding source entities.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The accounts of Green-Taylor Water District are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, the district uses only one fund type known as a proprietary fund type.

The proprietary fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Net assets (i.e., net total liabilities) are segregated into invested in capital assets, net of related debt, restricted and unrestricted.

FASB Pronouncements - Since the District uses a proprietary fund, it applies all applicable Financial Accounting Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB's) of the Committee on Accounting Procedures. The only exception in use of the aforementioned pronouncements is those that conflict with or contradict Governmental Accounting Standard's Board (GASB) pronouncements.

Cash Equivalents and Investments - The District considers all highly liquid investments with a remaining maturity of 90 days or less when purchased to be cash equivalents.

Investments are presented at fair value. Long-term investments generally mature or are otherwise available for withdrawal in more than one year. Investments for the District are certificates of deposits maturing after 90 days with interest rates ranging from 2.5% to 5.06%.

Restricted Assets - These assets consist of cash restricted in a sinking fund and depreciation reserve fund as required by the revenue bonds.

Inventory - Materials and supplies inventory consists principally of spare parts that are recorded when purchased and expensed when used. Inventory is stated at the lower of cost or market value. Cost is generally determined on a first-in, first-out basis.

Capital Assets and Related Depreciation - The utility plant and equipment are recorded at cost. Depreciation is computed using the straight-line method over the plant's estimated useful life of 40 years. The office building is depreciated on a straight-line basis over an estimated useful life of 50 years. Machinery, office equipment and service vehicles are depreciated on a straight-line basis over their estimated useful life ranging from 5 to 10 years.

Bond Issue Costs - Bond Issue Costs are being amortized and charged to expense over the term of the outstanding revenue bonds by use of the straight-line method.

Net Assets - Net assets comprise the various net earnings from operating income, non-operating revenues and expenses, and capital contributions. Net assets are classified in the following three components:

GREEN-TAYLOR WATER DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 Years Ended December 31, 2011 and 2010

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Invested in capital assets, net of related debt—This component of net assets 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 assets 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 net assets—This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

NOTE 3: CASH AND CASH EQUIVALENTS

A summary of the District’s cash and investments is shown below:

	12/31/11	12/31/10
Unrestricted:		
Cash	\$ 509,044	\$ 282,376
Total Unrestricted	509,044	282,376
Restricted:		
Cash	478,998	408,031
U. S. Treasury	141,745	139,135
	620,743	547,166
Certificates of Deposit and Savings	500,000	500,000
Total Restricted	1,120,743	1,047,166
Total Cash and Cash Equivalents	\$ 1,629,787	\$ 1,329,542

There are three categories of credit risk that apply to the government's bank balance:

1. Insured or collateralized with securities held by the government or by the government's agent in the government's name.
2. Collateralized with securities held by the pledging financial institution's trust department or the government's agent in the government's name.
3. Uncollateralized.

GREEN-TAYLOR WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2011 and 2010

NOTE 3: CASH AND CASH EQUIVALENTS - (CONTINUED)

	BANK AMOUNT	
	2011	2010
Insured (FDIC) or Collateral Held by Pledging Bank's Securities in District's name	\$ 2,834,594	\$ 1,503,876
Uninsured or Uncollateralized	-	-
Total (Memorandum Only)	\$ 2,834,594	\$ 1,503,876

The carrying amounts of the District's deposits at December 31, 2011 and 2010 were \$1,329,542 and \$1,458,352 respectively and the bank balances were \$1,349,812 and \$1,494,601 respectively. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Of the bank balances for each year, all was insured by federal depository insurance or collateralized by the pledging financial institutions.

NOTE 4: CUSTOMER AND OTHER ACCOUNTS RECEIVABLE

Customer and other accounts receivables were as follows:

	2011	2010
Accounts Receivable - Water	\$ 500,490	\$ 457,155
Accounts Receivable - Sewer	35,541	32,505
Allowance for Doubtful Accounts	(187,618)	(168,889)
Net	\$ 348,413	\$ 320,770

Accounts receivable considered uncollectible are charged against an allowance account in the year they are deemed uncollectible. The allowance account is adjusted at year end to reflect the percentage of sales considered uncollectible. The allowance for December 31, 2011 and 2010 was \$187,618 and \$168,889 respectively.

NOTE 5: CAPITAL ASSETS

A summary of changes in property, plant and equipment are as follows:

	Balance 12/31/10	Additions	Deletions	Balance 12/31/11
Capital Assets Not Being Depreciated:				
Land and Land Rights	\$ 50,235	\$ -	\$ -	\$ 50,235
Construction in Progress	-	39,554	-	39,554
Total Capital Assets Not Being Depreciated	50,235	39,554	-	89,789
Capital Assets Being Depreciated:				
Buildings	151,733	-	-	151,733
Utility Plant	15,282,026	15,733	-	15,297,759
Service Equipment	285,734	-	-	285,734
Office Furniture and Equipment	53,269	1,807	-	55,076
Total Capital Assets Being Depreciated	15,772,762	17,540	-	15,790,302

GREEN-TAYLOR WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2011 and 2010

NOTE 5: CAPITAL ASSETS - (CONTINUED)

	Balance 12/31/10	Additions	Deletions	Balance 12/31/11
Accumulated Depreciation				
Buildings	\$ 61,398	\$ 4,435	\$ -	\$ 65,833
Utility Plant	3,898,835	294,479	-	4,193,314
Service Equipment	244,258	3,687	-	247,945
Office Furniture and Equipment	41,182	3,112	-	44,294
Total Accumulated Depreciation	<u>4,245,673</u>	<u>305,713</u>	<u>-</u>	<u>4,551,386</u>
Total Capital Assets Being Depreciated, Net	<u>11,527,089</u>	<u>(288,173)</u>	<u>-</u>	<u>11,238,916</u>
Total Capital Assets, Net	<u>\$ 11,577,324</u>	<u>\$ (248,619)</u>	<u>\$ -</u>	<u>\$ 11,328,705</u>

NOTE 6: LONG-TERM OBLIGATIONS

Revenue Bonds payable with principal payments due annually on January 1 and interest payments due semi-annually on January 1, and July 1, are detailed as follows:

	2011	2010
1979 Waterworks Revenue Bond, original amount \$663,000 maturing January 1, 2019 with a rate of 5%	\$ 261,000	\$ 286,000
1994 Waterworks Revenue Bond, original amount \$466,000 maturing January 1, 2034, with a rate of 4.50%, principal payments commencing January 1, 1997	372,000	381,000
1995 Waterworks Revenue Bond, original amount \$675,000 maturing January 1, 2035, with a rate of 4.875%, principal payments commencing January 1, 1998	556,000	568,000
2001 Waterworks Revenue Bond, original amount \$252,000 maturing January 1, 2041, with a rate of 4.75%, principal payments commencing January 1, 2004	229,000	232,500
2004 Series A Waterworks Revenue Bond, original amount \$673,000 maturing January 1, 2044, with a rate of 4.75%, principal payments commencing January 1, 2007	628,000	636,000
2004 Series B Waterworks Revenue Bond, original amount \$297,000 maturing January 1, 2044, with a rate of 4.375%, principal payments commencing January 1, 2007	275,500	279,500
2004 Refinancing of 1987, 1989, 1990, and 1993 Waterworks Revenue Bonds, original amount \$2,610,000 maturing January 1, 2027, with a variable rate of 2.28%-4.405%, principal payments commencing January 1, 2005	<u>2,088,000</u>	<u>2,172,000</u>
Total Debt	4,409,500	4,555,000
Payments Due in Less Than One	<u>151,500</u>	<u>145,500</u>
Total Long-Term Obligations	<u>\$ 4,258,000</u>	<u>\$ 4,409,500</u>

GREEN-TAYLOR WATER DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 Years Ended December 31, 2011 and 2010

NOTE 6: LONG-TERM OBLIGATIONS - (CONTINUED)

The annual requirements to amortize all bonded debt outstanding as of December 31, 2011 are as follows:

	PRINCIPAL	INTEREST	TOTAL
2012	\$ 151,500	\$ 195,166	\$ 346,666
2013	159,000	188,673	347,673
2014	169,500	181,541	351,041
2015	175,500	174,057	349,557
2016	189,500	166,113	355,613
2017-2021	1,009,500	699,698	1,709,198
2022-2026	1,162,500	466,784	1,629,284
2027-2031	565,500	257,191	822,691
2032-2036	445,000	136,325	581,325
2037-2041	282,000	70,443	352,443
2042-2046	100,000	13,823	113,823
	\$ 4,409,500	\$ 2,549,814	\$ 6,959,314

NOTE 7: CAPITAL LEASE

The District has entered into an agreement to lease equipment. This agreement is, in substance, a purchase and is reported as a capital lease obligation. The following schedule presents future minimum lease payments as of December 31, 2011.

Year Ending December 31,	
2012	\$ 7,800
2013	7,800
2014	7,800
2015	7,800
	\$ 31,200

NOTE 8: RISK MANAGEMENT

The Green-Taylor Water District is exposed to various risks and losses related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters. The District purchases commercial insurance to cover these instances.

The District did not have settled claims that exceeded the District's commercial insurance coverage in any of the past three years.

GREEN-TAYLOR WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2011 and 2010

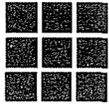
NOTE 9: PENSION PLAN

Substantially all employees are covered under the County Employee's Retirement System (CERS). Funding for the Plan is provided through payroll withholdings of 5% and a District contribution for the years ended December 31, 2011, 2010, and 2009 of 18.96%, 16.93%, and 16.16% for Non Hazardous Employee's and 35.76%, 33.25%, and 32.97% for Hazardous Employee's of the employee's total compensation subject to contribution. The contribution rate is actuarially determined. The District's contribution requirement for CERS for the years ended June 30, 2011, 2010, and 2009 was \$66,986, \$59,334, and \$54,685 from the District and \$18,562, \$17,986, and \$18,338 from employees. The total covered payroll for CERS during the years ended June 30, 2011, 2010, and 2009 was \$401,798, \$389,964, and \$366,756.

The County Employee's Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601.

NOTE 10: SUBSEQUENT EVENT

The District's management has evaluated subsequent events through March 31, 2012.



WISE, BUCKNER, SPROWLES
& ASSOCIATES, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

GREGORY S. WISE, CPA
SHIRLEY M. BUCKNER, CPA
JEFFREY G. SPROWLES, CPA

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 Board of Commissioners of
Green-Taylor Water District

We have audited the financial statements of the business-type activities of Green-Taylor Water District, as of and for the year ended December 31, 2011, which collectively comprise the Green-Taylor Water District's basic financial statements and have issued our report thereon dated March 31, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Green-Taylor Water District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Green-Taylor Water District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Green-Taylor Water District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Green-Taylor Water District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Green-Taylor Water District's financial statements that is more than inconsequential will not be prevented or detected by the Green-Taylor Water District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Green-Taylor Water District's internal control.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Green-Taylor Water District's financial statements are free of 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*.

We noted certain matters that we reported to management of Green-Taylor Water District, in a separate letter dated March 31, 2012.

This report is intended solely for the information and use of management, the Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Wise, Buckner, Sprowles & Associates, PLLC

Wise, Buckner, Sprowles & Associates, PLLC
Campbellsville, KY

March 31, 2012