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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

Green River Valley Water District
Cave City, Kentucky

We have audited the financial statements of the business-type activities of Green River Valley Water District, as of and for the years ended June 30, 2009 and 2008, which collectively comprise the Green River Valley Water District's basic financial statements and have issued our report thereon dated September 8, 2009. 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 River Valley 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 River Valley Water District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Green River Valley 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 River Valley 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 River Valley Water District's financial statements that is more than inconsequential will not be prevented or detected by the Green River Valley 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 River Valley Water District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Green River Valley 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*.

This report is intended solely for the information and use of management, Commissioners, others within the entity, 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.

Campbell, Myers & Rutledge, PLLC

September 8, 2009

Wed, 12 Aug 2009 15:00:11 GMT
 grvwd@scrtc.com



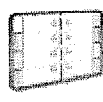
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From: "Chad Jetton" <ChadJ@united-systems.com>
To: <grvwd@scrtc.com>
Date: Wed, 12 Aug 2009 14:57:16 GMT
Subject: Attn: David
Attachments: image002.jpg

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David,

Here is the info you requested.

Alliance Suite of software from United Systems which includes:

- Accounting and financial systems including fund accounting, accounts payable, payroll/personnel and reporting
- Financial management and budgeting applications for decision support and appropriations activities
- Inventory control systems for maintaining optimum inventory levels and computing value and cost statistics
- CIS / Utility Management System accounts receivables management and utility billing software with work order functions
- Automated cashiering systems for management of counter operations including single-entry of payments, POS electronic cash drawer interfacing and receipt printing

Here is a link to our website for Minimum hardware specs for our software. I would say that most if not all of your hardware should exceed these requirement.

<http://www.united-systems.com/software/sysreq.shtml>

If you need anything else let me know.

Chad Jetton



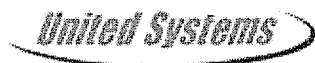
United Systems & Software, Inc.

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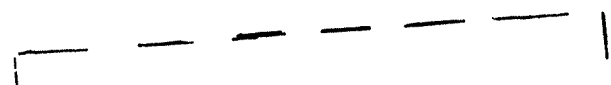


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Meeting of January 10, 2008

- I. Call to order
- II. Reading of Minutes from Previous Meeting ✓
- III. Review of Monthly Bills
- IV. Old Business
 - (a) Frenchman's Knob Road Project ✓
 - (b) Metcalfe Co Project ✓
 - (c) Hiseville water main extension & pump station ✓
- V. New Business
 - (a) Future projects (Sam McIlwain – Water Management) ✓
- VI. Manager's Report
 - (a) Line Loss
 - (b) Horse Cave meter change out
 - (c) Bids for Hiseville pump station & used trucks
(February 14th board meeting)
 - (d) ~~Christmas dinner @ Mammoth Cave~~
- VII. Adjourn Meeting



January 10, 2008

The Board of the Commissioners of the Green River Valley Water District met on January 10, 2008 at 11:00 a.m. at the office of the District. Those present were Chairman Jack London, Commissioners Ray Branstetter, Donald McDonald, Pat Tucker, and Phillip Doyle. Manager David Paige, Consultant Elroy Larimore, Assistant Manager Adrian Gossett and Sam McIllwain, Engineer and Attorney Pat Ross were also present.

Motion was made by Commissioner McDonald, seconded by Commissioner Doyle to approve the December 2007 Minutes. The Motion carried.

The monthly bills were reviewed and discussed. Commissioner Branstetter made a Motion to approve the payment of the December bills in the amount of \$202,409.76 which was seconded by Commissioner McDonald. The motion carried and a computer printout of the bills available as of the date of this meeting is attached hereto.

Sam McIllwain with Water Management Services presented the Board with a report concerning the effect that increased industrial growth will have on the need for the District to accommodate the increased water usage in the Horse Cave area. Mr. McIllwain's Memorandum outlining some of the potential options is attached to these Minutes and incorporated herein. So as to provide the Board with additional information, Mr. McIllwain will analyze what effect the various options will have on water rates, both retail and wholesale with an emphasis on the transmission line running along the old Munfordville Road with a new tank.

Manager Paige reported that the Frenchman's Knob Road Project cost the District approximately \$30,000. The Metcalfe County Project has been delayed by weather and other priorities, but is nearly complete. The loan for the Hiseville Water Main Extension and Pump Station is being processed.

Manager Paige gave his Manager's Report. Efforts are ongoing to determine the source of water loss in the northern part of the District. The Horse Cave Water Meter change out is under way and progressing satisfactorily with about one-fifth of the new meters having been installed.

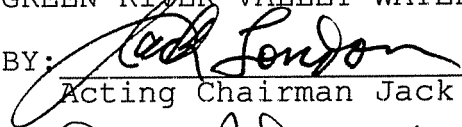
The District acquired a small section of real property from William Jewell as a tank site. Mr. Jewell says that he gave the site to the District. This tank site is no longer in use by the District and the site is no longer suitable for any of the District's needs. Attorney Ross will check the Hart County Clerk's records to determine whether the site was actually deeded to the District or whether a permanent easement was given. Attorney Ross will report to the Board at the February meeting.

The bids for the Hiseville Pump Station and the sale of used trucks will be presented to the Board at the February meeting.

With no further business to come before the Board, Motion was made by Commissioner Doyle and seconded by Commissioner McDonald to adjourn the meeting.

GREEN RIVER VALLEY WATER DISTRICT

BY:


Acting Chairman Jack London

BY:


Secretary

USA AVERAGE COST OF PRODUCTION
1.50 PER THOUSAND

Meeting of February 14, 2008

GRVWD
1.23

- I. Call to order ✓
- II. Reading of Minutes from Previous Meeting ✓
- III. Review of Monthly Bills ✓
- IV. Old Business ✓
 - (a) Bids for Hiseville pump station ✓ \$155,323.00 STRAEFFER SIK EQUIPMENT
 - (b) Bids for used trucks ✓ \$74,179.00
 - (c) Metcalfe County project ✓ 1999 S-10 Bob Hiser 875.02
 - (d) Hiseville water main extension & pump station ✓ 850.-
 - (e) Future projects ✓ 1999 S-10 DAVID MATTHEWS 250.-
- V. New Business ✓
 - (a) Water rate study (Sam McIlwain – Water Management) ✓ 2003 - \$1399.99
- VI. Manager's Report
 - (a) Line Loss ✓ ✓ 1996 S-10 \$199.99
 - (b) Horse Cave meter change out ✓ 537-5661 Kennel MASSEY
Deric Childress
 - (c) Old Monroe tank site ✓
- VII. Adjourn Meeting
Phillip Doyle
APPOINTMENT MARCH 24TH
C.H. TRY

Meeting of March 13, 2008

- I. Call to order ✓
- II. Reading of Minutes from Previous Meeting ✓
- III. Review of Monthly Bills ✓
- IV. Old Business
 - (a) Hiseville water main extension & pump station
 - (b) Metcalfe County project
 - (c) Future projects/water rate study
- V. New Business
 - (a) Mowing contract ✓
 - (b) New roof – Office Building ✓
- VI. Manager's Report
 - (a) Line Loss
 - (b) Horse Cave meter change out
- VII. Adjourn Meeting

March 13, 2008

The Board of the Commissioners of the Green River Valley Water District met on March 13, 2008 at 11:00 a.m. at the office of the District. Those present were Chairman Jack London, Commissioners Ray Branstetter, Donald McDonald, Phillip Doyle and Pat Tucker. Manager David Paige, Assistant Manager Adrian Gossett, Consultant Elroy Larimore, and Attorney Pat Ross were also present.

Motion was made by Commissioner Doyle, seconded by Commissioner Tucker, to approve the February 2008 Minutes. The Motion carried.

The monthly bills were reviewed and discussed. Commissioner Branstetter made a Motion to approve the payment of the February bills in the amount of \$164,821.69 which was seconded by Commissioner Tucker. The motion carried and a computer printout of the bills available as of the date of this meeting is attached hereto.

Manager Paige gave a report on the projects of the District. The Hiseville Water Main Extension & Pump Station Project is underway and the pump station is being built. Easements have been obtained. Finalization of the cleanup of the Metcalfe County Project will take place as soon as the weather allows and there is an opportunity to spend two or three days working on it. Sam McIllwain has indicated that he will be in a position to appear at the April meeting to discuss options to meeting the future water needs of the Horse Cave area.

Manager Paige pointed out that the roof of the office has been damaged and an insurance claim is being processed. But, any

substantial work on the roof should be considered in connection with the need for expanding the administrative office space of the District. After a general discussion about the District's office needs, Commissioner London appointed a committee consisting of Commissioner Doyle, Commissioner Tucker, Manager Paige, and Janie Stotts who will meet and make a recommendation to the Board.

Manager Paige gave his Manager's Report. The total costs of training employees to fully utilize the GPS system came to \$4,200.00. The training consists of four days divided into two day sessions. The first two-day session has taken place and the second session will occur shortly.

With no further business to come before the Board, a motion was made by Commissioner McDonald and seconded by Commissioner Doyle to adjourn the meeting. The motion carried.

GREEN RIVER VALLEY WATER DISTRICT

BY: 
Chairman Jack London

BY: 
Secretary

WATER MANAGEMENT SERVICES, LLC

Phone: (615) 366-6088

Suite 401

Fax: (615) 366-6203

2 International Plaza

E-mail: smcillwain@wmsengineers.com

Nashville, Tennessee 37217

Memorandum

To: David Paige

From: Sam McIlwain

Subject: Proposed Water Storage and Transmission facilities - South Water System

Date: January 10, 2008

During the past year, the water demands of major "water using" industries located in Horse Cave / Horse Cave Industrial Park have undergone significant increases. The Marzetti facilities were originally expected to have a water demand of 60,000 gallons per day, but now have water demands more than twice that amount. In addition, Marzetti has plans to further increase their water demands with additional manufacturing lines being added to their manufacturer facility. Dart has expansion underway that also will substantially increase their water demand.

These manufacturing facilities certainly have and will increase job opportunities that ultimately will result in population growth within the water service area of GRVWD. These trends strongly suggest that improvements to the water storage and transmission system of GRVWD will be needed in the near future.

To assist in funding of these additions, it is our understanding that the U.S. Congress has approved a \$1.0 million grant to GRVWD. This grant will be administered by EPA. Under EPA rules, the grant is for 55 percent of the project costs and, therefore, a local / state match of about \$820,000 is required to match the \$1.0 million grant. Therefore, to fully qualify for the \$1.0 million grant requires a project cost of at least \$1.82 million.

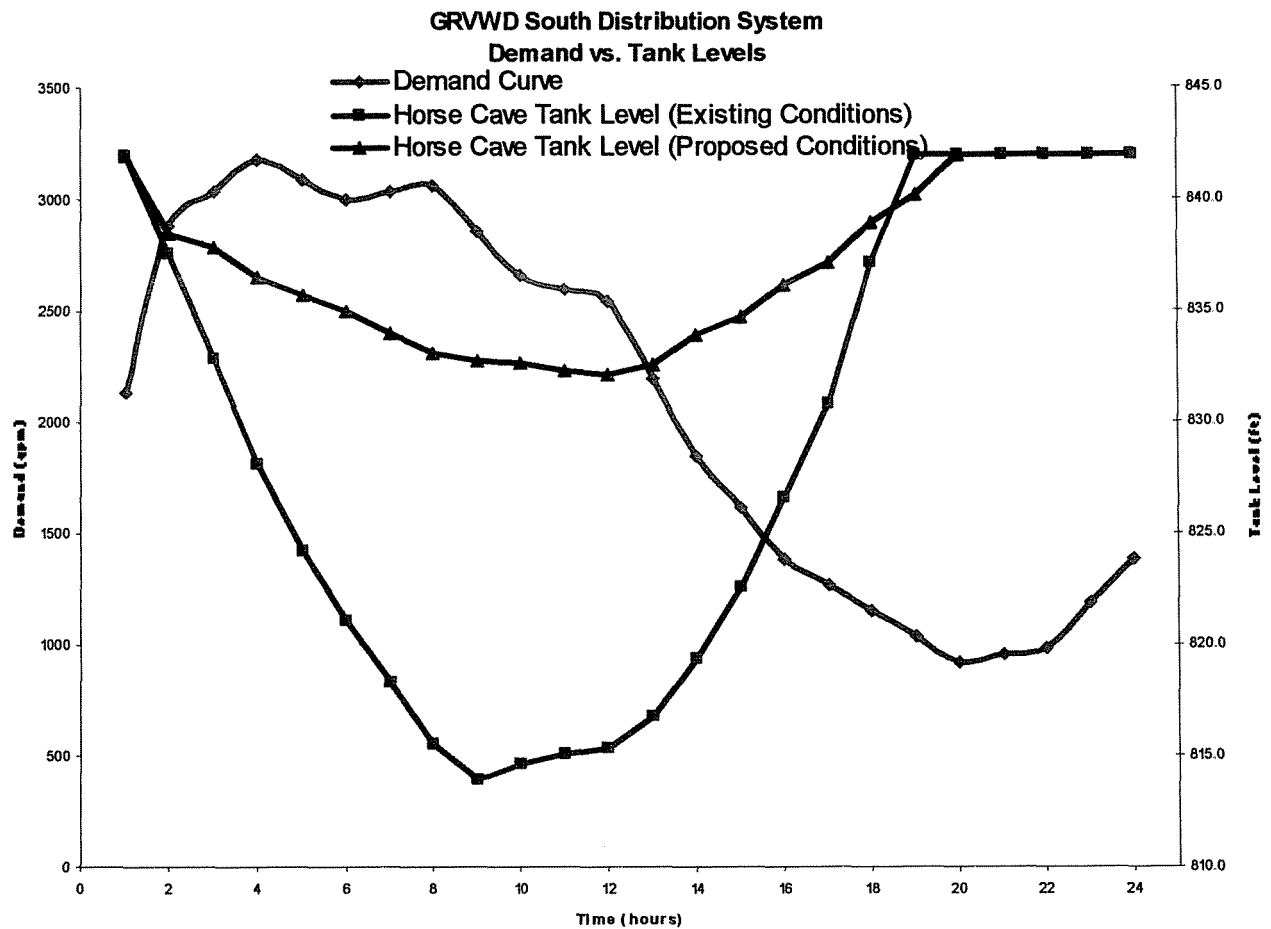
In consideration of these events and as you have requested, we have reviewed the capabilities of the storage and transmission facilities. As you recall, Water Management Services first addressed this issue in the 1999 Facilities Plan that was required to qualify for the EPA grant funds GRVWD received in the later 1990s. Attached is map of the GRVWD water system showing the water transmission mains that were recommended in that document. Generally, the water transmission mains indicated as Phase I have been constructed while the water mains shown as Phase II have yet to be constructed.

Under the recently completed Rural Development project, a 16-inch water main was extended from the WTP to Hardyville and a 12-inch connection was made from the end of the 16-inch water main to the existing 12-inch water main that feeds water to Horse Cave via Highway 31 West. These extensions improved the transmission ability of the water system, but there is still a need for the previously recommended water mains. This need is exemplified by the current operation of the high service pump. Based on a review of recent records, one high service pump will deliver its design capacity of 2,100 gpm against a pressure of about 174 psi at the WTP. When the second pump is turned on, the pressure at the WTP increases to about 205 psi and the output of the two pumps is about 2,600 gpm or about 500 gpm more than one pump. This is indicative that the water transmission system is nearing its maximum capacity and is in need of additions and improvements.

The length of the Phase II water main extension shown along Highway 31-East is about 63,000 feet. In 1999, this water main was recommended to be a 12-inch. Under current growth trends, that line size may need to be a larger size. Nevertheless, recent construction bids suggest that the cost of a 12-inch water main with valves, property restoration, etc., will be about \$50 per foot. Adding a 20 percent factor for other project costs, the total estimated project cost for the 63,000 feet is about \$3,780,000. With a needed storage tank, the project cost would be about \$4.6 million.

In addition to reviewing past recommendations, we have reviewed the adequacy of the capacity of the Horse Cave Water Storage Tank using the computer model of the GRVWD water system. The results are shown in the following graph. Beginning at 5:00 a.m., time is shown at the bottom of the graph; rate of demand on the left; and water level in the storage tanks on the right. The green shows the levels of the existing Horse Cave Tank. The blue line shows the expected levels in a proposed 1.0 million gallons. The red line is a graph of typical daily fluctuations in water demands.

Under the assumption used in this graph, the average daily water demand used is about 2,100 gpm and this demand is being met with one pump in operation. During early (7 to 10 am) morning, the peak demand goes to about 3,500 gpm and in night time periods drops to less than 1,000 gpm.



One of the primary purposes of a storage tank is to meet daily peaks in water demands. The finding of the above graph is that the existing Horse Cave Tank is not large enough to meet peak demand imposed upon the water system with one pump operating. The substantial drop shown (green line) above in the water levels of the Horse Cave Tank demonstrates that the capacity of the existing Horse Cave Tank is not adequate to meet those demands. Therefore, under periods of peak demands, the operators at the WTP are required to operate two (2) high service pumps to prevent an excessive drop in the water levels at the Horse Cave Tank. With a larger tank as shown by the blue line, one pump is able to meet the peak demands with a small dip in water level. Such a small dip is desired in order to keep fresh water in the storage tank.

The significance of this finding is that a larger water storage tank will better meet the peak demands; thus allow one pump to operate without requiring the operation of the second pump. The net effect of the installation of a larger water storage tank is an enhancement of the overall capacity of the water system to meet daily peak water demand.

Considering the addition of a larger water storage tank, attached is an aerial map showing the southwest portion of the GRVWD water system. While there may be several locations for a proposed water storage tank, one prime location is a hill located east of the Horse Cave Industrial Park along Highway 1846. The USGS topo map indicates the top elevation of this hill is 810. A 1.0 million gallon tank with a height of about 35 feet would result in an elevation of 845, which would be slightly higher than the existing Horse Cave Tank at elevation 842. This proposed tank location is shown as option 1 on the attached aerial map.

To accommodate the installation of the tank requires the installation of some water transmission mains. One proposal for these proposed water transmission main additions is also shown in red on the attached aerial map. Later water transmission main additions are shown in blue. Except for the portion of the proposed water main connecting the proposed the Highway 1846 water main to the existing 16-inch water main in the Horse Cave Industrial Park, as estimate of the water mains shown in red and a 1.0 million gallon water storage tank is tabulated below. The proposed water main industrial park connector could add another \$250,000, which added to the below would be about a \$3.0 million project.

Project Description	Length (ft)	Cost/ft	Estimated Cost
Proposed 12-inch water main	18,500	\$50.00	\$925,000
Proposed 16-inch water main	7,500	\$70.00	\$525,000
Proposed 1.0 Million Gallon Water Storage Tank	N/A	N/A	<u>\$800,000</u>
	Subtotal		\$2,250,000
	Other Project Costs 20 Percent		<u>\$450,000</u>
	Total Est. Project Costs		<u>\$2,700,000</u>

Meeting of April 9, 2009

- I. Call to order
- II. Reading of Minutes from Previous Meeting
- III. Review of Monthly Bills
- IV. Old Business
 - (a) New transmission line & storage tank
 - (b) EPA Grant
 - (c) KIA State Grant
 - (d) Water Rate & Tariff Revisions
 - (e) Disaster from ice storm (FEMA)
- V. New Business
 - (a) Health Insurance renewal
- VI. Manager's Report
 - (a) Line Loss
- VII. Adjourn Meeting

Meeting of April 10, 2008

- I. Call to order ✓
- II. Reading of Minutes from Previous Meeting ✓
- III. Review of Monthly Bills ✓
- IV. Old Business ✓
 - (a) Metcalfe County project ✓
 - (b) Hiseville water main extension & pump station ✓
 - (c) Future projects/water rate study ✓
 - (d) Set date for building committee to meet ✓
- V. New Business ✓
 - (a) Health Insurance ✓
- VI. Manager's Report ✓
 - (a) Line Loss
- VII. Adjourn Meeting

April 10, 2008

The Board of the Commissioners of the Green River Valley Water District met on April 10, 2008 at 11:00 a.m. at the office of the District. Those present were Chairman Jack London, Commissioners Ray Branstetter, Donald McDonald, Phillip Doyle and Pat Tucker. Manager David Paige, Assistant Manager Adrian Gossett, Consultant Elroy Larimore, Engineer Sam McIllwain and Attorney Pat Ross were also present.

Motion was made by Commissioner Tucker, seconded by Commissioner McDonald, to approve the March 13, 2008 Minutes of the regular meeting. Motion carried.

The monthly bills were reviewed and discussed. Commissioner Branstetter made a motion to approve the payment of the March bills in the amount of \$150,643.42 which was seconded by Commissioner Doyle. The motion carried and a computer printout of the bills available as of the date of this meeting is attached hereto.

Manager Paige gave a report on the projects of the District. The Metcalfe County Project is now completed and the final draw from the Metcalfe Fiscal Court in the amount of \$65,200 has been paid. The Hiseville Water Main Extension & Pump Station Project is progressing. The survey has been completed for the pump station area and work is underway.

Sam McIllwain, the District Engineer, made a presentation after analyzing the water needs of the southern portion of the District which has been necessitated by the Industrial Development in Horse Cave and increased demand. The materials supplementing Mr. McIllwain's presentation are attached. The original