

**Green River Valley Water District**

**Financial Statements**

**June 30, 2024 and 2023**



## Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-6
Statements of Net Position	7-8
Statements of Revenues, Expenses and Changes in Net Position	9-10
Statements of Cash Flows	11
Notes to Financial Statements	12-20
Supplementary Information	
Schedules of Operating Expenses	21-22
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23-24



CAMPBELL, MYERS AND RUTLEDGE, PLLC

Cindy L. Greer, CPA ▪ R. Brent Billingsley, CPA ▪ Ryan A. Mosier, CPA

Skip R. Campbell, CPA ▪ L. Joe Rutledge, CPA ▪ Jenna B. Glass, CPA ▪ Jordan T. Constant, CPA ▪ Lane S. Norris, CPA

## INDEPENDENT AUDITOR'S REPORT

To the Commissioners  
Green River Valley Water District  
Horse Cave, Kentucky

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

#### ***Opinions***

We have audited the accompanying financial statements of the business-type activities of the Green River Valley Water District, as of and for the years ended June 30, 2024 and 2023 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Green River Valley Water District, as of June 30, 2024 and 2023, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

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

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

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

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

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

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

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

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Green River Valley Water District's basic financial statements. The accompanying schedules of operating expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of operating expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2024, on our consideration of the Green River Valley Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Green River Valley Water District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Green River Valley Water District's internal control over financial reporting and compliance.

*Campbell, Myers and Ratledge, PLLC*

Glasgow, Kentucky  
November 14, 2024

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Green River Valley Water District, we offer readers of the District's financial statements this narrative overview of the financial activities of the District for the fiscal years ending June 30, 2024 and 2023. We encourage readers to consider the information presented here in conjunction with the District's financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

### **Financial Highlights**

For the year ending June 30, 2024, total operating, and non-operating revenues (including capital contributions and grants) totaled \$7,267,891. This represents a 4% increase in revenues from the prior year. The increase was primarily due to a water rate increase.

Operating expenses (including interest) amounted to \$6,252,100, an increase of approximately 5% from the prior year. This increase was primarily due to an increase in transmission and distribution operations, maintenance and depreciation expense.

Total assets increased by \$317,717 while total liabilities decreased by \$698,074. These changes resulted in an increase in net position of \$1,015,791.

### ***Overview of the Financial Statements***

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

### ***Required Financial Statements***

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

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

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

**Green River Valley Water District  
Summary of Net Position  
June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
Total Current Assets	\$ 2,919,474	\$ 2,474,555
Total Restricted Assets	2,949,274	2,668,644
Net Capital Assets	<u>30,012,059</u>	<u>30,419,891</u>
Total Assets	<u>35,880,807</u>	<u>35,563,090</u>
<b>Liabilities</b>		
Total Current Liabilities	718,345	694,417
Total Liabilities Payable from Restricted Assets	748,046	855,301
Total Long-term Liabilities	<u>15,077,806</u>	<u>15,692,553</u>
Total Liabilities	<u>16,544,197</u>	<u>17,242,271</u>
<b>Net Position</b>		
Net Investment in Capital Assets	14,414,632	14,127,017
Restricted for equipment replacement	1,249,615	848,613
Restricted for debt retirement	1,604,533	1,709,187
Unrestricted	<u>2,067,830</u>	<u>1,636,002</u>
Total Net Position	<u>\$ 19,336,610</u>	<u>\$ 18,320,819</u>

The largest portion (75%) of the District's net position reflects its investment in capital assets, less any related debt used to acquire those assets still outstanding. The District uses these capital assets to provide services to citizens and consumers; consequently, these assets are not available for future spending.

Restricted net position (14%) represents resources that are subject to external restrictions on how they may be used.

The balance (11%) of unrestricted net position may be used to meet the District's ongoing obligations to citizens, consumers, and creditors. This is a 2% increase from the prior year.



**Green River Valley Water District  
Summary of Changes in Net Position  
For the Years Ended June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Total operating revenues	\$ 6,626,673	\$ 5,815,994
Total operating expenses	<u>5,889,635</u>	<u>5,545,955</u>
Operating income	737,038	270,039
Total non-operating revenue (expense)	<u>(214,425)</u>	<u>(278,283)</u>
Income before capital contributions	522,613	(8,244)
Capital contributions	<u>493,178</u>	<u>1,066,124</u>
Increase (decrease) in net position	1,015,791	1,057,880
Net position, beginning of the year	<u>18,320,819</u>	<u>17,262,939</u>
Net position, end of the year	<u>\$ 19,336,610</u>	<u>\$ 18,320,819</u>

Net position increased by \$1,015,791 a decrease from the prior year of \$42,089.

**Capital Asset Changes**

On June 30, 2024, the District had invested \$30 million in capital assets net of accumulated depreciation. This amount represents a net decrease of \$407,832 due to depreciation expense in excess of net additions to plant during the fiscal year.

**Debt Administration**

As of June 30, 2024, the District had \$14,798,000 of bonds outstanding, a decrease of \$615,000 from the prior year's balance of \$15,413,000. This decrease resulted from current year scheduled payments. The balance of the Kentucky Infrastructure Authority loan at June 30, 2024 was \$711,680.

**Request for Information**

This financial report is designed to provide our customers and creditors with a general overview of Green River Valley Water District's finances and to demonstrate Green River Valley Water District's accountability for the funds it receives. If you have any questions about this report or need any additional information, please contact the Green River Valley Water District at P.O. Box 460, Horse Cave, Kentucky 42749, or by phone (270) 786-2134

**GREEN RIVER VALLEY WATER DISTRICT**  
**Statements of Net Position**  
**June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 1,746,710	\$ 1,304,897
Accounts receivable	683,340	480,302
Grant receivable (USDA)	-	121,639
Accrued interest	2,967	2,967
Plant materials and supplies, (at replacement cost)	447,240	522,467
Prepaid and other assets	39,217	42,283
Total Current Assets	2,919,474	2,474,555
<b>Non-current Assets</b>		
Restricted Assets		
Cash - Construction account	95,126	110,844
Cash - Depreciation funds	703,805	317,214
Cash - Bond and interest redemption fund	1,604,533	1,709,187
Investments - Depreciation fund	545,810	531,399
Total Restricted Assets	2,949,274	2,668,644
Capital Assets		
Utility plant in service	54,830,494	54,058,384
Accumulated depreciation	(24,818,435)	(23,638,493)
Net Capital Assets	30,012,059	30,419,891
Total Non-current Assets	32,961,333	33,088,535
Total Assets	\$ 35,880,807	\$ 35,563,090

**GREEN RIVER VALLEY WATER DISTRICT**  
**Statements of Net Position (Concluded)**  
**June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 462,419	\$ 462,250
Deferred revenue	108,000	108,000
Customer deposits	147,926	124,167
Total Current Liabilities	718,345	694,417
<b>Liabilities Payable from Restricted Assets</b>		
Construction accounts payable	-	5,500
Current maturities of long-term debt	614,747	705,665
Accrued interest	133,299	144,136
Total Liabilities Payable from Restricted Assets	748,046	855,301
<b>Long-term Liabilities</b>		
Long-term debt, less current maturities, net of premium and discount	15,077,806	15,692,553
Total Long-term Liabilities	15,077,806	15,692,553
Total Liabilities	16,544,197	17,242,271
<b>Net Position</b>		
Net investment in capital assets	14,414,632	14,127,017
Restricted for debt retirement	1,604,533	1,709,187
Restricted for equipment replacement	1,249,615	848,613
Unrestricted	2,067,830	1,636,002
Total Net Position	\$ 19,336,610	\$ 18,320,819

**GREEN RIVER VALLEY WATER DISTRICT**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Years Ended June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>Operating revenue:</b>		
Metered water sales:		
Residential	\$ 3,714,846	\$ 3,419,456
Commercial	478,195	390,335
	<u>4,193,041</u>	<u>3,809,791</u>
Wholesale water sales:		
Horse Cave	803,098	662,217
CEA Cave City	339,260	283,778
Munfordville	341,329	297,065
Larue County	292,902	247,631
Green-Taylor	165,445	132,156
Edmonson	23,313	3,365
CEA	1,369	46,750
	<u>1,966,716</u>	<u>1,672,962</u>
Other operating revenues:		
Cash water sales	422	256
Revenues from maintenance and contract work, net of expenses of \$48,983 and \$23,570 respectively	65,248	85,295
Forfeited discounts	107,790	81,010
Miscellaneous	293,456	166,680
	<u>466,916</u>	<u>333,241</u>
Total operating revenues	<u>6,626,673</u>	<u>5,815,994</u>
<b>Operating expenses:</b>		
Source of supply and pumping expenses:		
Operations	1,017,988	987,875
Water treatment expenses:		
Operations	336,331	415,387
Transmission and distribution:		
Operations	99,488	90,813
Maintenance	1,357,315	1,174,111
Customer accounts expenses	410,235	343,148
Administrative and general expenses	1,202,734	1,288,066
Depreciation and amortization	1,329,942	1,116,438
Taxes other than income	135,602	130,117
Total operating expenses	<u>5,889,635</u>	<u>5,545,955</u>
Operating income	<u>\$ 737,038</u>	<u>\$ 270,039</u>

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

**GREEN RIVER VALLEY WATER DISTRICT**  
**Statements of Revenues, Expenses and Changes in Net Position (Concluded)**  
**For the Years Ended June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>Nonoperating revenue (expenses):</b>		
Interest income	122,282	77,013
Amortization of bond premium and discount	25,758	30,353
Interest on long-term debt	(362,465)	(385,649)
Total nonoperating revenue (expenses)	(214,425)	(278,283)
 Income (Loss) before capital contributions	 522,613	 (8,244)
<b>Capital Contributions</b>		
Tap fees	113,579	102,000
Grant revenue	379,599	964,124
Total capital contributions	493,178	1,066,124
 Increase (Decrease) in net position	 1,015,791	 1,057,880
<b>Net Position:</b>		
Beginning of year	18,320,819	17,262,939
End of year	\$ 19,336,610	\$ 18,320,819

**GREEN RIVER VALLEY WATER DISTRICT**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>Cash flows from operating activities:</b>		
Cash receipts from customers	\$ 6,447,394	\$ 5,774,374
Cash payments to suppliers for goods and services	(2,757,210)	(2,748,515)
Cash payments to employees for services	(1,729,521)	(1,622,095)
Net cash provided (used) by operating activities	<u>1,960,663</u>	<u>1,403,764</u>
<b>Cash flows from capital and related financing activities:</b>		
Principal paid on long-term debt	(679,907)	(690,922)
Interest paid on long-term debt	(373,302)	(397,820)
Cash paid for capital assets	(922,110)	(1,640,052)
Grant revenues	501,238	1,051,072
Tap fees	113,579	102,000
Net cash provided (used) in financing activities	<u>(1,360,502)</u>	<u>(1,575,722)</u>
<b>Cash flows from investing activities:</b>		
Investment Income	<u>107,871</u>	<u>76,482</u>
Net cash provided (used) in investing activities	<u>107,871</u>	<u>76,482</u>
Net increase (decrease) in cash and cash equivalents	708,032	(95,476)
Cash and cash equivalents, beginning of year	<u>3,442,142</u>	<u>3,537,618</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 4,150,174</u>	<u>\$ 3,442,142</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 737,038	\$ 270,039
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,329,942	1,116,438
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(203,038)	(29,022)
(Increase) decrease in prepaid and other assets	3,066	1,968
(Increase) decrease in plant materials and supplies	75,227	24,039
Increase (decrease) in accounts payable	(5,331)	32,900
Increase (decrease) in customer deposits	<u>23,759</u>	<u>(12,598)</u>
Net cash provided (used) by operating activities	<u>\$ 1,960,663</u>	<u>\$ 1,403,764</u>

**GREEN RIVER VALLEY WATER DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

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

Organization

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

Basis of Accounting/Measurement Focus

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

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

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

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

The three classifications of net position are defined as follows:

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

**GREEN RIVER VALLEY WATER DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

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

Cash and Investments

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

Inventories

Inventory is valued using average cost method. Inventory consists of expendable supplies held for future consumption or capitalization. The cost is recorded as an expense or capitalized as inventory items are consumed.

Receivables

Accounts Receivable totaled \$683,340 and \$480,302 on June 30, 2024, and 2023 respectively, of which all was due from retail and wholesale customers.

The District uses the direct write-off method to account for bad debts. No allowance for bad debts has been provided, as no material write-offs are expected for receivables as of June 30, 2024. The direct write-off method does not significantly depart from generally accepted accounting principles. As of June 30, 2024, and 2023, bad debts were \$17,444 and \$9,200, respectively.

Capital Assets

The utility plant in service is stated at cost. The cost of additions to the utility plant and major replacements of retired units of property is capitalized. Cost includes direct labor, outside services, materials and transportation, employee fringe benefits, overhead, and interest on funds borrowed to finance construction. The cost and accumulated depreciation of property sold or retired is deducted from capital assets, and any profit or loss resulting from the disposal is credited or charged in the non operating section of the statement of revenues, expenses, and changes in net position. The cost of current repairs, maintenance, and minor replacements is charged to expense as incurred. Depreciation has been provided over estimated useful lives of the assets using the straight-line method. Depreciation expense for the years ended June 30, 2024, and 2023 was \$1,329,942 and \$1,116,438, respectively.

The estimated useful lives of capital assets are as follows:

Utility plant	50-62.5 years
Equipment	7-10 years
Other	5-20 years



**GREEN RIVER VALLEY WATER DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

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

Compensated Absences

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

Long-Term Obligations

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

Operating Revenues and Expenses

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

Capital Contributions

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

Income Taxes

The District is exempt from federal and state income taxes.

Use of Restricted/Unrestricted Funds

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

Subsequent Events

The District has evaluated subsequent events through November 14, 2024 the date which the financial statements were available to be issued.

**Note 2 – Cash and Investments**

Depreciation Fund -Debt Reserve Fund / Short Lived Asset Fund

The ordinances authorizing the USDA bond issues of the District require monthly transfers into a depreciation/debt reserve fund. These funds can be used for capital improvements, expansions, and extraordinary repairs and if necessary, make required bond payments. The maximum requirement in these funds is \$132,000 (Series 2010) and \$320,400 (Series 2019) totaling \$452,400. As of June 30, 2024, the District's depreciation/ debt reserve fund balance exceeded the maximum requirement.

The USDA bond issues 2019 A and 2019 B require a monthly transfer of \$38,570 per month into a short lived asset account. These funds may be used at any time for the replacement of all equipment and short lived assets. These transfers shall continue as long as these bonds are outstanding. For the year ended June 30, 2024, the District had complied with this requirement.

**GREEN RIVER VALLEY WATER DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**Note 2 – Cash and Investments, Concluded**

Bond and Interest Redemption Fund

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

Deposits

The carrying amount of the District's cash deposits was \$4,695,984 at June 30, 2024 and \$3,973,541 at June 30, 2023 and the bank balances were \$4,736,998 at June 30, 2024 and \$3,476,792 at June 30, 2023. The difference between book and bank balances primarily represents checks that have been issued but have not cleared the bank as of June 30.

All the District's cash and investment accounts were insured by FDIC or by pledged securities at the financial institution.

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

	<u>2024</u>	<u>2023</u>
<u>Unrestricted:</u>		
Cash and cash equivalents	\$ 1,746,710	\$ 1,304,897
<u>Restricted:</u>		
Cash and cash equivalents	2,403,464	2,137,245
Investments-CDs	545,810	531,399
Total Cash and Investments	\$ 4,695,984	\$ 3,973,541

**GREEN RIVER VALLEY WATER DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**Note 3 – Capital Assets**

Capital asset activity for the year ended June 30, 2024 and 2023 was as follows:

	Balance <u>June 30, 2023</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2024</u>
Land & Land Rights	\$ 157,172	\$ 2,000	\$ -	\$ 159,172
L & L Rights Structures & Improvements	105,496	-	-	105,496
L & L Rights Water Treatment	203,386	-	-	203,386
L & L Rights Hydrants	6,900	-	-	6,900
Total Non Depreciable Assets	<u>472,954</u>	<u>2,000</u>	<u>-</u>	<u>474,954</u>
Depreciable Assets:				
Structures & Improvements	8,864,194	23,611	-	8,887,805
Structures & Improvements Office Bldg.	610,371	82,143	-	692,514
Collecting and Impounding Reservoirs	2,556,206	-	-	2,556,206
River Intakes	1,000,625	-	-	1,000,625
Supply Mains	1,747,068	-	-	1,747,068
Electric Pumping Equipment	4,586,247	21,622	-	4,607,869
Water Treatment Equipment	3,062,466	30,993	-	3,093,459
Distribution Reservoir & Stand Pipes	5,267,252	-	-	5,267,252
Transmission & Distribution Mains	19,852,936	393,472	-	20,246,408
Services	978,081	13,707	-	991,788
Meters	1,939,708	61,105	-	2,000,813
Meter Installation	157,159	-	-	157,159
Hydrants	132,739	-	-	132,739
Other Plant	33,114	-	-	33,114
Office Furniture & Equipment	331,965	-	-	331,965
Transportation Equipment	1,243,957	136,000	(150,000)	1,229,957
Tools Shop & Equipment	219,680	-	-	219,680
Lab Equipment	3,343	-	-	3,343
Power Oper Equipment	789,285	73,963	-	863,248
Communication Equipment	209,034	83,494	-	292,528
Total Depreciable Assets	<u>53,585,430</u>	<u>920,110</u>	<u>(150,000)</u>	<u>54,355,540</u>
Total Capital Assets	54,058,384	922,110	(150,000)	54,830,494
Less: Accumulated Depreciation	<u>(23,638,493)</u>	<u>(1,329,942)</u>	<u>150,000</u>	<u>(24,818,435)</u>
	<u>\$ 30,419,891</u>	<u>\$ (407,832)</u>	<u>\$ -</u>	<u>\$ 30,012,059</u>

**GREEN RIVER VALLEY WATER DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**Note 3 – Capital Assets, Concluded:**

	Balance <u>June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2023</u>
Construction in Progress	\$ 11,158,141	\$ 355,563	\$(11,513,704)	\$ -
Land & Land Rights	157,172	-	-	157,172
L & L Rights Structures & Improvements	105,496	-	-	105,496
L & L Rights Water Treatment	203,386	-	-	203,386
L & L Rights Hydrants	6,900	-	-	6,900
Total Non Depreciable Assets	<u>11,631,095</u>	<u>355,563</u>	<u>(11,513,704)</u>	<u>472,954</u>
Depreciable Assets:				
Structures & Improvements	3,557,346	5,306,848	-	8,864,194
Structures & Improvements Office Bldg.	610,371	-	-	610,371
Collecting and Impounding Reservoirs	2,556,206	-	-	2,556,206
River Intakes	495,652	504,973	-	1,000,625
Supply Mains	312,627	1,434,441	-	1,747,068
Electric Pumping Equipment	4,189,338	396,909	-	4,586,247
Water Treatment Equipment	1,391,963	1,670,503	-	3,062,466
Distribution Reservoir & Stand Pipes	3,108,627	2,158,625	-	5,267,252
Transmission & Distribution Mains	19,763,817	89,119	-	19,852,936
Services	966,942	11,139	-	978,081
Meters	1,879,420	60,288	-	1,939,708
Meter Installation	157,159	-	-	157,159
Hydrants	132,284	455	-	132,739
Other Plant	25,564	7,550	-	33,114
Office Furniture & Equipment	331,965	-	-	331,965
Transportation Equipment	959,784	404,173	(120,000)	1,243,957
Tools Shop & Equipment	219,680	-	-	219,680
Lab Equipment	3,343	-	-	3,343
Power Oper Equipment	650,720	138,565	-	789,285
Communication Equipment	194,925	14,109	-	209,034
Total Depreciable Assets	<u>41,507,733</u>	<u>12,197,697</u>	<u>(120,000)</u>	<u>53,585,430</u>
Total Capital Assets	53,138,828	12,553,260	(11,633,704)	54,058,384
Less: Accumulated Depreciation	(22,642,055)	(1,116,438)	120,000	(23,638,493)
	<u>\$ 30,496,773</u>	<u>\$ 11,436,822</u>	<u>\$(11,513,704)</u>	<u>\$ 30,419,891</u>

**GREEN RIVER VALLEY WATER DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**Note 4 – Long-Term Debt**

The District had bonds and notes payable at June 30, 2024 and 2023 as follows:

	<u>2024</u>	<u>2023</u>
Series 2010 Revenue Bonds (Build America) issued on December 22, 2010 in the amount of \$3,200,000; due in annual installments beginning April 1, 2012 ranging from \$51,500 to \$128,000 through April, 2049; interest rate of 2.25% due semi-annually on April 1 and October 1. Through the Build America bond issuance, the District receives a refund of 35% of each semi-annual interest payment.	\$ 2,422,000	\$ 2,491,000
Series 2013 B Refunding Bonds issued on March 27, 2013 in the amount of \$3,795,000; due in annual installments on January 1 ranging from \$10,000 to \$460,000 through January, 2028; interest rates varying from 2.3% to 4.6% due semi-annually on January 1 and July 1.	350,000	570,000
Series 2020 D Refunding Bonds issued May 6, 2020 in the amount of \$5,060,000 due in annual installments on January 1 ranging from \$155,000 to \$275,000 through January, 2044; interest rates varying from 3.2% to 5.2% due semi-annually on January 1 and July 1.	4,395,000	4,575,000
Series 2019 A Revenue Bonds issued June 21, 2021 in the amount of \$5,600,000, due in annual installments beginning April 1, 2022 ranging from \$98,000 to \$189,000 through April 2061; interest rate of 1.75% due semi-annually on April 1 and October 1.	5,301,000	5,402,000
Series 2019 B Revenue Bonds issued June 21, 2021 in the amount of \$2,462,000, due in annual installments beginning April 1, 2022 ranging from \$98,000 to \$189,000 through April 2061; interest rate of 1.75% due semi-annually on April 1 and October 1.	<u>2,330,000</u>	<u>2,375,000</u>
<b>Total bonds</b>	<b><u>\$ 14,798,000</u></b>	<b><u>\$ 15,413,000</u></b>
 Note Payable Kentucky Infrastructure Authority: A \$1,287,500, .75% loan was approved by KIA for repairing a section of the Rio Verde Dam. As of June 30, 2016 all of the funds had been advanced and the project completed. The loan, plus principal and interest is to be repaid in semi-annual payments of \$35,398 through December 1, 2034.	 <u>\$ 711,679</u>	 <u>\$ 776,587</u>

**GREEN RIVER VALLEY WATER DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**Note 4 – Long-Term Debt, Continued**

Principal and interest maturities of bonded debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 519,000	\$ 432,503	\$ 951,503
2026	538,500	411,330	949,830
2027	553,500	391,805	945,305
2028	463,500	372,875	836,375
2029	463,500	338,761	802,261
2030-2034	2,512,500	1,320,748	3,833,248
2035-2039	2,427,500	921,652	3,349,152
2040-2044	2,597,000	622,330	3,219,330
2045-2049	1,697,000	364,377	2,061,377
2050-2054	1,187,000	223,984	1,410,984
2055-2059	1,295,000	116,359	1,411,359
2060-2061	544,000	14,280	558,280
<b>Total</b>	<b><u>\$ 14,798,000</u></b>	<b><u>\$ 5,531,004</u></b>	<b><u>\$ 20,329,004</u></b>

Long term debt activities for the years ended June 30, 2024, and 2023 are as follows:

	<u>Balance</u> <u>June 30, 2023</u>	<u>Additions</u>	<u>Debt Payments</u> <u>and Reductions</u>	<u>Balance</u> <u>June 30, 2024</u>	<u>Amount Due</u> <u>within One Year</u>
Series 2010	\$ 2,491,000	\$ -	\$ (69,000)	\$ 2,422,000	\$ (71,000)
Series 2013 B	570,000	-	(220,000)	350,000	(110,000)
Series 2020 D	4,575,000	-	(180,000)	4,395,000	(190,000)
Series 2019 A	5,402,000	-	(101,000)	5,301,000	(103,000)
Series 2019 B	2,375,000	-	(45,000)	2,330,000	(45,000)
KIA Loan	776,587	-	(64,907)	711,680	(65,394)
	16,189,587	-	(679,907)	15,509,680	(584,394)
Bond premium and discount	208,631	-	(25,758)	182,873	(30,353)
<b>Total debt net with premium/discount</b>	<b><u>\$ 16,398,218</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (705,665)</u></b>	<b><u>\$ 15,692,553</u></b>	<b><u>\$ (614,747)</u></b>

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Debt Payments</u> <u>and Reductions</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Amount Due</u> <u>within One Year</u>
Series 2010	\$ 2,558,500	\$ -	\$ (67,500)	\$ 2,491,000	\$ (69,000)
Series 2013 B	815,000	-	(245,000)	570,000	(220,000)
Series 2020 D	4,745,000	-	(170,000)	4,575,000	(180,000)
Series 2019 A	5,502,000	-	(100,000)	5,402,000	(101,000)
Series 2019 B	2,419,000	-	(44,000)	2,375,000	(45,000)
KIA Loan	841,009	-	(64,422)	776,587	(64,907)
	16,880,509	-	(690,922)	16,189,587	(679,907)
Bond premium and discount	238,984	-	(30,353)	208,631	(25,758)
<b>Total debt net with premium/discount</b>	<b><u>\$ 17,119,493</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (721,275)</u></b>	<b><u>\$ 16,398,218</u></b>	<b><u>\$ (705,665)</u></b>

**GREEN RIVER VALLEY WATER DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**Note 4 – Long-Term Debt, Concluded**

Principal and interest maturities of the KIA note payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 65,394	\$ 5,215	\$ 70,609
2026	65,886	4,724	70,610
2027	66,381	4,228	70,609
2028	66,879	3,730	70,609
2029	67,382	3,228	70,610
2030-2034	344,583	8,466	353,049
2035	35,175	134	35,309
	<u>\$ 711,680</u>	<u>\$ 29,725</u>	<u>\$ 741,405</u>

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. During the current year, the District performed calculations of excess investment earnings on various bonds and financings and on June 30, 2024, does not expect to incur a liability.

**Note 5 – Compensated Absences**

Compensated absences for the District includes both vacation and sick pay based on the employee's length of employment. Upon termination, employees are paid for all unused accrued vacation and up to 240 hours of accrued sick leave.

	<u>Balance</u>		<u>Balance</u>
	<u>June 30, 2023</u>	<u>Additions</u>	<u>Reductions</u>
Compensated absences	\$ 142,165	\$ 17,358	\$ -
			<u>\$ 159,523</u>

**Note 6 – Commitments**

In December 2022, the District received ARPA funds of \$108,000 from Metcalfe County Fiscal Court for the Node Road water line extension project. The District plans to complete the Node water line extension during fiscal year 2025, the funds are recorded as deferred revenue as of June 30, 2024 and 2023.

**Note 7 – Retirement Plan**

The District participated in a defined contribution 457(B) Employee Retirement Plan. The District contributes 6% of employee compensation to individual employee accounts for each participating employee who meets certain requirements as to age and length of service. Employees are permitted to make contributions up to applicable Internal Revenue Code limits. For the years ended June 30, 2024 and 2023, employee contributions totaled \$14,206 and \$43,251, and the District recognized retirement expense of \$67,192 and \$68,246, respectively.

## **Supplementary Information**



**GREEN RIVER VALLEY WATER DISTRICT**  
**Schedule of Operating Expenses**  
**For the Year Ended June 30, 2024**

	Source of Supply and Pumping Expenses		Water Treatment Expenses		Transmission and Distribution		Customer Accounts Expenses	Administrative and General Expenses	Total (Memorandum Only)
	Operations		Operations		Operations	Maintenance			
Salaries and wages - employees	\$ 497,838	\$ -	\$ -	\$ 486,119	-	-	\$ 281,187	\$ 375,154	\$ 1,640,298
Salaries and wages - directors	-	-	-	-	-	-	-	18,775	18,775
Employee retirement and benefits	-	-	-	5,114	-	-	-	84,109	89,223
Purchased water	14,983	-	-	-	-	-	-	-	14,983
Purchased power	423,214	-	-	99,488	-	-	-	31,938	554,640
Chemicals	-	304,401	-	-	-	-	-	-	304,401
Materials and supplies	33,885	3,170	-	453,080	-	-	73,822	19,006	582,963
Contractual services - accounting	-	-	-	-	-	-	-	30,200	30,200
Contractual services - legal	-	-	-	-	-	-	-	47,325	47,325
Contractual services - customer accounts	-	-	-	-	-	-	8,382	-	8,382
Contractual services - other	48,068	28,760	-	236,105	-	-	-	83,107	396,040
Transportation expense	-	-	-	176,897	-	-	37,200	3,600	217,697
Insurance - vehicle	-	-	-	-	-	-	-	18,696	18,696
Insurance - workers' compensation and unemployment	-	-	-	-	-	-	-	22,850	22,850
Employee insurance	-	-	-	-	-	-	-	179,662	179,662
Employee flex reimbursements	-	-	-	-	-	-	-	75,852	75,852
Property and other insurance	-	-	-	-	-	-	-	89,805	89,805
Bad debt expense	-	-	-	-	-	-	-	17,444	17,444
Miscellaneous	-	-	-	-	-	-	9,644	105,211	114,855
<b>Totals</b>	<b>\$ 1,017,988</b>	<b>\$ 336,331</b>	<b>\$ 99,488</b>	<b>\$ 1,357,315</b>	<b>\$ 410,235</b>	<b>\$ 1,202,734</b>	<b>\$ 4,424,091</b>	<b>\$ 4,424,091</b>	

**GREEN RIVER VALLEY WATER DISTRICT**  
**Schedule of Operating Expenses**  
**For the Year Ended June 30, 2023**

	Source of Supply and Pumping Expenses		Water Treatment Expenses		Transmission and Distribution		Customer Accounts Expenses	Administrative and General Expenses	Total (Memorandum Only)
	Operations		Operations		Operations	Maintenance			
Salaries and wages - employees	\$ 443,922	\$ -	\$ -	\$ 423,737	\$ -	\$ -	220,882	458,532	\$ 1,547,073
Salaries and wages - directors	-	-	-	-	-	-	-	14,900	14,900
Employee retirement and benefits	-	-	-	3,247	-	-	-	71,775.00	75,022
Purchased water	21,151	-	-	-	-	-	-	-	21,151
Purchased power	420,703	-	90,813	-	-	-	-	35,564	547,080
Chemicals	-	305,055	-	-	-	-	-	-	305,055
Materials and supplies	40,844	30,241	-	386,437	-	-	65,958	20,115	543,595
Contractual services - accounting	-	-	-	-	-	-	-	25,000	25,000
Contractual services - legal	-	-	-	-	-	-	-	160,339	160,339
Contractual services - customer accounts	-	-	-	-	-	-	5,037	-	5,037
Contractual services - other	61,255	80,091	-	-	-	-	-	-	-
Transportation expense	-	-	-	168,442	-	-	-	59,318	369,106
Insurance - vehicle	-	-	-	192,248	-	-	37,200	3,600	233,048
Insurance - workers' compensation and unemployment	-	-	-	-	-	-	-	30,586	30,586
Employee insurance	-	-	-	-	-	-	-	18,675	18,675
Employee flex reimbursements	-	-	-	-	-	-	-	172,606	172,606
Property and other Insurance	-	-	-	-	-	-	-	71,110	71,110
Bad debt expense	-	-	-	-	-	-	-	52,131	52,131
Miscellaneous	-	-	-	-	-	-	-	9,200	9,200
							14,071	84,615	98,686
<b>Totals</b>	<b>\$ 987,875</b>	<b>\$ 415,387</b>	<b>\$ 90,813</b>	<b>\$ 1,174,111</b>	<b>\$ -</b>	<b>\$ 343,148</b>	<b>\$ 1,288,066</b>	<b>\$ 4,299,400</b>	



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

To the Commissioners  
Green River Valley Water District  
Horse Cave, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Green River Valley Water District, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 14, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Green River Valley Water District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Green River Valley Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of Green River Valley Water District's internal control.

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

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

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

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

### **Purpose of this Report**

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

*Campbell, Myers & Rutledge, PLLC*

Glasgow, Kentucky  
November 14, 2024

