CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT

COMPILED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT

COMPILED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE OF CONTENTS

ACCOUNTANT'S COMPILATION REPORT

To the Board of Commissioners
Crittenden-Livingston County Water District
Salem, Kentucky

Management is responsible for the accompanying financial statements of the business-type activities of Crittenden-Livingston County Water District, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Supplementary Information
Accounting principles generally accepted in the United States of America require that the following supplementary information be presented to supplement the basic financial statements:

- Management's Discussion and Analysis
- Budgetary Comparison Schedule
- Schedule of Proportionate Share of Net Pension Liability
- Schedule of Pension Contributions
- Schedule of Proportionate Share of the Net OPEB Liability
- Schedule of OPEB Contributions

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 not audited or reviewed the information and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on such information.

We are not independent with respect to Crittenden-Livingston County Water District.

Jessica K Daniel CPA PSC

Eddyville, Kentucky
June 23, 2021

The Crittenden-Livingston County Water District ("District") offers Management's Discussion and Analysis to provide an overview and analysis of the District's financial activities for the year ended December 31, 2020. To fully understand the entire scope of the District's financial activities, this information should be read in conjunction with the financial statement provided in this document.

FINANCIAL HIGHLIGHTS

- Total assets and deferred outflows of resources of the District exceed its total liabilities and deferred inflows of resources at December 31, 2020 by $6,615,954 (Net Position). Of this amount $712,323 is restricted, and $7,151,038 is invested in capital assets net of the related debt, leaving an unrestricted net position deficit of $1,247,407.
- The District's net position increased by $78,240 resulting in a December 31, 2020 balance of $6,615,954. This balance represents an increase of 1.2% in the change of net position over the adjusted December 31, 2019 balance of $6,537,714.
- The District's 2020 operating revenues of $2,681,760 increased 1.4% from the 2019 amount, and operating expenses for 2020 of $2,288,367 increased 1.8%. Non-operating income for 2020, consisted of interest income of $1,581, insurance proceeds of $6,145 and capital contributions consisting of tap on fees and the fair market value of new land acquired of $27,100.
- The District's unrestricted cash available for operating expenses was $50,666 at December 31, 2020.
- The District's investment in capital assets was $17,300,898 net of depreciation at December 31, 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The District is authorized under Kentucky Revised Statutes and constitutes a governmental subdivision of the Commonwealth of Kentucky. The District's financial report includes only the activities of the Crittenden Livingston Water District.

The District's financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB).

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District's basic financial statements include a statement of net position, statement of revenues, expenses and changes in net position, statement of cash flows, and notes to the financial statements.

The District's financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles promulgated by the Governmental Auditing Standards Board (GASB).

Statement of net position. The statement of net position presents the financial position of the District. It presents information on the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Net position is displayed in three components: net investment in capital assets, restricted (distinguished between major categories of restrictions) and unrestricted. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The statement of net position can be found on page 8.

Statement of revenues, expenses and changes in net position. The statement of revenues, expenses and changes in net position presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Revenues are recognized when they are earned, not when they are received. Expenses are recognized when incurred, not when they are paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods. The statement of revenues, expenses and changes in net position is on page 9 of this report.

Statement of cash flows. The statement of cash flows presents information on the effects changes in assets and liabilities have on cash during the course of the fiscal year and can be found on page 10.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the District's financial statements. The notes to the financial statements can be found on pages 11-34 of this report.

Required Supplementary Information. In addition to basic financial statements and accompanying notes, this report also presents certain required supplementary information which can be found on page 36-43.

OVERVIEW OF THE DISTRICT'S FINANCIAL POSITION AND RESULTS OF OPERATIONS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $6,615,954 at December 31, 2020.

For the current year, the District reported a net gain of $78,240.

During 2020, the District's net capital assets decreased $542,144, and total debt liabilities decreased by $548,820. Unrestricted net position decreased $4,322, from a deficit of $1,243,085 at December 31, 2019, to a deficit of $1,247,407 at December 31, 2020.

The District noted operating revenue of $2,681,760, a $334,972 increase from the 2019 revenue of $2,346,788. Operating expenses increased $40,706 from the 2019 amount of $2,247,661. Interest expense decreased $31,640 from 2019. The total interest expense recognized in 2020 was $350,829.

Overall, the District's financial position increased during 2020.

The District's overall financial position and operations for the past two years are summarized as follows:

CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT'S
NET POSITION

	2020	2019
Assets		
Current and other assets	$ 536,823	$ 431,165
Restricted assets	712,323	666,730
Capital assets	17,534,072	18,076,216
Total Assets	18,783,218	19,174,111
Deferred Outflows of Resources	411,926	357,354
Liabilities		
Current liabilities	162,433	201,865
Current portion of long-term debt	810,582	673,109
Long-term liabilities	11,275,277	11,973,912
Total Liabilities	12,248,292	12,848,886
Deferred Inflows of Resources	330,898	144,865
Net Position		
Net investment in capital assets	7,151,038	7,114,069
Restricted	712,323	666,730
Unrestricted	(1,247,407)	(1,243,085)
Total Net Position	$ 6,615,954	$ 6,537,714

The largest portion of the District's net position reflects its investments in capital assets (e.g. land and construction in progress, buildings, plants and facilities, machinery and equipment, system studies and mapping, and infrastructure), less any debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position represents resources that are subject to restrictions on how they may be used. The remaining balance of net position is a negative unrestricted balance of $1,247,407.

Analysis of the District's Operations – Overall the District had an increase in net position of $78,240.

The following table provides a summary of the District's operations for the year ended December 31, 2020 and 2019.

CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT
CHANGES IN NET POSITION

	2020	2019
Revenues		
Operating revenues	$ 2,681,760	$ 2,346,788
Investment income	1,581	6,158
Non-utility income - other	-	2,390
Insurance proceeds	6,145	-
Gain (Loss) on disposal of assets	850	-
Capital contributions	27,100	37,108
Total revenues	2,717,436	2,392,444
Expenses		
Depreciation and amortization	680,655	677,879
Transmission and distribution expenses	740,687	678,925
Administrative and general expenses	665,526	659,115
Interest on debt and other	350,829	382,469
Water treatment	142,254	162,272
Payroll and other taxes	42,247	44,496
Bad debts	(896)	6,694
Customer accounts expenses	17,894	18,280
Total Expenses	2,639,196	2,630,130
Change in net position	78,240	(237,686)
Net position - January 1	6,537,714	6,775,400
Net position - December 31	$ 6,615,954	$ 6,537,714

FINANCIAL ANALYSIS OF THE DISTRICT'S OPERATIONS

Overall, the District's financial position is consistent with the previous year.

BUDGETARY HIGHLIGHTS

The original and final budget passed by the board anticipated operating revenues of $2,600,700 and operating expenses of $2,237,200. Actual operating revenues exceeded budgeted revenues by $81,060, and actual operating expenses exceeded budgeted expenses by $51,167 for an overall positive variance in operating activity of $29,893.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The District's investment in capital assets for business-type activities as of December 31, 2020, amounts to $17,534,072 (net of accumulated depreciation). This investment in capital assets includes land, buildings, plant and facilities, machinery and equipment, and infrastructure.

	2020	2019
Business-type activities		
Capital assets, not being depreciated:		
Land	$ 108,469	$ 108,469
Construction in progress	124,705	-
Total capital assets, not being depreciated	233,174	108,469
Capital assets, being depreciated:		
Transmission and distribution	13,876,657	14,384,125
Buildings	35,475	39,074
Furniture and fixtures	5,207	3,573
Machinery and equipment	3,383,559	3,540,975
Total capital assets, being depreciated	17,300,898	17,967,747
Business-type activities capital assets, net	$ 17,534,072	$ 18,076,216

During the year ended December 31, 2020, the District acquired assets totaling $138,511. This included a new truck and meter installs. The District also started a new radio read meter project that was in progress as of December 31, 2020. The estimated completion date is June 30, 2021.

Additional information on the District's capital assets can be found in Note 5 of this report.

Long-term and other debt

At the end of the current year, the Crittenden-Livingston County Water District had total debt of $10,258,329. Long-term debt at December 31, 2020, was as follows:

	2020	2019
2008 Issue	$ 675,000	$ 805,000
2013 Flexible Term Financing	2,335,000	2,520,000
2013 Flexible Term Financing	1,755,000	1,815,000
2013 Reoffering Premium	119,696	143,536
2001 KIA Note Payable	252,291	333,419
2011 KIA Note Payable	201,220	215,258
2016 KIA Note Payable	833,103	876,306
KACO - 2017C	2,145,000	2,225,000
KACO - 2018B	1,880,000	1,950,000
KACO Premiums	62,019	68,471
Total	$ 10,258,329	$ 10,951,990

The District has interim financing through Kentucky Infrastructure Authority (KIA) to fund the radio read meter project. As of December 31, 2020 $124,705 of the total $315,000 had been received.

Interest expense of $350,829 was incurred during the year ended December 31, 2020.

Additional information on the District's long-term debt can be found in Note 6 of this report.

REQUEST FOR INFORMATION

This financial report is designated to provide a general overview of the Crittenden-Livingston County Water District's finances for all those with an interest in the government's finances. Questions or requests for additional information may be addressed to Tyler Pierson, Superintendent, Crittenden-Livingston County Water District, 620 East Main Street, Salem, KY 42078.

Crittenden-Livingston County Water District
Statement of Net Position
December 31, 2020

Assets	
Current Assets	
Cash equivalents	$ 50,666
Customer accounts receivable (less allowance for uncollectible accounts of $38,273)	256,210
Unbilled revenue	96,151
Inventory	106,161
Prepaid expenses	27,360
Other receivables	275
Restricted assets	
Cash equivalents: Employee benefits and customer deposits	21,960
Cash equivalents: Depreciation, construction and sinking funds	183,554
Cash equivalents: Sinking funds	506,809
Total current assets	1,249,146
Noncurrent Assets	
Capital assets, not being depreciation	233,174
Capital assets, net of depreciation	17,300,898
Total noncurrent liabilities	17,534,072
Total Assets	18,783,218
Deferred Outflows of Resources	
Related to pensions	208,731
Related to other postemployment benefits	203,195
Total deferred outflows of resources	411,926
Liabilities	
Current Liabilities	
Accounts payable	16,391
Accrued liabilities	33,116
Accrued interest on debt	97,746
Customers' deposits	15,180
Interim financing	124,705
Long-term debt due in one year	685,877
Total current liabilities	973,015
Noncurrent Liabilities	
Long-term debt due after one year	9,390,737
Net pension liabilities	1,433,354
Net postemployment benefit liabilities	451,186
Total noncurrent liabilities	11,275,277
Total Liabilities	12,248,292
Deferred Inflows of Resources	
Related to debt	181,715
Related to pensions	51,999
Related to other postemployment benefits	97,184
Total deferred inflows of resources	330,898
Net Position	
Net investment in capital assets	7,151,038
Restricted for	
Debt service and construction	690,363
Employee benefits and customer deposits	21,960
Unrestricted (Deficit)	(1,247,407)
Total Net Position	$ 6,615,954

See accompanying notes to financial statements.

Crittenden-Livingston County Water District
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2020

Operating Revenue	
Sales of water, net of refunds	$ 2,660,093
Other revenue	21,667
Total Operating Revenues	2,681,760
Operating Expenses	
Depreciation	680,655
Transmission and distribution expenses	740,687
Administrative and general expenses	665,526
Water treatment	142,254
Payroll and other taxes	42,247
Bad debts	(896)
Customer accounts expenses	17,894
Total Operating Expenses	2,288,367
Operating Income (Loss)	393,393
Nonoperating Revenues (Expenses)	
Interest income	1,581
Insurance proceeds	6,145
Interest expense	(350,829)
Gain (loss) on the disposal of assets	850
Total Nonoperating Revenue (Expenses)	(342,253)
Net Income Before Capital Contributions	51,140
Capital Contributions	27,100
Change in Net Position	78,240
Net Position-Beginning of Year	6,537,714
Net Position-End of Year	$ 6,615,954

See accompanying notes to financial statements.

Crittenden-Livingston County Water District
Statement of Cash Flows
For the Year Ended December 31, 2020

Cash Flows From Operating Activities	
Cash received from customers	$ 2,623,220
Cash payments to suppliers for goods and services	(924,638)
Cash payments to employees for services	(561,232)
Net Cash Provided By Operating Activities	1,137,350
Cash Flows From Capital and Related Financing Activities	
Net increase (decrease) in line of credit obligation	(10,157)
Principal paid on capital debt	(662,952)
Contributed capital	27,100
Acquisition of property, plant, and equipment	(138,511)
Proceeds from disposal of property, plant, and equipment	850
Proceeds from capital debt	124,705
Proceeds from insurance claims	6,145
Interest paid on debt	(392,196)
Net Cash Used by Capital and Related Financing Activities	(1,045,016)
Cash Flows From Investing Activities	
Income received on investments	1,581
Net Cash Used By Investing Activities	1,581
Net Increase (Decrease) in Cash Equivalents	93,915
Cash Equivalents-Beginning of Year	669,074
Cash Equivalents-End of Year	$ 762,989
Reconciliation of Operating Income to Net Cash Provided By Operating Activities	
Operating Income (Loss)	$ 393,393
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	680,655
Change in assets and liabilities	
Accounts receivable	(59,980)
Inventory	7,438
Prepayments	(4,794)
Deferred outflows of resources	(54,572)
Accounts payable	(30,825)
Customer deposits	1,440
Accrued liabilities	611
Deferred pension liability	199,666
Deferred inflows of pensions	4,318
Net Cash Provided By Operating Activities	$ 1,137,350
Reconciliation of Total Cash	
Current Assets - Cash	$ 50,666
Restricted Assets - Cash	712,323
Total Cash	$ 762,989

Non-cash Investing, Capital and Related Financing Activities - None

See accompanying notes to financial statements.

Crittenden-Livingston County Water District
Notes to the Financial Statements
For the Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Crittenden-Livingston County Water District, (the District), is a county water district supported by funds derived from the sale of water and is operated by a District Board. The District is authorized under Kentucky Revised Statutes and constitutes a governmental subdivision of the Commonwealth of Kentucky. The District is located in Salem, Kentucky and primarily serves rural Crittenden-Livingston County.

The accounting and reporting policies of the District relating to the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards board (when applicable). The District follows GASB pronouncements as codified under GASB 62. The more significant accounting policies of the District are described below:

Principles Determining Scope of Reporting Entity

The District's financial report includes only the funds of the District. The District has no oversight responsibility for any other governmental entity and is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board pronouncement. The District's Board members are appointed by the County Judge Executives of Crittenden and Livingston counties, and they have decision making authority, the authority to set rates, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

Basis of Presentation

The accounts of the District are organized in accordance with the uniform system of accounts adopted by the Public Service Commission of Kentucky. Those accounts are organized on the basis of a proprietary fund type, specifically an enterprise fund. The operations of each fund are summarized by providing a separate set of self balancing accounts which include its assets, liabilities, net position, revenues, and expenses.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The accounting and financial statements for a proprietary fund are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and all liabilities (whether current or non-current) are included on the statement of net position, and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water services which are accrued. Expenses are recognized at the time the liability is incurred.

Proprietary funds distinguish operating revenues and expenses form nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's ongoing operations. The principal operating revenues of the District are charges for water service. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Reclassification
Prior period financial statement amounts have been reclassified to conform to current period presentation.

Sales of Water
Charges to customers for the sale of water are based on rates approved by the Kentucky Public Service Commission (PSC).

Budget
The District is required to follow budgetary guidelines established by the Public Service Commission and the Department of Rural Development. Those guidelines require:

1) The District to submit a proposed budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2) The District is required to submit a budget to the Department of Rural Development for each fiscal year as stipulated in the bond agreement.

For the year ended December 31, 2020, the District has complied with budgetary guidelines.

Cash Equivalents/ Investments
Cash and cash equivalents are deposited with First Southern National Bank. District ordinances authorize the District to invest in obligations of the U.S. Government and its instrumentalities, mutual funds, repurchase agreements, and demand deposits. All investments must be purchased through brokers/dealers or deposited with local financial institutions.

For the purpose of the statement of cash flows, the District considers all cash in banks and certificates of deposit with stated maturities of three months or less or available for withdrawal by management to be cash and cash equivalents. Cash equivalents consist of funds held in a sweep account in a financial institution.

Receivables and Credit Policies
Accounts receivable are uncollateralized customer obligations due under normal trade terms requiring payment within 15 days form the invoice date. Unpaid accounts receivable with invoice mailing dates over 15 days old are subject to a 10% penalty on the outstanding balance. Customers are subject to disconnection after 25 days past invoice date. Reconnections are subject to reconnect fees which are recognized as income when received.

Accounts receivable are stated at amounts billed to the customer plus any accrued penalties. Customer account balances with invoices over 120 days old are considered delinquent.

Payments of accounts receivable are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

The carrying amounts of accounts receivable is reduced by an allowance that reflects management's best estimate of the amounts that will not be collected. Management reviews accounts receivable balances that exceed 120 days from invoice date and; based on an assessment of current credit worthiness, estimates the portion, if any, of the balance that will not be collected. Additionally, for the remaining aggregate accounts, management establishes a general allowance based on historical averages.

Inventory
Inventories are generally used for repair and replacement of infrastructure, and connection of new services and are stated at average cost.

Prepaid Items
Payments made to vendors for services that will benefit periods beyond December 31, 2020 are recorded as prepaid items.

Capital Assets
Capital assets are stated at original cost as defined for regulatory purposes. The costs of additions to capital assets and replacement of retirement units are capitalized. Replacement of minor items of property is charged to expense as incurred. Depreciation is computed using the straight-line method. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to income as incurred; significant betterments are capitalized. Land and construction in progress are not depreciated. Estimated useful lives are generally those established by the Public Service Commission of the Commonwealth of Kentucky as the following:

Capital asset classes

Buildings	10 to 50 years
Transmission Lines	5 to 50 years
Plant and Pumping Equipment	5 to 10 years
Meters	5 to 10 years
Office Equipment	5 to 10 years
Vehicles	5 years

Donated assets are stated at fair value on the date donated. Contributions from customers for the purpose of purchasing service connections to the utility plant are recorded as income when they are received.

Unearned Revenue
The District recognizes certain revenue transactions as unearned revenue. Revenue cannot be recognized until it has been earned and is available to finance expenditures of the current fiscal period. Revenue that is earned but not available is reported as a current liability or deferred inflow of resources until such time as the revenue becomes available.

Deferred Outflows/Inflows of Resources
In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents the consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in the category, deferred charges - pension, and deferred charges - other post-employment benefits (OPEB).

A deferred charge 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 shorter of the life of the refunded or refunding debt. A deferred pension contribution results from pension contributions subsequent to the measurement date of the pension plan. This amount is deferred and recognized as a component of the change in pension plan liability in the next measurement period. Pension related deferred components include difference between expected and actual experience; the difference between projected and actuarial earnings on pension plan investments results from actual investment earnings above or below actuarial projected earnings; changes in assumptions; and changes in proportion and differences between employer contributions and proportionate share of contributions. These pension related items are deferred and amortized over 3-5 years as a component of the pension expense.

The deferred related pension and OPEB outflows results from pension and OPEB contributions subsequent to the measurement date of the pension plan and OPEB and various changes resulting from actuarial pension and OPEB measurements. The pension and OPEB contribution amounts are deferred and recognized as a component of the change in pension and OPEB plan liabilities in the next measurement period. The various changes resulting from actuarial pension and OPEB measurements are deferred and amortized in future periods as a component of the pension and OPEB expense.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items reported in this category, inflows related to the District's pension and OPEB plans that qualify for reporting in this category - deferred pension and OPEB related inflows. The various changes resulting from actuarial pension and OPEB measurements are deferred and amortized in future periods as a component of the pension and OPEB expense.

Restricted Assets

The restricted assets have been handled in accordance with the provisions of the various enterprise fund revenue bond resolutions, loan resolutions, loan agreements, or by state or federal laws and regulations. When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as needed. See Note C for information describing restricted assets.

Pensions and Other Postemployment Benefits

For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the County Employees Retirement System in the Kentucky Retirement Systems (KRS) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the KRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the County Employees Retirement System. Investments are reported at fair value.

Net Position

In the financial statements, equity is classified as net position and displayed in three components.

- **Net investment in capital assets -** Capital assets, net of accumulated depreciation and reduced by the outstanding balance of any borrowings that are attributable to the acquisition, construction, or improvement of those assets net of unspent financing proceeds.
- **Restricted net position** - Net position with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, laws, or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Use of Estimates

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

Advertising

The District expenses advertising costs as they are incurred. Such expenses primarily relate to advertising in local directories and requests for invitations to bid on contractual services or construction projects.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. During the year ended December 31, 2020, the District contracted with commercial insurance carriers for coverage of all risks mentioned above. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. There were no significant reductions in coverage during the past three years.

Adoption of New Accounting Pronouncements

GASB Statement No.91

GASB Statement No. 91, *Conduit Debt Obligations*, was issued in May 2019. The provisions of this pronouncement are effective for periods beginning after December 15, 2020. This pronouncement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby, improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations. The District does not have any transactions meeting the criteria of this standard.

Crittenden-Livingston County Water District
Notes to the Financial Statements
For the Year Ended December 31, 2020

Recent Accounting Pronouncements
As of December 31, 2020, the GASB has issued the following statements not yet required to be adopted by the District.

GASB Statement No. 92
GASB Statement No. 92, *Omnibus 2020*, was issued in January 2020. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases, and Implementation Guide No 2019-3, Leases*, for interim financial reports, The requirements related to this section were effective upon issuance.
- Reporting intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan. This is effective for fiscal years beginning after June 15, 2020.
- The applicability of Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended to reporting assets accumulated for postemployment benefits. This is effective for fiscal years beginning after June 15, 2020.
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements. This is effective for fiscal years beginning after June 15, 2020.
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition. This is effective for fiscal years beginning after June 15, 2020.
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers.
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature.
- Terminology used to refer to derivative instruments.

Management has not yet determined the effect of these provisions on financial reporting.

GASB Statement No. 93
GASB Statement No. 93, *Replacement of Interbank Offered Rates,* was issued March 2020. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR (interbank offered rate). The removal of IBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. Management has not yet determined the effect of this provision on financial reporting.

GASB Statement No. 94
GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, was issued in March 2020. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The effective date of this Statement is for fiscal years beginning after June 15, 2022. Management has not yet determined the effect of this provision on financial reporting.

Crittenden-Livingston County Water District
Notes to the Financial Statements
For the Year Ended December 31, 2020

GASB Statement No. 96

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, was issued in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement provides the definitions of SBITA and establishes the criteria for financial statement recognition and reporting based to the extent relevant on the standards established in Statement No. 87, *Leases*, as amended. The effective date of this Statement is for fiscal years beginning after June 15, 2022 and all reporting periods thereafter. Management has not yet determined the effect of this provision on financial reporting.

2. LEGAL COMPLIANCE

Deficit Net Position

There was not a deficit net position for the year ended December 31, 2020.

Budgets

Excess of Expenditures Over Appropriations

The District has an excess of actual operating expenditures over budget for the year ended December 31, 2020 of $51,167. This excess was due mainly to pension adjustments required by GASB 68 and 75.

Fund equity and other financial sources were sufficient to offset the over expenditures in the budget.

3. DEPOSITS AND INVESTMENTS

1. Net Position

The captions on the statement of net position for cash, investments and restricted assets enumerated as to deposits and investments, and the amounts in total are as follows:

	Cash on Hand	Deposits	Investments	Total
Cash equivalents	$ 200	$ 50,466	$ -	$ 50,666
Restricted assets				
Cash equivalents	-	712,323	-	712,323
Total	$ 200	$ 762,789	$ -	$ 762,989

2. Deposits

The District has adopted Governmental Accounting Standards Board (GASB) Statement No. 40 effective July 1, 2005. GASB 40 is designed to inform financial statement users about deposit and investment risks that could effect a government's ability to provide services and meet its obligations as they become due. There are risks inherent in all deposits and investments, and GASB believes that the disclosures required by this Statement provide users of governmental financial statements with information to assess common risks inherent in deposit and investment transactions. Deposit and investment resources often represent significant assets of the governmental fund. These resources are necessary for the delivery of governmental services and programs. GASB 40, as it applies to the District, includes disclosure of the following risks:

- Risks related to custodial credit risk of deposits;
- Deposit and investment policies related to those risks.

Custodial Credit Risk is the risk that in the event of a failure of a depository institution, the District will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. At year-end, the carrying amount of the District's deposits in financial institutions were $762,989, and the bank balances were $915,360. Of the bank balances, $250,000 was covered by federal depository insurance, with the remaining balance covered by collateral held by the pledging financial institution’s agent or trust department in the District’s name. The District holds cash deposits in the amount of $506,809 in the Regions Trust Cash Sweep III (RTCS). RTCS is a bank deposit account offered through Regions Institutional Services. The RTCS does not directly invest in securities. It is a deposit account that is collateralized by government securities. Collateral may include:

- Interest bearing obligations of the U.S. Government
- Senior debt obligations of any U.S. Government Agency
- And/or municipal securit9ies with an underlying rating of A or better.

RTCS is FDIC Insured up to $250,000. Deposit account amounts in excess of $250,000 are secured by perfected liens on Regions Bank's securities in an amount not less than 105% of the total excess deposits. In the event of a default, the collateral reverts to the Collateral Agent to be distributed to the account owners. RTCS deposits are identified as "cash" on client statements; there are no market value fluctuations.

The District does not have deposit and investment policies. However, Kentucky Revised Statutes (KRS 66.480) authorized Kentucky municipalities to invest in:

a) Obligations of the U.S. Treasury, agencies and instrumentalities. Such investments may be accomplished through repurchase agreements reached with national or state banks chartered in Kentucky;

b) Bonds or certificates of indebtedness of the state of Kentucky, agencies and instrumentalities;

c) Savings and loan associations insured by the U.S. government;

d) Interest-bearing deposits in national or state banks chartered in Kentucky and insured by an agency of the U.S. government;

e) Deposit accounts with banking institutions;

f) State treasurer investment pool.

3. Investments

Interest Rate Risk
Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk
Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The custodial credit risk for investments is the risk that a government will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party if the counterparty to the transaction fails.

Concentration of Credit Risk
Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District does not place any limit on the amount that may be invested with one issuer.

4. RESTRICTED CASH

	Depreciation Fund	Sinking Funds	Maintenance/ Replacement	Employee Benefits	Tenant Deposits	Total
Cash equivalents	$ 92,486	$ 557,485	$ 40,392	$ 12,022	$ 9,938	$ 712,323

Depreciation Reserve - The bond ordinances require Crittenden Livingston Water District to make monthly contributions to this fund after observing the priority of deposits into the Sinking Fund. The funds in the Depreciation Fund can be expended for the purpose of paying the cost of unusual or extra-ordinary maintenance, repairs, renewals or replacements, and the cost of constructing additions and improvements to the system. The District is to contribute monthly to the reserve account until an amount equal to one-thirty-sixth (1/36) of the Depreciation Reserve Requirement. At December 31, 2020 the balance of the Depreciation Reserve Fund was $92,486.

Crittenden Livingston Water Sinking Fund - The sinking fund was established for the purpose of paying the principal and interest on the Water Revenue Bonds and Revenue Refunding Bonds. The bond ordinances require that the amount deposited each month equals one-sixth of the next succeeding interest requirement and one-twelfth of the principal requirements becoming due on the note on the next succeeding January 1. At December 31, 2020 the balance of the Sinking Fund was $557,485.

Maintenance/Replacement Reserve Accounts - The Revenue Refunding Bonds, the Kentucky Infrastructure Authority loans for the Moore Hill Water Tank Radio Read Meters require the District to make monthly contributions to a reserve account for maintenance and replacement expenses. The 2018 Revenue Refunding Bonds require one-forty-eight (1/48) of the maximum debt service requirements. The KIA Moore Hill Water Tank loan requires annual contributions of $2,600 until a balance of $26,000 is reached. The KIA Radio Read Meters loan requires a 10% contribution of the loan payment amount until a balance of 5% of the original principal amount ($15,000) is reached. At December 31, 2020, the balance of the Maintenance/Replacement accounts were $40,392.

Health Reimbursement Account - The District, in an effort to offset rising employee health insurance costs, has established a program, whereby, employees participate in a high-deductible healthcare plan with deductible amounts being paid by the District. At the beginning of each plan year, the amount of each employees deductible is set aside in a separate restricted bank account. As employees incur health care costs, amounts up to the per person deductible are reimbursed to the eligible employee from this account. Any excess left in the account at the end of the plan year is used to fund the maximum amount to be set aside for the following year. As of December 31, 2020, the balance in the Health Reimbursement Account was $12,022.

Crittenden Livingston Tenant Deposit Fund - This account is set aside to account for customer deposits. At December 31, 2020 the restricted balance of the Crittenden Livingston Tenant Deposit Fund was $9,938.

Crittenden-Livingston County Water District
Notes to the Financial Statements
For the Year Ended December 31, 2020

5. CAPITAL ASSETS

A summary of proprietary fund property, plant and equipment at December 31, 2020 for business-type activities follows:

	Balance 12/31/2019	Increases	Decreases	Balance 12/31/2020
Capital assets, not being depreciated				
Land	$ 108,469	$ -	$ -	$ 108,469
Construction in progress	-	124,705	-	124,705
Total capital assets, not being depreciated	108,469	124,705	-	233,174
Capital assets, being depreciated				
Lake and river intake	888,411	-	-	888,411
Pumping equipment	307,235	-	-	307,235
Water treatment structure	6,900	-	-	6,900
Water treatment equipment	4,402,784	-	-	4,402,784
Transportation equipment	141,506	5,900	-	147,406
Distribution reservoirs and pipe	1,676,161	-	-	1,676,161
Small equipment	23,073	-	-	23,073
Transmission and distribution mains	14,161,516	3,751	-	14,165,267
Lab equipment	6,231	-	-	6,231
Power operated equipment	73,132	-	-	73,132
Services	6,012,089	-	-	6,012,089
Meters and installation	1,363,264	1,360	-	1,364,624
Communication equipment	183,553	-	-	183,553
Hydrants	228,940	-	-	228,940
Office furniture and fixtures	48,355	2,795	-	51,150
Office building	74,845	-	-	74,845
Total capital assets, being depreciated	29,597,995	13,806	-	29,611,801
Less accumulated depreciation for				
Lake and river intake	(228,929)	(17,770)	-	(246,699)
Pumping equipment	(176,608)	(19,156)	-	(195,764)
Water treatment structure	(5,329)	(685)	-	(6,014)
Water treatment equipment	(1,890,755)	(87,965)	-	(1,978,720)
Transportation equipment	(127,892)	(5,069)	-	(132,961)
Distribution reservoirs and pipe	(327,359)	(33,496)	-	(360,855)
Small equipment	(17,578)	(1,093)	-	(18,671)
Transmission and distribution mains	(5,495,928)	(283,510)	-	(5,779,438)
Lab equipment	(5,156)	(39)	-	(5,195)
Power operated equipment	(66,413)	(750)	-	(67,163)
Services	(2,428,502)	(171,767)	-	(2,600,269)
Meters and installation	(612,948)	(38,921)	-	(651,869)
Communication equipment	(62,452)	(11,684)	-	(74,136)
Hydrants	(102,274)	(4,676)	-	(106,950)
Office furniture and fixtures	(44,783)	(1,160)	-	(45,943)
Office building	(37,342)	(2,914)	-	(40,256)
Total accumulated depreciation	(11,630,248)	(680,655)	-	(12,310,903)
Total capital assets, being depreciated, net	17,967,747	(666,849)	-	17,300,898
Business-type activities capital assets, net	$ 18,076,216	$ (542,144)	$ -	$ 17,534,072

Depreciation charged to income was $680,655.

Crittenden-Livingston County Water District
Notes to the Financial Statements
For the Year Ended December 31, 2020

6. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

A summary of change in deferred outflows/inflows of resources is as follows:

	Balance 12/31/2019	Additions	Reductions	Balance 12/31/2020
Pensions				
Deferred outflows of resources:				
Deferred pension contributions	$ 47,201	$ 47,322	$ (47,201)	$ 47,322
Changes in proportion and differences between employer and contributions and proportionate share of contributions	20,043	-	(12,478)	7,565
Differences between expected and actual experience	34,719	1,024	-	35,743
Change in assumptions	137,624	-	(81,654)	55,970
Difference between projected and actuarial earnings	26,102	36,029	-	62,131
Pension related deferred outflows	$ 265,689	$ 84,375	$ (141,333)	$ 208,731
Deferred inflows of resources:				
Changes in proportion and differences between employer and contributions and proportionate share of contributions	$ 1,523	$ 24,213	$ -	$ 25,736
Differences between expected and actual experience	5,745	-	(5,745)	-
Difference between projected and actuarial earnings	48,022	-	(21,759)	26,263
Pension related deferred inflows	$ 55,290	$ 24,213	$ (27,504)	$ 51,999
Other Post-employment Benefits (OPEB)				
Deferred outflows of resources:				
Deferred OPEB contributions	$ 11,641	$ 11,671	$ (11,641)	$ 11,671
Changes in proportion and differences between employer and contributions and proportionate share of contributions	2,943	-	(559)	2,384
Subsidy	6,981	4,092	-	11,073
Difference between expected and actual experience	2,141	-	73,243	75,384
Difference between projected and actuarial earnings	-	24,203	-	24,203
Change in assumptions	96,202	-	(17,722)	78,480
OPEB related deferred outflows	$ 119,908	$ 39,966	$ 43,321	$ 203,195
Deferred inflows of resources:				
Changes in proportion and differences between employer and contributions and proportionate share of contributions	$ 2,502	$ 9,556	$ -	$ 12,058
Differences between expected and actual experience	98,092	-	(22,649)	75,443
Change in assumptions	643	-	(166)	477
Difference between projected and actuarial earnings	16,581	-	(7,375)	9,206
OPEB related deferred inflows	$ 117,818	$ 9,556	$ (30,190)	$ 97,184

7. DEBT OBLIGATIONS

Revenue Bonds Payable

The Crittenden Livingston Water District Waterworks Revenue Bonds of 1995 (Series A) were issued in the amount of $884,000 to finance the cost of the Phase 5 construction project (system additions). The bond maturity dates are January 1, 1998-2035. The interest rate is 4.5%. This issue was purchased by United States Department of Agriculture Rural Economic and Community Development.

The Crittenden Livingston Water District Waterworks Revenue Bonds of 2000 (Series A) in the amount of $2,000,000 were issued to finance the cost of the Phase 6b construction project (water plant). The bond maturity dates are January 1, 2003-2040. The interest rate is 4.5%. This issue was purchased by United States Department of Agriculture Rural Economic and Community Development.

The 1995 and 2000 USDA Refunding bonds were refinanced through a lease agreement with Kentucky Association of Counties Finance Corporation on May 1, 2018.

In May 2008 Crittenden Livingston Water District issued Waterworks Revenue Bonds of 2008 (Series C) in the amount of $1,920,000 to current refund revenue bonds 1998, 1991, 1994 & 1996 issuances. The current refunding met the requirement of an in-substance debt defeasance and the revenue bonds were removed from the District's financial statements.

The bond maturity dates are January 1, 2009-2030. This issue was purchased by Morgan, Keegan, and Company, Inc. Interest rates are shown below:

Year	Rate	Year	Rate
2009	2.35%	2020	4.050%
2010	2.55%	2021	4.050%
2011	3.05%	2022	4.175%
2012	3.05%	2023	4.175%
2013	3.30%	2024	4.300%
2014	3.30%	2025	4.300%
2015	3.55%	2026	4.300%
2016	3.55%	2027	4.425%
2017	4.05%	2028	4.425%
2018	4.05%	2029	4.550%
2019	4.05%	2030	4.550%

The bonds are secured and payable from an exclusive pledge of a fixed portion of gross revenues of the Waterworks System as now or hereafter constituted and additionally secured by a statutory lien on the Waterworks System.

In March 2013, the District entered into a flexible term finance program with Kentucky Rural Water to refinance the 2004 D Kentucky Rural Water Finance Corporation Bonds, with an interest rate of 3.120%-4.620%, and the 2000 B, with an interest rate of 4.75%, and 2000 C Rural Development Bonds with an interest rate of 4.500%. The total loan amount of $5,780,000 is divided into two separate loans. The amount of $3,690,000 is a 15 year loan with a variable interest rate of 2.30% to 4.80%. Principal repayment began in 2014, and the loan will be paid out in 2029. The remaining loan amount of $2,090,000 is a 27 year loan with a variable interest rate of 2.30% to 4.80%. Principal repayment began in 2014, and the loan will be paid out in 2040.

The following is a summary of changes in bonds payable for the year ended December 31, 2020:

Description	Balance 12/31/2019	Payments	Balance 12/31/2020	Due in One Year
Waterworks Revenue Bonds				
2008 Bonds	$ 805,000	$ (130,000)	$ 675,000	$ 130,000
2013 Flexible Term Financing	2,520,000	(185,000)	2,335,000	200,000
2013 Flexible Term Financing	1,815,000	(60,000)	1,755,000	60,000
2013 Reoffering Premium	143,536	(23,840)	119,696	-
Total Bonds Payable	$ 5,283,536	$ (398,840)	$ 4,884,696	$ 390,000

Principal and interest requirements of the revenue bonds payable as of December 31, 2020 are:

Year Ending December 31,	Principal	Interest & Fees	Total
2021	$ 390,000	$ 178,516	$ 568,516
2022	435,000	161,026	596,026
2023	455,000	141,291	596,291
2024	365,000	122,176	487,176
2025	390,000	105,144	495,144
2026-2030	1,710,000	320,360	2,030,360
2031-2035	465,000	152,805	617,805
2036-2040	555,000	57,673	612,673
Total	$ 4,765,000	$ 1,238,991	$ 6,003,991

Kentucky Infrastructure Authority Notes Payable

Kentucky Infrastructure Authority (KIA) note dated November 1, 2001, at 1.8%, payable in 40 semiannual payments including principal and interest. Loan funds advanced were used on an interim basis to finance the construction of extensions, additions, and improvements to the existing waterworks system.

In August 2011, Crittenden Livingston Water District was approved for a loan to replace all existing meters with meters utilizing radio-read technology. The total cost of the project is not to exceed $300,000 and will be financed by the Kentucky Infrastructure Authority under a loan bearing interest at 2%.

In July 2016, Crittenden Livingston Water District was approved for a loan to construct the Moore Hill water tank. The total cost of the project was $978,850 and will be financed by the Kentucky Infrastructure Authority under a loan bearing interest at 1.75%.

The schedule of notes payable and the maturity schedule follows:

	Balance 12/31/2019	Proceeds	Principal Payments	Balance 12/31/2020	Due Within One Year
2001 KIA Note Payable	$ 333,419	$ -	$ (81,128)	$ 252,291	$ 82,595
2011 KIA Note Payable	215,258	-	(14,038)	201,220	14,320
2016 KIA Note Payable	876,306	-	(43,203)	833,103	43,962
Total Notes Payable	$ 1,424,983	$ -	$ (138,369)	$ 1,286,614	$ 140,877

Annual debt service requirements for leases payable to maturity are as follows:

Year Ending December 31,	Principal	Interest & Fees	Total
2021	$ 140,877	$ 24,963	$ 165,840
2022	143,431	22,270	165,701
2023	146,032	19,528	165,560
2024	61,523	17,126	78,649
2025	62,642	15,860	78,502
2026-2030	330,736	59,477	390,213
2031-2035	315,356	25,175	340,531
2036-2037	86,017	1,725	87,742
Total	$ 1,286,614	$ 186,124	$ 1,472,738

Leases

The Fiscal Court of Livingston County, Kentucky, in an Ordinance passed and adopted on August 24, 2010, authorized a plan to payoff a short term note of the Crittenden Livingston Water District in the amount of $2,500,000 with funds provided to the County by the Kentucky Association of Counties Finance Corporation through a financing agreement between the county and KACO. The Series 2010A Lease was refinanced in 2017.

On September 19, 2017, the District entered into an agreement with Kentucky Association of Counties Finance Corporation to issue Revenue Bonds, 2017 First Series C. The proceeds were used to replace the Series 2010A Lease with Kentucky Association of Counties Finance Corporation, a short term note, the proceeds of which were used to run approximately 90 miles of waterline in Crittenden and Livingston County. The new bonds were issued for $2,445,000, carry an interest rate of 3.03%, and matures January 1, 2039. These bonds were issued with a lease premium of $27,882, which will be recognized over the life of the bond.

On May 1, 2018, the District entered into a lease agreement with Kentucky Association of Counties Finance Corporation to issue Revenue Bonds, 2018 Series B. The proceeds were used to replace the 1995 and 2000 USDA Bonds. The new bonds were issued for $2,090,000, carry an interest rate of 3.44%, and will mature on January 1, 2040. These bonds were issued with a lease premium of $54,033, which will be recognized over the life of the bond.

	Balance 12/31/2019	Proceeds	Principal Payments	Balance 12/31/2020	Due Within One Year
KACO - 2017C	$ 2,225,000	$ -	$ (80,000)	$ 2,145,000	$ 80,000
KACO - 2018B	1,950,000	-	(70,000)	1,880,000	75,000
Lease Premiums	68,471	-	(6,452)	62,019	-
Total Leases Payable	$ 4,243,471	$ -	$ (156,452)	$ 4,087,019	$ 155,000

Annual debt service requirements for leases payable to maturity are as follows:

Year Ending December 31,	Principal	Interest & Fees	Total
2021	$ 155,000	$ 155,387	$ 310,387
2022	159,583	148,187	307,770
2023	169,583	140,246	309,829
2024	179,583	131,418	311,001
2025	189,583	122,077	311,660
2026-2030	1,088,333	476,230	1,564,563
2031-2035	1,233,333	279,401	1,512,734
2036-2040	850,002	63,253	913,255
Total	$ 4,025,000	$ 1,516,199	$ 5,541,199

Interim Financing

The District entered into an agreement with Kentucky Infrastructure Authority to fund the radio read meter project. The project budget is $315,000. As of December 31, 2020, the District took draws totaling $124,705. The project is expected to be completed by the end of June 2021 and the long-term debt terms will be established.

Line of Credit

In August 2017, the District entered into a line of credit agreement with Farmers Bank for the remodel of their office. The line of credit has a limit of $50,000 with an interest rate of 5.0%. This is a twelve month revolving line of credit that is re-evaluated at each maturity. There are no payments required. Principal and interest are due at maturity. As of December 31, 2020, the line of credit had a zero balance.

Interest expense recognized in the year ending December 31, 2020 is $350,829.

8. EMPLOYEES' RETIREMENT PLAN

The District provides retirement benefits to its employees through a multi-employer public employee retirement fund administered by the Kentucky County Employees Retirement District (CERS). Information regarding this plan is as follows:

County Employees' Retirement System

*Plan descriptio*n. The District is a participant in the County Employees Retirement System (CERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of Kentucky Revised Statute ("KRS") Sections 61.645, the Board of Trustees administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from https://kyret.ky.gov.

Benefits provided. CERS provides retirement, health insurance, and death and disability benefits to plan employees and beneficiaries. Employees are vested in the plan after five years service. For retirement purposes, nonhazardous employees are grouped into three tiers, based on hire date.

Nonhazardous members

Tier 1	Participation date	Prior to September 1, 2008
	Unreduced retirement	27 years of service or 65 years old
		Minimum 5 years of service and 55 years old
	Reduced retirement	Minimum 25 years of service and any age
Tier 2	Participation date	September 1, 2008 and December 31, 2013
	Unreduced retirement	Minimum 5 years of service and 65 years old
		Age of 57 or older and sum of service years plus age equal 87
	Reduced retirement	Minimum 10 years of service and 60 years old
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	Minimum 5 years of service and 65 years old
		Age of 57 or older and sum of service years plus age equal 87
	Reduced retirement	Not available

Plan Funding. State statute requires active members to contribute a percentage of creditable compensation based on the tier:

	Required Contributions
Tier 1	5%
Tier 2	5% plus 1% for insurance
Tier 3	5% plus 1% for insurance

Employers contribute at the rate determined by the CERS Board to be necessary for the actuarial soundness of the District, as required by KRS 61.565 and 61.752. The District's required contribution rate for non-hazardous employees was 19.30% for the period January 1, 2020 to June 30, 2020; and 19.30% for the period July 1, 2020 to December 31, 2020.

Senate Bill 249 passed during the 2020 Legislative Session changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20 year amortization bases. This change does not impact the calculation of total pension liability and only impacts the calculation of the contributions rates that would be payable starting July 1, 2020. Further, Senate Bill 249 froze the CERS employer rate phase-in for one year.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions. At December 31, 2020, the District reported a liability of $1,433,354 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's share of contributions to CERS relative to the total contributions of all participating employers, actuarially determined. At June 30, 2020, the District's proportion was .018688%.

Pension expense. As a result of its requirement to contribute to CERS, the District recognized pension expenses of $209,404 for the year ended December 31, 2020. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources from the following sources as a result of its requirements to contribute to CERS:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between expected and actual experience	$ 35,743	$ -
Net differences between projected and actual investment earnings	62,131	26,263
Change of assumption	55,970	-
Changes in proportion and differences between employer contributions and share of contributions	7,565	25,736
Contributions subsequent to the measurement date	47,322	-
Totals	$ 208,731	$ 51,999

Deferred Outflows of Resources. The $47,322 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	
December 31, 2021	$ 50,916
December 31, 2022	28,388
December 31, 2023	15,701
December 31, 2024	14,405
Total	$ 109,410

Actuarial assumptions. The total pension liability, net pension liability, and sensitivity information as of June 30, 2020 were based on an actuarial valuation date of June 30, 2019. The total pension liability was rolled forward from the valuation date (June 30, 2019) to the plan's fiscal year ending June 30, 2020, using generally accepted actuarial principles.

There have been no changes in actuarial assumptions since June 30, 2019. The actuarial assumptions are:

Inflation	2.30%
Salary increases	3.30% to 11.55%, varies by service
Investment rate of return	6.25% for CERS non-hazardous

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

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the tables below. The current long-term inflation assumption is 2.30% per annum.

Asset Class	Target Allocation	Long-Term Nominal Rate of Return
Growth		
US Equity	18.75%	4.50%
Non US Equity	18.75%	5.25%
Private Equity	10.00%	6.65%
Specialty Credit/High Yield	15.00%	3.90%
Liquidity		
Core Bonds	13.50%	(0.25)%
Cash	1.00%	(0.75)%
Diversifying Strategies		
Real Estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real Return	15.00%	3.95%
Total	**100.00%**	

Discount Rate. Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is protected to be sufficient to pay benefits) and (2) tax exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is
not sufficient to pay benefits).

A single discount rate of 6.25% was used for both the non-hazardous and hazardous system to measure the total pension liability for the fiscal year ending June 30, 2020. This single discount rate was based on the expected rate of return on pension plan investments for each system. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the pension plan's fiduciary net position and future contributions were projected to be sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for each system. The projection of cash flows used to determine the single discount rate assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2019).

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.25%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

The District's proportionate share of the net pension liability	1% Decrease 5.25%	Current Discount Rate 6.25%	1% Increase 7.25%
	$ 1,767,638	$ 1,433,354	$ 1,156,555

Payables to the pension plan. At December 31, 2020, the financial statements include $8,947 in contractually required employee and employer contributions primarily for the month ended December 31, 2020. The obligation was paid within prescribed time limits.

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued comprehensive annual financial report issued by the Kentucky Retirement Systems and can be found at https://kyret.ky.gov.

Other Postemployment Benefit Plan (OPEB)

CERS Medical Insurance Plan

*Plan descriptio*n. The District contributes to the Kentucky Retirement Systems Insurance Fund (Insurance Fund), a cost-sharing multiple-employer defined benefit post-employment health care plan administered by the Kentucky Retirement System (KRS). The Insurance Fund was established to provide hospital and medical insurance for members for receiving benefits from the Kentucky Employees Retirement System (KERS), the County Employees Retirement System (CERS), and the State Police Retirement System (SPRS).

Benefits provided. The Insurance Fund pays a prescribed contribution for whole or partial payments of required premiums to purchase hospital and medical insurance, based on years of service, for retirees and certain eligible beneficiaries. The authority to establish and amend benefit provisions rests with the Kentucky General Assembly. KRS issues a publicly available financial report that can be obtained at www.kyret.ky.gov.

Contributions. Per Kentucky Revised Statutes 78.545 (33), contribution requirements are established and may be amended by the KRS Board. The District's required contribution rate for non-hazardous employees was 4.76% for the period January 1, 2020 to June 30, 2020; and 4.76% for the period July 1, 2020 to December 31, 2020.

OPEB Liabilities, Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources. At December 31, 2020, the District reported a net OPEB liability of $451,186 for its proportionate share of the CERS net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020. At June 30, 2020, the District's proportion was .018685% for nonhazardous classified employees.

For the year ended December 31, 2020, the District recognized OPEB expense of $58,462. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected & actual earnings on pension plan investments	$ 75,384	$ 75,443
Changes of assumptions	78,480	477
Net difference between projected and actual earnings on plan investments	24,203	9,206
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,384	12,058
Contributions subsequent to the measurement date, including implicit subsidy	22,744	-
Totals	$ 203,195	$ 97,184

The $22,744 of deferred outflows of resources resulting from the District's contributions subsequent to the measurement date and the December 31, 2020 implicit subsidy will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	
2021	$ 22,088
2022	26,526
2023	18,029
2024	17,562
2025	(938)
Thereafter	-
	$ 83,267

Actuarial Assumptions The total OPEB liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Payroll Growth Rate	2.00% CERS Non-hazardous
Salary Increase	3.30% - 11.55%, varies by service
Investment Rate of Return	6.25%

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

Asset Class	Target Allocation	Long-Term Nominal Rate of Return
Growth		
US Equity	18.75%	4.50%
Non US Equity	18.75%	5.25%
Private Equity	10.00%	6.65%
Specialty Credit/High Yield	15.00%	3.90%
Liquidity		
Core Bonds	13.50%	(0.25)%
Cash	1.00%	(0.75)%
Diversifying Strategies		
Real Estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real Return	15.00%	3.95%
Total	**100.00%**	

Discount Rate. The projection of cash flows used to determine the discount rate of 5.34% for CERS Nonhazardous assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 3.13%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2020. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the CAFR.

The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of present, as well as what the plan's net position liability would be if it were calculated using a discount rate that is one percentage point lower (4.34%) or one percentage point higher (6.34%) than the current rate (5.34%):

	1% Decrease 4.34%	Current Discount Rate 5.34%	1% Increase 6.34%
The District's proportionate share of the net OPEB liability	$ 579,641	$ 451,186	$ 345,681

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate. The following presents the Board's proportionate share of the net OPEB liability calculated using the current healthcare cost trend rates (see details in Actuarial Assumptions above), as well as, what the Service's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
The District's proportionate share of the net OPEB liability	$ 349,331	$ 451,186	$ 574,790

9. COMMITMENTS

Sales Contracts

In 2000, the District entered into a 40 year sales agreement with the City of Grand Rivers, Kentucky. The agreement is for the City to purchase five million gallons per month. The City purchased water totaling $219,852 in the year ending December 31, 2020.

In 2000, the District entered into a 40 year sales agreement with the City of Smithland, Kentucky. The agreement is for the City to purchase one million gallons per month. The City purchased water totaling $42,950 in the year ending December 31, 2020.

In 2000, the District entered into a 40 year sales agreement with the City of Ledbetter, Kentucky. The agreement is for the City to purchase three million gallons per month. The City purchased water totaling $103,056 in the year ending December 31, 2020.

In 2016, the District entered into a 41 year sales agreement with the Lyon County Water District. The agreement does not have per month minimum. The District purchased $41,297 of water in the year ending December 31, 2020.

In 1971, the District entered into a sales agreement with the City of Salem, Kentucky. The agreement does not have per month minimum. The City purchased $61,987 of water in the year ending December 31, 2020.

10. PUBLIC SERVICE COMMISSION REGULATIONS

The District is required to file with the Public Service Commission (PSC) a report of its gross earnings or receipts derived from intra-state business for the preceding calendar year. The District has satisfied this requirement. The District has also filed the 2019 annual PSC Report as required. Further, the PSC requires that all customer deposit refunds be paid with interest. This requirement has been fulfilled.

11. CONCENTRATION

The majority of the District's revenue consists of charges for water-related services to customers in Crittenden-Livingston County, Kentucky.

12. COMPENSATED ABSENCES

The District grants employees vacation time based on years of service. Full-time employees, with one (1) year continuous service, are entitled to vacation pay according to the following schedule:

- Anniversary of 1 year of service - 5 days
- Anniversary of 2 years of service - 10 days
- Anniversary of 5 years of service - 15 days
- Anniversary of 10 years of service - 20 days

Vacation must be taken in the calendar year of eligibility. The policy applies to all employees. All employees must make an effort to take their vacation time.

The District’s policy on personal days is to allow employees three days per year. This can be used for anything from sickness to family emergencies.

An employee may reserve overtime as comp time. One hour of overtime equals 1 and 1/2 hours of comp time. A maximum of 60 hours may be accumulated.

13. LITIGATION

On July 13, 2015, litigation was brought against Crittenden-Livingston County Water District. The litigation involves a water purchase contract dispute with another water district that is a customer. Currently, the other water district is contracted to purchase 3,000,000 gallons a month for 40 years from Crittenden-Livingston County Water District. Although the contract between the water districts began on January 24, 2000, the plaintiff contends the contract is void. The dispute was finalized on February 20, 2020. The new contract states that the purchaser agrees to purchase a minimum of 2,500,000 gallons each month and pay for such water at a rate of $3.08 for 1,000 gallons. The contract shall continue for a period of 13 years.

14. SUBSEQUENT EVENTS

The District has evaluated subsequent events through June 23, 2021, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Crittenden-Livingston County Water District
Statement of Revenues, Expenses, and Changes in Net Position - Budget and Actual
For the Year Ended December 31, 2020

	Budgeted Amounts			Variance with Final Budget Positive
Revenues	Original	Final	Actual	(Negative)
Water revenues	$ 2,544,000	$ 2,544,000	$ 2,660,093	$ 116,093
Other revenue	56,700	56,700	21,667	(35,033)
Total Operating Revenues	2,600,700	2,600,700	2,681,760	81,060
Operating Expenses				
Depreciation	676,500	676,500	680,655	(4,155)
Transmission and distribution expenses	808,400	808,400	740,687	67,713
Administrative and general expenses	505,800	505,800	665,526	(159,726)
Water treatment	173,000	173,000	142,254	30,746
Payroll and other taxes	42,500	42,500	42,247	253
Bad debt expense	7,000	7,000	(896)	7,896
Customer accounts expenses	24,000	24,000	17,894	6,106
Total Operating Expenses	2,237,200	2,237,200	2,288,367	(51,167)
Operating Income (Loss)	363,500	363,500	393,393	29,893
Nonoperating Revenues (Expenses)				
Investment income	4,000	4,000	1,581	(2,419)
Insurance proceeds	-	-	6,145	6,145
Interest on debt	(387,500)	(387,500)	(350,829)	36,671
Gain (loss) on disposal of assets	-	-	850	(850)
Total Nonoperating Revenue (Expenses)	(383,500)	(383,500)	(342,253)	39,547
Net Income before Capital Contributions	(20,000)	(20,000)	51,140	69,440
Capital Contributions	20,000	20,000	27,100	7,100
Change in Net Position	$ -	$ -	78,240	$ 76,540
Net Position-Beginning of Year			6,537,714	
Net Position-End of Year			$ 6,615,954	

Crittenden-Livingston County Water District
County Employee Retirement System
Schedule of the Proportionate Share
of the Net Pension Liability
as of December 31, 2020
Last Ten Years (1)

Year Ended June 30	District's proportion of the net pension liability	District's proportionate share of the net pension liability (asset)	District's covered employee payroll	District's share of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
CERS Nonhazardous					
2020	0.018688%	$1,433,354	$485,306	295.3506%	47.81%
2019	0.01933%	$1,359,769	$480,267	283.1277%	50.45%
2018	0.01905%	$1,160,386	$471,761	245.9690%	53.54%
2017	0.01913%	$1,119,767	$443,619	252.4164%	53.30%
2016	0.00180%	$884,966	$469,149	188.6322%	55.50%
2015	0.00160%	$689,178	$375,904	183.3388%	59.97%
2014	0.00865%	$280,671	$393,724	71.2862%	66.80%

Note to Schedule:
(1) The amounts presented were determined as of the measurement date June 30. District payroll is reported for its' covered employees on a calendar years ending December 31.

Schedule is intended to show information for 10 years. Additional years of supplemental information will be provided as this information becomes available.

Crittenden-Livingston County Water District
County Employee Retirement System
Schedule of Pension Contributions
as of December 31, 2020
Last Ten Years

Year Ended June 30	Contractually required contribution	Contributions relative to contractually required contribution	Contribution deficiency (excess)	District's covered employee payroll	Contributions as a percentage of covered employee payroll
CERS Nonhazardous					
2020	$93,664	$93,664	$ -	$485,306	19.30% / 19.30%
2019	$85,433	$85,433	$ -	$480,267	16.22% / 19.30%
2018	$75,976	$75,976	$ -	$494,480	14.48% / 16.22%
2017	$63,013	$63,013	$ -	$471,761	13.95% / 14.48%
2016	$61,650	$61,650	$ -	$443,619	12.42% / 13.95%
2015	$47,585	$47,585	$ -	$469,149	12.75% / 12.42%
2014	$74,682	$74,682	$ -	$375,904	13.74% / 12.75%

Note to Schedule:

Schedule is intended to show information for 10 years. Additional years of supplemental information will be provided as this information becomes available.

Contractually required employer contributions exclude the portion of contributions paid to CERS but allocated to the insurance fund of CERS. The above contributions only include those allocated directly to the CERS pension fund.

Crittenden-Livingston County Water District
County Employee Retirement System
Schedule of Changes in Pension Benefits and Assumptions
For the Year Ended December 31, 2020

Note A - Changes of Assumptions:
The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, listed below:

2015:
The assumed investment rate of return was decreased from 7.75% to 7.50%.
The assumed rate of inflation was reduced from 3.50% to 3.25%.
The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
Payroll growth assumption was reduced from 4.50% to 4.00%.
The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).

For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disables members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

The assumed rates of Retirement, Withdrawal, and Disability were updated to more accurately reflect experience.

2017:
The actuarial valuation as of June 30, 2017, was performed by Gabriel Roeder Smith. Subsequent to the actuarial valuation date (June 30, 2016), but prior to the measurement date the KRS Board of Trustees reviewed investment trends, inflation, and payroll growth historical trends. Based on this review the Board adopted the following updated actuarial assumptions which were used in performing the actuarial valuation as of June 30, 2017, which were also used to determine the Total Pension Liability and Net Pension Liability as of June 30, 2017.

Inflation	2.30%
Salary increases	3.05%, average
Investment rate of return	6.25%, net of pension plan investment expense including inflation

2018:
There have been no changes in actuarial assumption since June 30, 2017.

2019:
The assumed salary increases were increased to 3.30% to 11.55%, from 3.05% to 18.55%.

2020:
There have been no changes in actuarial assumptions since June 30, 2019.

Crittenden-Livingston County Water District
County Employee Retirement System
Schedule of Changes in Pension Benefits and Assumptions
For the Year Ended December 31, 2020

Note B - Method and assumptions used in calculations of actuarially determined contribution
The actuarially determined contribution rates are determined on a biennial basis beginning with the fiscal years ended 2020, determined as of June 30, 2019. The amortization period of the unfunded liability has been reset as of July 1, 2013 to a closed 30-year period. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule.

Valuation date	June 30, 2018
Experience study	July 1, 2013 - June 30, 2018
Actual cost method	Entry age normal
Amortization method	Level percent of pay
Remaining amortization period	25 years, closed
Payroll growth rate	2.00%
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary increases	3.30% to 11.55%, varies by service for CERS
Investment rate of return	6.25%
Phase-In provision	Board certified rate is phased into the actuarially determined rate in accordance with HB362 enacted in 2018.

Note C - Changes in benefits:
2009: A new benefit tier for members who first participate on or after September 1, 2008, was introduced which included the following changes:

1. Tiered structure for benefit accrual rates.
2. New retirement eligibility requirements.
3. Different rules for the computation of final average compensation.

2014: A cash balance plan was introduced for members whose participation date is on or after January 1, 2014

2018: House Bill 185 was enacted, which updated benefit provisions for active members who die in the line of duty.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a 10 year trend is compiled, the District will present information for those years for which information is available.

Crittenden-Livingston County Water District
County Employee Retirement System
Schedule of the Proportionate Share
of the Net OPEB Liability
as of December 31, 2020
Last Ten Years (1)

Year Ended June 30	District's proportion of the net OPEB liability	District's proportionate share of the net OPEB liability (asset)	District's covered employee payroll	District's share of the net OPEB liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
CERS Nonhazardous					
2020	0.018685%	$451,186	$485,306	92.97%	51.67%
2019	0.019329%	$325,105	$480,267	67.69%	60.44%
2018	0.01905%	$338,282	$471,761	71.7062%	57.62%
2017	0.01913%	$384,599	$443,619	86.6958%	52.40%

Note to Schedule:
(1) The amounts presented were determined as of the measurement date June 30. District payroll is reported for its' covered employees on calendar years ending December 31.

Schedule is intended to show information for 10 years. Additional years of supplemental information will be provided as this information becomes available.

Crittenden-Livingston County Water District
County Employee Retirement System
Schedule of OPEB Contributions
as of December 31, 2020
Last Ten Years

Year Ended June 30	Contractually required contribution	Contributions relative to contractually required contribution	Contribution deficiency (excess)	District's covered employee payroll	Contributions as a percentage of covered employee payroll
CERS Nonhazardous					
2020	$23,101	$23,101	$ -	$485,306	4.76% / 4.76%
2019	$24,038	$24,038	$ -	$480,267	5.26% / 4.76%
2018	$24,661	$24,661	$ -	$494,480	4.70% / 5.26%
2017	$20,722	$20,722	$ -	$471,761	4.73% / 4.70%

Note to Schedule:
Contributions in relation to statutorily required OPEB contributions are the contributions an employer actually made to the OPEB Plan, as distinct from the statutorily required contributions.

Contractually required employer contributions exclude the portion of contributions paid to CERS but allocated to the pension fund of CERS. The above contributions only include those allocated directly to the CERS insurance fund.

Schedule is intended to show information for 10 years. Additional years of supplemental information will be provided as this information becomes available.

Crittenden-Livingston County Water District
County Employee Retirement System
Schedule of Changes in OPEB Benefits and Assumptions
For the Year Ended December 31, 2020

Note A - Changes of Assumptions:

2017:

The actuarial valuation was performed as of June 30, 2016. Gabriel Roeder Smith Retirement Consulting rolled forward from the valuation date to the plan's fiscal year end of June 30, 2017 using generally accepted actuarial principles. Subsequent to the actuarial valuation date (June 30, 2016), but prior to the measurement date the KRS Board of Trustees reviewed investment trends, inflation, and payroll growth historical trends. Based on this review the Board adopted the following updated actuarial assumptions which were used in performing the actuarial valuation as of June 30, 2017, which were also used to determine the Total Pension Liability and Net Pension Liability as of June 30, 2017. Specifically, a 2.30% price inflation assumption and an assumed rate of return of 6.25%.

2018:

There have been no changes in actuarial assumptions since June 30, 2017.

2019:

The payroll growth rate was reduced to 2.0% from 4.0%.
The inflation rate was reduced to 2.30% from 3.25%.
The investment rate of return was reduced to 6.25% from 7.50%.

2020:

There have been no changes in actuarial assumptions since June 30, 2019/

Note B - Method and assumptions used in calculations of actuarially determined contributions.

The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as of the indicated valuation date. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule for the year ending June 30, 2020.

Valuation date	June 30, 2018
Experience study	July 1, 2008 - June 30, 2013
Actual cost method	Entry age normal
Amortization method	Level percent of pay
Remaining amortization period	25 years, closed
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary increases	3.30% to 11.55%, varies by service for CERS
Payroll growth rate	2.00%, CERS non-hazardous
Investment rate of return	6.25% net of plan investment expense, including inflation
Healthcare Trend Rates	
Pre-65	Initial trend starting at 7.00% at January 1, 2020 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years. The 2019 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Post-65	Initial trend starting at 5.00% at January 1, 2020 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years. The 2019 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Phase-In provision	Board certified rate is phased into the actuarially determined rate in accordance with HB362 enacted in 2018.

Notes C - Changes of Benefits:

There were no changes to benefits for OPEB Plan.

OTHER SUPPLEMENTARY INFORMATION

Crittenden-Livingston County Water District
Detail Schedule of Operating Expenses
For the Year Ended December 31, 2020

Depreciation expense	$ 680,655
General operating expenses	
Retirement & OPEB	267,866
Salaries & wages	143,296
Employee insurance	60,175
Repairs & maintenance	44,690
Insurance	41,330
Office supplies	19,717
Fuel	12,861
Legal & professional	37,893
Utilities	19,001
PSC assessment	4,777
Seminar	2,609
Miscellaneous	2,096
Bank charges	3,240
Dues & subscriptions	770
Uniforms	5,205
Total general operating expenses	665,526
Transmission and distribution expenses	
Salaries & wages	422,249
Utilities	147,398
Repairs & maintenance	147,587
Supplies & materials	23,453
Total water expenses	740,687
Payroll and other taxes	42,247
Customer accounts expenses	
Postage	17,894
Total customer accounts expenses	17,894
Water treatment	
Chemicals	127,838
Testing	14,416
Total water treatment	142,254
Bad debt expense	(896)
Total operating expenses	$ 2,288,367