GREEN-TAYLOR WATER DISTRICT

FINANCIAL STATEMENTS

For the Years Ended December 31, 2018 and 2017

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	Pages	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	Pages	3-6
BASIC FINANCIAL STATEMENTS		
Statement of Net Position	Page	7
Statements of Revenue, Expenses and Changes in Net Position	Page	8
Statements of Cash Flows	Pages	9-10
NOTES TO FINANCIAL STATEMENTS	Pages	11-22
REQUIRED SUPPLEMENTARY INFORMATION		
Statement of Revenues, Expenditures and Changes in Net Position - Actual to Budget	Page	23
Schedule of the District's Proportionate Share of the CERS Net Pension Liability	Page	24
Schedule of Contributions to CERS	Page	25
Notes to Required Supplementary Information - CERS	Page	26
Schedule of the District's Proportionate Share of the CERS Net OPEB Liability	Page	27
Schedule of Contributions to CERS - OPEB	Page	28
Notes to Required Supplementary Information - CERS OPEB	Page	29
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENTAL ACCOUNTING STANDARDS*	Pages	30-31

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

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

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of
Green-Taylor Water District
Greensburg, KY

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Green-Taylor Water District, as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities Green-Taylor Water District, as of December 31, 2018 and 2017, 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.

301 E. MAIN STREET • P.O. BOX 1083 • CAMPBELLSVILLE, KY 42719-1083 • (270) 465-6842 • FAX (270) 465-7703
E-Mail: wbscpa@wbscpas.com • www.wbscpas.com

MEMBERS: AICPA • KYCPA

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2018, the District adopted a new accounting guidance, *GASB No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 6 and pages 23 through 29 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 obtained during our audit of the basic financial statements. We do not express and opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated May 31, 2019 on our consideration of Green-Taylor Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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-Taylor Water District's internal control over financial reporting and compliance.

Wise, Buckner, Sprowles & Associates, PLLC

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

May 31, 2019

GREEN-TAYLOR WATER DISTRICT

P.O. Box 168
250 Industrial Park Road
Greensburg, KY 42743-0168
TTY 1-800-648-6956 or 711

Phone (270)932-4947 (270)932-7995 1-800-972-9347
Fax (270)932-7036

Management's Discussion and Analysis

Green-Taylor Water District is presenting the following discussion and analysis in order to provide an overall review of the utility's financial activities for the years ending December 31, 2018 and 2017. We encourage readers to consider the information presented here in conjunction with the utility's financial statements and notes to the basic financial statements in order to enhance their understanding of the utility's financial performance.

2018 HIGHLIGHTS

During 2018, Green-Taylor Water District has been on stable ground with rapid growth in the District. Chicken houses continue to grow and be constructed which are big water users, bringing in more revenue. The general manager continues to make changes to help save money on certain items, along with making sure budget items are met. As with previous years, new regulations along with price increases for products and equipment has stretched the budget.

Our revenues have increased and our customer base has also increased this year. Our expenses have decreased, leaving us more financially sound. We applied through PSC for a rate increase to ensure that revenue streams continue to go up to match with the ever-growing cost of materials and services on the rise around us. We have also applied with the KIA for a low interest loan to upgrade some problematic lines in our system helping with water quality.

Overall, we have made and are continuing to make improvements both financially and in infrastructure and hope to continue this into 2019. We will continue to work to ensure that our customers get the best water quality possible as well as maintain a lucrative water operation.

Required Financial Statements

The Financial Statements of the District report information utilizing the full accrual basis of accounting. The Financial Statements conform to accounting principles which are generally accepted in the United States of America. The statements of Net Position include information on the District's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to Districts creditors (liabilities). The Statement of Revenues, Expense and Changes in Net Position identify the District's revenues and expenses for the years ended December 31, 2018 and 2017. This statement normally provides information on the District's operations and can be used to determine whether the District has recovered all of its actual and projected costs through user fees and other charges. The third financial statement is the Statements of Cash Flows. This statement provides information on the District's cash receipts, cash payments and changes in cash resulting from operations, investments and financing activities. From the Statements of Cash Flows, the reader can obtain information on the source and use of cash and the change in the cash and cash equivalents balance.

Green-Taylor Water District is an Equal Opportunity Provider and Employer
Complaints of discrimination should be sent to:
USDA, Director, Office of Civil Rights, Washington, D.C. 20240-9410

Financial Analysis of the District

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

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

	2018	2017
ASSETS		
Cash and Investments	$ 1,573,741	$ 1,921,575
Other Assets	537,311	577,242
Capital Assets	10,301,453	10,392,056
Total Assets	12,412,505	12,890,873
DEFERRED OUTFLOWS OF RESOURCES		
Pension	329,664	265,178
Pension Contribution	43,002	33,759
OPEB	115,487	72,304
OPEB Contribution	13,945	10,958
Discount on Debt Refunding	45,894	49,389
Total Deferred Outflows of Resources	547,992	431,588
LIABILITIES		
Current Liabilities	465,763	524,354
Long-term Liabilities	4,308,082	4,501,404
Total Liabilities	4,773,845	5,025,758
DEFERRED INFLOWS OF RESOURCES		
OPEB	66,730	17,398
Pension	122,196	145,648
Total Deferred Inflows of Resources	188,926	163,046
NET POSITION		
Invested in Capital Assets, Net of Related Debt	7,378,952	7,024,056
Restricted	1,028,321	1,274,322
Unrestricted	(409,547)	(164,721)
Total Net Position	$ 7,997,726	$ 8,133,657

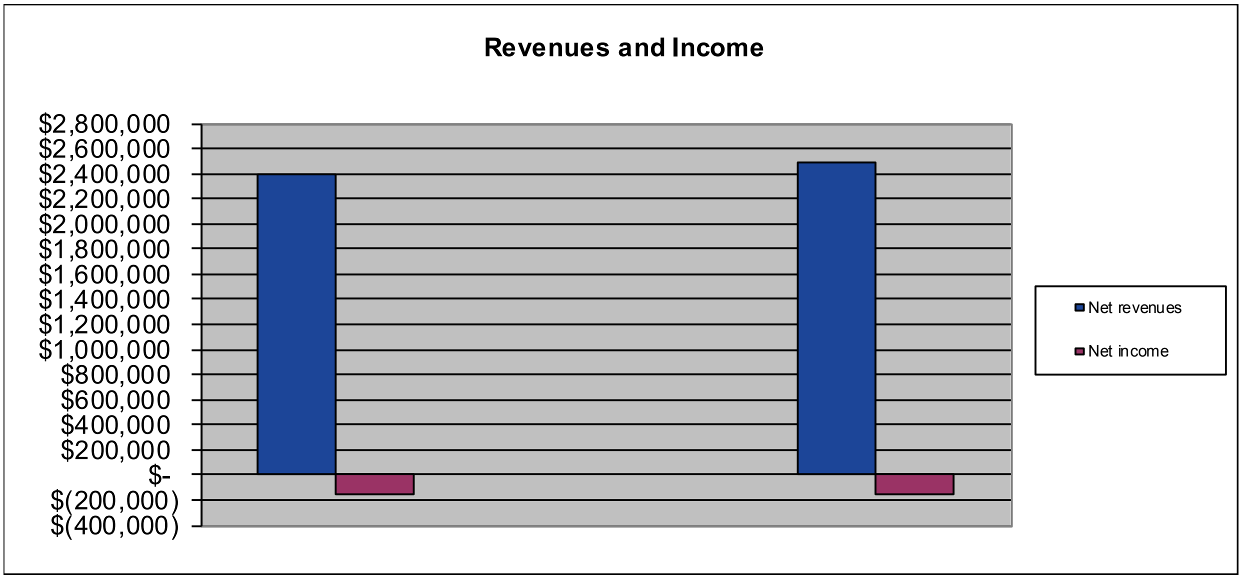
Net Position decreased $135,931 from 2017 to 2018.

2018 Operating Results

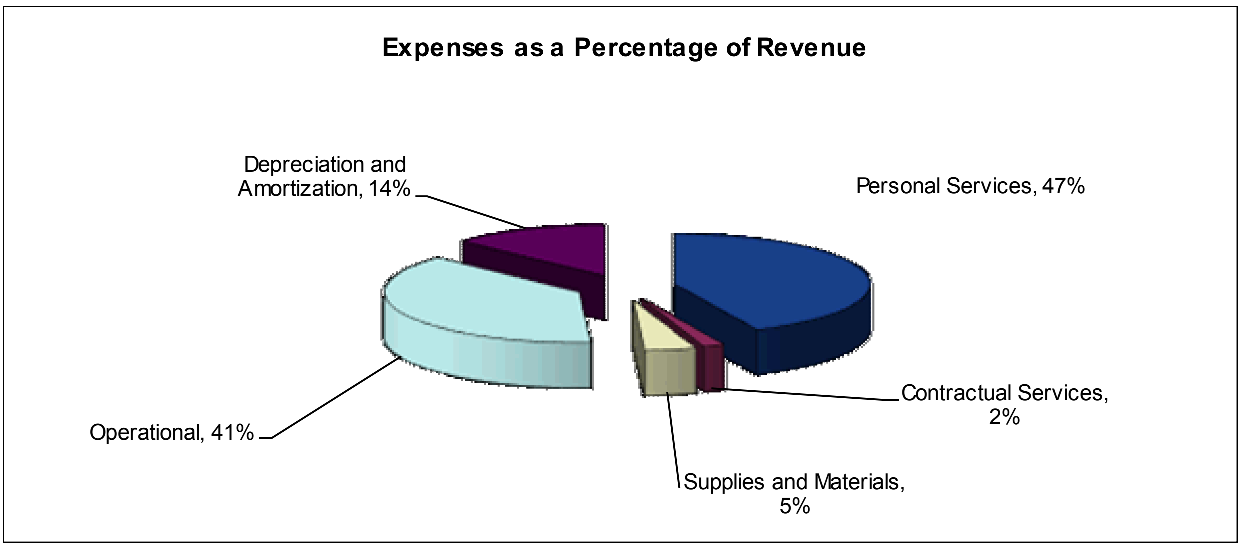
Condensed Statement of Revenues, Expenses and Changes in Net Position:

	2018	2017
Operating Revenues	$ 2,491,125	$ 2,389,718
Other Revenues	32,129	42,471
Total Revenues	2,523,254	2,432,189
Operating Expenses	2,355,972	2,333,563
Depreciation and Amortization	350,594	325,916
Non-operating Expenses	144,990	155,693
Total Expenses	2,851,556	2,815,172
Income/(Loss) Before Capital Contributions and Grants	(328,302)	(382,983)
Grants	162,196	230,446
Capital Contributions	30,175	43,308
Change in Net Position	(135,931)	(109,229)
Beginning Net Position - Restated	8,133,657	8,242,886
Ending Net Position	$ 7,997,726	$ 8,133,657

The following chart shows the difference between net revenues and net income for the years ended December 31, 2018 and 2017.



The following pie chart shows expenses as a percentage of revenue for the year ended December 31, 2018.



Capital Assets

The net book value of the District's capital assets as of December 31, 2018 and 2017 are $10,301,453 and $10,392,056.

	2018	2017
Land	$ 50,235	$ 50,235
Construction in Progress	482,962	323,635
Buildings	179,495	179,495
Plant & Equipment	16,062,574	15,961,910
Total Capital Assets	16,775,266	16,515,275
Less: Accumulated Depreciation	(6,473,813)	(6,123,219)
Capital Assets, Net	$ 10,301,453	$ 10,392,056

Debt Outstanding

At year-end, the District had $2,922,500 in notes outstanding versus $3,421,619 last year. Long-term debt outstanding decreased $499,119, from 2017 to 2018.

Financial Contact

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

GREEN-TAYLOR WATER DISTRICT
STATEMENT OF NET POSITION
December 31, 2018 and 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash & Cash Equivalents	$ 545,420	$ 647,253
Customer & Other Accounts Receivable, net	410,789	452,572
Inventory	102,105	99,693
Prepaid Expenses	24,379	24,877
Interest Receivable	38	100
Restricted Cash & Investments	1,028,321	1,274,322
Total Current Assets	2,111,052	2,498,817
NON-CURRENT ASSETS		
Capital Assets:		
Land & Construction in Progress	533,198	373,870
Other Capital Assets (net of accumulated depreciation)	9,768,255	10,018,186
Total Non-Current Assets	10,301,453	10,392,056
TOTAL ASSETS	12,412,505	12,890,873
DEFERRED OUTFLOWS OF RESOURCES		
CERS - Pension	329,664	265,178
CERS - Pension Contributions	43,002	33,759
CERS - OPEB	115,487	72,304
CERS - OPEB Contributions	13,945	10,958
Discount on Debt Refunding	45,894	49,389
TOTAL DEFERRED OUTFLOWS OF RESOURCES	547,992	431,588
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable - Trade	91,720	100,200
Accrued & Withheld Taxes	21,957	20,750
Accrued Payroll & Employee Benefits	16,004	8,842
Customer Deposits	85,602	88,242
Deferred Revenue	11,272	11,272
Current Portion - Notes Payable	-	12,997
Liabilities Payable from Restricted Assets:		
Interest Payable	64,708	75,051
Current Portion - Revenue Bonds	174,500	207,000
Total Current Liabilities	465,763	524,354
NON-CURRENT LIABILITIES		
Long-Term Liabilities (Excluding Current Portion):		
Net Pension Liability	1,207,951	967,493
Net OPEB Liability	352,131	332,289
Non-Current Portion - Notes Payable	-	40,622
Non-Current Portion - Revenue Bonds	2,748,000	3,161,000
Total Non-Current Liabilities	4,308,082	4,501,404
TOTAL LIABILITIES	4,773,845	5,025,758
DEFERRED INFLOWS OF RESOURCES		
CERS - OPEB	66,730	17,398
CERS - Pension	122,196	145,648
TOTAL DEFERRED INFLOWS OF RESOURCES	188,926	163,046
NET POSITION		
Invested in Capital Assets, Net of Related Debt	7,378,952	7,024,056
Restricted	1,028,321	1,274,322
Unrestricted	(409,547)	(164,721)
TOTAL NET POSITION	$ 7,997,726	$ 8,133,657

See accompanying notes to the financial statements.

GREEN-TAYLOR WATER DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
Years Ended December 31, 2018 and 2017

	2018	2017
OPERATING REVENUES		
Charges for Services	$ 2,359,824	$ 2,275,674
Service Charges and Other	131,301	114,044
Total Operating Revenues	2,491,125	2,389,718
OPERATING EXPENSES		
Contractual Services	47,203	40,275
Supplies & Materials	115,276	132,671
Depreciation & Amortization	350,594	325,916
Personal Service	1,166,723	1,257,862
Operational	1,026,770	902,755
Total Operating Expenses	2,706,566	2,659,479
OPERATING INCOME (LOSS)	(215,441)	(269,761)
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	6,619	5,942
Interest Expenses and Fiscal Charges	(141,494)	(152,197)
Bond Issuance Costs	(3,496)	(3,496)
Insurance Proceeds	1,886	7,500
Gain on Disposal of Asset	-	2,955
Other income	23,624	26,074
Total Non-operating Revenues (Expenses)	(112,861)	(113,222)
INCOME (LOSS) BEFORE GRANTS & CAPITAL CONTRIBUTIONS	(328,302)	(382,983)
Grants	162,196	230,446
Capital Contributions	30,175	43,308
CHANGE IN NET POSITION	(135,931)	(109,229)
NET POSITION		
Beginning of Year, Restated	8,133,657	8,242,886
End of Year	$ 7,997,726	$ 8,133,657

See accompanying notes to the financial statements.

GREEN-TAYLOR WATER DISTRICT
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received From Customers	$ 2,532,907	$ 2,392,316
Cash Payments to Employees for Services	(992,071)	(821,815)
Cash Payments to Suppliers for Goods & Services	(1,199,644)	(1,090,247)
Customer Deposits Received	-	19,840
Customer Deposits Returned	(2,640)	(31,580)
Net Cash Provided (Used) By Operating Activities	338,552	468,514
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES		
Principal Paid on Debt	(499,119)	(209,101)
Interest Paid on Debt	(151,838)	(156,584)
Acquisition of Capital Assets and Construction in Progress	(259,991)	(530,051)
Gain/(Loss) on Disposal of Assets	-	2,955
Contributed Capital	30,175	43,308
Capital Grants	162,196	230,446
Proceeds from Insurance on Capital Assets	1,886	7,500
Net Cash Provided (Used) By Financing Acitivities	(716,691)	(611,527)
CASH FLOWS FROM INVESTING ACTIVITIES		
Other Income	23,624	26,074
Interest	6,681	5,944
Net Cash Provided (Used) From Investing Activities	30,305	32,018
Net Increase (Decrease) In Cash and Cash Equivalents	(347,834)	(110,995)
Cash and Cash Equivalents - Beginning of Year	1,921,575	2,032,570
Cash and Cash Equivalents - End of Year	$ 1,573,741	$ 1,921,575
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION		
Cash and Cash Equivalents	$ 545,420	$ 647,253
Restricted Cash and Cash Equivalents	1,028,321	1,274,322
TOTAL CASH AND CASH EQUIVALENTS	$ 1,573,741	$ 1,921,575

See accompanying notes to the financial statements.

GREEN-TAYLOR WATER DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
Years Ended December 31, 2018 and 2017

	2018	2017
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED FOR OPERATING ACTIVITIES		
Operating Income/(Loss)	$ (215,441)	$ (269,761)
ADJUSTMENT TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) FOR OPERATING ACTIVITIES		
Depreciation and Amortization	350,594	325,916
Change in Assets & Liabilities		
(Increase) Decrease in Accounts Receivable	41,783	1,390
(Increase) Decrease in Inventory	(2,412)	(8,198)
(Increase) Decrease in Prepaid Expenses	498	(12,089)
(Increase) Decrease in Deferred Outflows	(119,899)	(87,696)
Increase (Decrease) in Accounts Payable	(8,480)	5,742
Increase (Decrease) in Accrued and Withheld Taxes	1,207	1,592
Increase (Decrease) in Accrued Payroll	7,162	(6,971)
Increase (Decrease) in Customer Deposits	(2,640)	(11,740)
Increase (Decrease) in Deferred Revenue	-	1,208
Increase (Decrease) in Net Pension Liability	240,458	59,386
Increase (Decrease) in Net OPEB Liability	19,842	332,289
Increase (Decrease) in Deferred Inflows	25,880	137,446
Total Reconciling Adjustments	553,993	738,275
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 338,552	$ 468,514

See accompanying notes to the financial statements.

NOTE 1: DESCRIPTION OF ENTITY

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The accounts of Green-Taylor Water District are accounted for within a single proprietary (enterprise) fund. The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The Generally Accepted Accounting Principles applicable are those similar to businesses in the private sector. Enterprise funds are required to be used to account for operations for which a fee is charged to eternal users for goods or services and the activity in financed with debt that is solely secured by a pledge of net revenues.

The proprietary fund financial statements are presented on the accrual basis of accounting. Operating income reported by the District includes revenues and expenses related to the continuing operation of water services for its customers. Operating revenues are charges to customers for services. Operating expenses are costs of providing the services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Non-exchange revenues, including intergovernmental revenues and grants, are reported when all eligibility have been met. Fees and charges and other exchanges revenues are recognized when earned and expenses are recognized when incurred.

Cash Equivalents and Investments – The District considers all highly liquid investments with a remaining maturity of 90 days or less when purchased to be cash equivalents. Investments are presented at fair value. Short-term investments generally mature or are otherwise available for withdrawal in less than one year.

Accounts Receivable – Receivables include amounts due from customers for water services. These receivables are due at the time the services are billed. Billing is completed monthly and accounts are considered past due on the twenty first day after the end of each billing period. Accounts receivable are presented net of uncollectable accounts. The allowance amount is estimated using a percentage of accounts past due more than 30 days. At December 31, 2018 and 2017, the allowance for doubtful accounts was $231,069 and $218,780.

Inventory – Inventories are generally used for construction, operation and maintenance work rather than for resale. Materials and supplies inventory consists principally of spare parts that are recorded when purchased and expensed when used. Inventory is stated at the lower of cost or market value. Cost is generally determined on a first-in, first-out basis.

Use of Estimates – The preparation of 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 these estimates.

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

Long-Term Obligations - Long-term debt and other obligations are reported as district liabilities. Bond Issue Costs are being expensed during the period incurred.

Postemployment Benefits Other Than OPEB's (OPEB) – For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Kentucky Retirement System (CERS) and addition to/deductions from CERS's fiduciary net position have been determined on the same basis they are reported by CERS.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reports at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Revenues and Expenses - Revenues and expenses are distinguished between operating and non-operating items. Operating revenues generally result from providing services and producing, and delivering goods in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and services. Operating expenses for enterprise 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 non-operating revenues and expenses.

Charges for Services - District billings are rendered and recorded monthly based on metered usage.

Capital Contributions - Cash and capital assets are contributed to the District by external parties. The value of property contributed to the District is reported as revenue on the statement of revenues, expenses and changes in net assets.

Net Position - Net position comprises the various net earnings from operating income, non-operating revenues and expenses, and capital contributions. Net position is classified in the following three components:

Invested in capital assets, net of related debt—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 assets consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets—this component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

NOTE 3: CASH AND CASH EQUIVALENTS

A comparison of the District's cash and investments is shown below:

	2018	2017
Unrestricted:		
Cash	$ 545,420	$ 647,253
Total Unrestricted	545,420	647,253
Restricted:		
Cash	560,575	611,582
U. S. Treasury	167,724	162,740
	728,299	774,322
Certificates of Deposit and Savings	300,022	500,000
Total Restricted	1,028,321	1,274,322
Total Cash and Cash Equivalents	$1,573,741	$1,921,575

NOTE 3: CASH AND CASH EQUIVALENTS - CONTINUED

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

1. Insured or collateralized with securities held by the government or by the government's agent in the government's name.

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

3. Uncollateralized.

	BANK AMOUNT	
	2018	2017
Insured (FDIC) or Collateral Held by Pledging Bank's Securities in District's name	$ 1,602,478	$ 1,984,547
Uninsured or Uncollateralized	-	-
Total (Memorandum Only)	$ 1,602,478	$ 1,984,457

The carrying amounts of the District's deposits at December 31, 2018 and 2017 were $1,573,741 and $1,921,575 respectively and the bank balances were $1,602,478 and $1,984,457 respectively. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Of the bank balances for each year, all was insured by federal depository insurance or collateralized by the pledging financial institutions.

NOTE 4: CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2018 and 2017 was as follows:

	Balance 12/31/17	Additions	Deletions	Balance 12/31/18
Capital Assets Not Being Depreciated:				
Land and Land Rights	$ 50,235	$ -	$ -	$ 50,235
Contruction in Progress	323,635	159,327	-	482,962
Total Capital Assets Not Being Depreciated	373,870	159,327	-	533,197
Capital Assets Being Depreciated:				
Buildings	179,495	-	-	179,495
Utility Plant	15,439,837	92,343	-	15,532,180
Service Equipment	466,939	2,118	-	469,057
Office Furniture and Equipment	55,134	6,203	-	61,337
Total Capital Assets Being Depreciated	$ 16,141,405	$ 100,664	$ -	$ 16,242,069
Accumulated Depreication				
Buildings	$ 93,617	$ 5,022	$ -	$ 98,639
Utility Plant	5,814,186	333,226	-	6,147,412
Service Equipment	168,862	9,678	-	178,540
Office Furniture and Equipment	46,554	2,668	-	49,222
Total Accumulated Depreciation	6,123,219	350,594	-	6,473,813
Total Capital Assets Being Depreciated, Net	10,018,186	(249,930)	-	9,768,256
Total Capital Assets, Net	$ 10,392,056	$ (90,603)	$ -	$ 10,301,453

The District's depreciation expense for the year ended December 31, 2018 was $350,594.

NOTE 4: CAPITAL ASSETS - CONTINUED

	Balance 12/31/16	Additions	Deletions	Balance 12/31/17
Capital Assets Not Being Depreciated:				
Land and Land Rights	$ 50,235	$ -	$ -	$ 50,235
Construction in Progress	13,359	310,276	-	323,635
Total Capital Assets Not Being Depreciated	63,594	310,276	-	373,870
Capital Assets Being Depreciated:				
Buildings	179,495	-	-	179,495
Utility Plant	15,437,980	1,857	-	15,439,837
Service Equipment	338,871	215,885	87,817	466,939
Office Furniture and Equipment	53,101	2,033	-	55,134
Total Capital Assets Being Depreciated	$ 16,009,447	$ 219,775	$ 87,817	$ 16,141,405
Accumulated Depreication				
Buildings	$ 88,595	$ 5,022	$ -	$ 93,617
Utility Plant	5,530,826	283,360	-	5,814,186
Service Equipment	221,156	35,523	87,817	168,862
Office Furniture and Equipment	44,543	2,011	-	46,554
Total Accumulated Depreciation	5,885,120	325,916	87,817	6,123,219
Total Capital Assets Being Depreciated, Net	10,124,327	(106,141)	-	10,018,186
Total Capital Assets, Net	$ 10,187,921	$ 204,135	$ -	$ 10,392,056

NOTE 5: LONG-TERM OBLIGATIONS

Revenue Bonds with principal payments are detailed as follows:

	2018	2017
1979 Waterworks Revenue Bond, original amount $663,000 maturing January 1, 2019 with a rate of 5%	$ -	$ 75,000
1994 Waterworks Revenue Bond, original amount $466,000 maturing January 1, 2034, with a rate of 4.50%, principal payments commencing January 1, 1997	300,000	312,000
1995 Waterworks Revenue Bond, original amount $675,000 maturing January 1, 2035, with a rate of 4.875%, principal payments commencing January 1, 1998	457,000	473,000
2001 Waterworks Revenue Bond, original amount $252,000 maturing January 1, 2041, with a rate of 4.75%, principal payments commencing January 1, 2004	-	205,000
2004 Series A Waterworks Revenue Bond, original amount $673,000 maturing January 1, 2044, with a rate of 4.75%, principal payments commencing January 1, 2007	556,000	568,000
2004 Series B Waterworks Revenue Bond, original amount $297,000 maturing January 1, 2044, with a rate of 4.375%, principal payments commencing January 1, 2007	242,500	248,000

NOTE 5: LONG-TERM OBLIGATIONS – CONTINUED

	2018	2017
2004 Refinancing of 1987, 1989, 1990, and 1993 Waterworks Revenue Bonds, original amount $2,610,000 maturing January 1, 2027, with a variable rate of 2.28%-4.405%, principal payments commencing January 1, 2005	$ 1,367,000	$ 1,487,000
Total Debt	2,922,500	3,368,000
Payments Due in Less Than One Year	174,500	207,000
Total Long-Term Obligations	$ 2,748,000	$ 3,161,000

The annual requirements to amortize all bonded debt outstanding as of December 31, 2018 are as follows:

	Principal	Interest	Total
2019	$ 174,500	$ 129,461	$ 303,961
2020	184,000	121,787	305,787
2021	194,000	113,645	307,645
2022	205,500	104,913	310,413
2023	212,500	95,735	308,235
2024-2028	995,500	329,281	1,324,781
2029-2033	426,500	185,686	612,186
2034-2038	292,500	95,152	387,652
2039-2043	237,500	44,439	281,939
2044-2048	-	2,320	2,320
	$ 2,922,500	$ 1,222,419	$4,144,919

Long-Term liability activity for the year ended December 31, 2018, was as follows:

	12/31/2017 Balance	Additions	Reductions	12/31/2018 Balance	Due in One Year
Revenue Bonds	$ 3,368,000	$ -	$ 445,500	$ 2,922,500	$ 174,500
Net Pension Liability	967,493	240,458	-	1,207,951	-
Net OPEB Liability	332,289	19,842	-	352,131	-
Notes Payable	53,619	-	53,619	-	-
	$ 4,721,401	$ 260,300	$ 499,119	$ 4,482,582	$ 174,500

NOTE 6: RISK MANAGEMENT

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

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

NOTE 7: PENSION PLAN

General information about the County Employees retirement system Hazardous & Non-Hazardous ("CERS")

Plan description – Employees of the Green-Taylor Water District are covered by the 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 the Kentucky Revised Statute ("KRS")

NOTE 7: PENSION PLAN - CONTINUED

Section 61.645, the Board of Trustees of the Kentucky Retirement 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 http://kyret.ky.gov/.

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

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years service or 65 years old
	Reduced retirement	At least 5 years of service and 55 years old
		At least 25 years service and any age
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old
		Or age 57+ and sum of service years plus age equal 87
	Reduced retirement	At least 10 years service and 60 years old
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old
		Or age 57+ and sum of service years plus age equal 87
	Reduced retirement	Not available

Cost of living adjustments are provided at the discretion of the General assembly. Retirement is based on a factor of the number of years' service and the hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are $5,000 in lump sum. Five years' service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's beneficiary will receive the higher of the normal death benefit and $10,000 plus 25% of the decedent's monthly final rate of pay and any dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% for all dependent children. Five years' service is required for non-service related disability benefits.

Contributions – Required contributions by the employee are based on the tier:

	Required contribution
Tier 1	5%
Tier 2	5% + 1% for insurance
Tier 3	5% + 1% for insurance

The District's contribution requirement for CERS for the years ended December 31, 2018, 2017, and 2016 was $71,180, $56,141, and $55,093 from the District and $26,178, $21,715, and $21,139 from employees. The total covered payroll for CERS during the years ended December 31, 2018, 2017, and 2016 was $523,566, $434,294, and $422,789.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2018, the District reported a liability of $1,207,951 for its proportionate share of the net pension liability for CERS. The net pension liability for each plan was measured as of June 30, 2018, 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 for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At December 31, 2018, the District's proportion was 0.019834 percent.

NOTE 7: PENSION PLAN – CONTINUED

For the year ended December 31, 2018, the District recognized pension expense of $223,703. At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 39,400	$ 17,682
Changes of assumptions	118,052	-
Net difference between projected and actual earnings on pension plan investments	56,171	70,655
Changes in proportion and differences between District contributions and proportionate share of contributions	116,041	33,859
District contributions subsequent to the measurement date	43,002	-
Total	$ 372,666	$ 122,196

$43,002 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	
2019	123,181
2020	83,494
2021	7,276
2022	(6,483)
2023	-
Thereafter	-

Actuarial assumptions—the total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	CERS
Inflation	2.30%
Projected salary increases	3.05%
Investment rate of return, net of investment expense & inflation	6.25%

For CERS, Mortality rates for the period after service retirement are according to the 1983 Group Annuity Mortality Table for all retired employees and beneficiaries as of December 31, 2006 and the 1994 Group Annuity Mortality Table for all other employees. The Group Annuity Mortality Table set forward five years is used for the period after disability retirement.

NOTE 7: PENSION PLAN – CONTINUED

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years. The most recent analysis, performed for the period covering fiscal years 2005 through 2008, is outlined in a report dated August 25, 2009. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Discount rate—for CERS, the discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan employees and employers will be made at statutory contribution rates. Projected inflows from investment earning were calculated using the long-term assumed investment return of 7.50%. The long-term investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of CERS proportionate share of net pension liability to changes in the discount rate—The following table present the net pension liability of the Green-Taylor Water District, calculated using the discount rates selected by CERS, as well as what the Green-Taylor Water District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	1,520,685	1,207,951	945,935

Pension plan fiduciary net positions—detailed information about the pension plan's fiduciary net position is available in the financial report of CERS.

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

NOTE 8: POST EMPLOYMENT BENEFIT PLAN

General Information about the OPEB Plan – CERS

Medical Insurance Plan

Plan description - Employees whose positions do not require a degree beyond a high school diploma are covered by the Kentucky Retirement Systems' Insurance Fund, a component of the 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 the Kentucky Revised Statute ("KRS") Section 61.645, the Board of Trustees of the Kentucky Retirement 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 http://kyret.ky.gov/.

NOTE 8: POST EMPLOYMENT BENEFIT PLAN – CONTINUED

Benefits provided – To be eligible for medical benefits, the member must have retired either for service or disability. The Kentucky Retirement Systems' Insurance Fund offers coverage for eligible members receiving benefits from KERS, CERS, and SPRS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. The Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance based on years of service.

Contributions – In order to fund the post-retirement healthcare benefit, for Tier 1 plan members (those participating prior to September 1, 2008) 4.70% of the gross annual payroll of members is contributed, all of which is paid by the District. For Tier 2 plan members (those participating on, or after September 1, 2008 and before January 1, 2014 an additional 1% of the gross annual payroll is contributed by the plan member. Tier 3 plan members (those whose participation began after January 1, 2014) also contribute an additional 1% of their annual payroll into a Cash Balance Plan. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At December 31, 2018, the District reported a liability of $352,131 for its proportionate share of the net OPEB liability for CERS. The net OPEB liability for the plan was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2018, the District's proportion was 0.019834 percent.

For the year ended December 31, 2018, the Company recognized OPEB expense of $53,299. At December 31, 2018, the Company reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 41,036
Changes of assumptions	70,326	814
Net difference between projected and actual earnings on pension plan investments	-	24,255
Changes in proportion and differences between Company contributions and proportionate share of contributions	45,161	625
Company contributions subsequent to the measurement date	13,945	-
Total	$ 129,432	$ 66,730

NOTE 8: POST EMPLOYMENT BENEFIT PLAN - CONTINUED

Of the total amount reported as deferred outflows of resources related to OPEB, $13,945 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Company's OPEB expense as follows:

Year Ended December 31:	
2019	9,628
2020	9,628
2021	9,628
2022	14,339
2023	5,295
Thereafter	238

Actuarial assumptions – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation as of:	June 30, 2016
Actuarial cost method:	Entry age normal
Asset valuation method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization method:	Level percent of pay
Amortization period:	27 years, closed
Payroll growth rate:	4.00%
Investment return:	7.50%
Inflation:	3.25%
Salary increases:	4.00%, average
Mortality:	RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set back 1 year for females)
Healthcare trend rates (Pre-65)	Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years.
Healthcare trend rates (Post-65)	Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years.

Mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward two years for males and one year for females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2016 valuation were based on a review of recent plan experience done concurrently with the June 30, 2016 valuation.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class.

NOTE 8: POST EMPLOYMENT BENEFIT PLAN - CONTINUED

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Discount rate - The discount rate used to measure the total OPEB liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

CERS – 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.

Discount rate – For CERS, the projection of cash flows used to determine the discount rate of 5.84% for CERS Non-hazardous assumed that local employers would contribute the actuarially determined contributions rate of projected compensation over the remaining 26 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 6.56%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2018. 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.

Sensitivity of CERS proportionate share of net OPEB liability to changes in the discount rate—The following table present the net OPEB liability of the District, calculated using the discount rates selected by each OPEB system, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage- point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
CERS	4.85%	5.85%	6.85%
District's proportionate share of net OPEB liability	457,362	352,131	262,494

Sensitivity of the District's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates – The following presents the City and the Campbellsville Water and Sewer Company's proportionate share of the collective net OPEB liability, as well as what the City and the Campbellsville Water and Sewer Company's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
CERS	4.85%	5.85%	6.85%
District's proportionate share of net OPEB liability	262,165	352,131	458,175

NOTE 9: RESTATEMENT OF BEGINNING BALANCES

Effective January 1, 2018, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Additionally, prior year GASB No. 68 deferred inflows and outflows were incorrectly reported. As a result of the aforementioned items, the Statement of Net Position and Statement of Revenue, Expenses, and Changes in Net Position were restated. A reconciliation of the prior period ending net position to the current year beginning net position is as follows:

Net Position, January 1, 2018 as Previously Reported	$ 8,620,760
Increase in Net OPEB Liability	(332,289)
Corrections to Pension Deferred Inflows and Outflows	(154,814)
Beginning Net Position, as Restated	$ 8,133,657

NOTE 10: SUBSEQUENT EVENT

The District's management has evaluated subsequent events through May 31, 2018, the date the financial statements were available to be issued.

.

REQUIRED SUPPLEMENTARY INFORMATION

GREEN-TAYLOR WATER DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION -
BUDGET TO ACTUAL
For the Year Ended December 31, 2018

	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
OPERATING REVENUES			
Charges for Services	$ 2,387,100	$ 2,359,824	$ (27,276)
Service Charges and Other	144,500	131,301	(13,199)
Total Operating Revenues	2,531,600	2,491,125	(40,475)
OPERATING EXPENSES			
Contractual Services	42,000	47,203	(5,203)
Supplies & Materials	145,000	115,276	29,724
Depreciation & Amortization	341,000	350,594	(9,594)
Personal Service	988,200	1,166,723	(178,523)
Operational	982,000	1,026,770	(44,770)
Total Operating Expenses	2,498,200	2,706,566	(208,366)
OPERATING INCOME (LOSS)	33,400	(215,441)	(248,841)
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	5,200	6,619	1,419
Interest Expenses and Fiscal Charges	(188,900)	(141,494)	47,406
Miscellaneous Non-Utility Expense	(206)	(3,496)	(3,290)
Miscellaneous Non-Utility Income	-	-	-
Other Income	-	25,510	25,510
Total Non-operating Revenues (Expenses)	(183,906)	(112,861)	71,045
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(150,506)	(328,302)	(177,796)
Grants	-	162,196	162,196
Capital Contributions	27,000	30,175	3,175
CHANGE IN NET POSITION	(123,506)	(135,931)	(12,425)
NET POSITION			
Beginning of Year	-	8,133,657	8,133,657
End of Year	$ -	$ 7,997,726	$ 8,121,232

GREEN-TAYLOR WATER DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE CERS NET PENSION LIABILITY
December 31, 2018

	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.019834%	0.016529%	0.018440%	0.017980%
District's proportionate share of the net pension liability (asset)	1,207,951	967,493	908,107	788,456
District's covered-employee payroll	523,566	434,294	422,789	431,084
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	230.72%	222.77%	214.79%	182.90%
Plan fiduciary net position as a percentage of the total pension liability	53.54%	53.30%	55.50%	59.97%

GREEN-TAYLOR WATER DISTRICT
SCHEDULE OF CONTRIBUTIONS TO CERS
December 31, 2018

	2018	2017	2016	2015
Contractually required contribution	$ 71,182	$ 56,141	$ 55,093	$ 54,410
Contributions in relation to the contractually required contribution	(71,182)	(56,141)	(55,093)	(54,410)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 523,566	$ 434,294	$ 422,789	$ 431,084
Contributions as a percentage of covered-employee payroll	13.60%	12.93%	13.03%	12.62%

NOTE 1 – CHANGES OF BENEFIT TERMS

The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

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 member whose participation date in on or after January 1, 2014.

NOTE 2 – CHANGES OF ASSUMPTION

The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

2006: The assumptions were updated as the result of an experience study for the five year period ending June 30, 2005

2007: Amortization bases have been combined and will be amortized over a single 30 year closed period beginning June 30, 2007.

2009: The assumptions were updated as the result of an experience study for the three year period ending June 30, 2008

2013: The amortization period of the unfunded accrued liability was reset to a closed 30 year period.

2015:

1. The assumed investment rate of return was decreased from 7.75% to 7.50%.
2. The assumed rate of inflation was reduced from 3.50% to 3.25%.
3. The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
4. Payroll growth assumption was reduced from 4.50% to 4.00%.
5. The mortality table used for active members if RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
6. 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 disabled members, the RP-2000 Combined 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.
7. The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

GREEN-TAYLOR WATER DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE CERS NET OPEB LIABILITY
December 31, 2018

	2018	2017
District's proportion of the net OPEB liability (asset)	0.019833%	0.016529%
District's proportionate share of the net OPEB liability (asset)	$ 352,131	$ 332,289
District's covered-employee payroll	$ 523,566	$ 434,294
District's proportionate share of the net OPEB liability (asset) as a percentage of it covered-employee payroll	67.26%	76.51%
Plan fiduciary net position as a percentage of the total OPEB liability	57.62%	52.40%

GREEN-TAYLOR WATER DISTRICT

SCHEDULE OF CONTRIBUTIONS TO CERS - OPEB

December 31, 2018

	2018	2017
Contractually required contribution	$ 23,105	$ 19,036
Contributions in relation to the contractually required contribution	(23,105)	(19,036)
Contribution deficiency (excess)	$ -	$ -
District's covered-employee payroll	$ 523,566	$ 434,294
Contributions as a percentage of covered-employee payroll	4.41%	4.38%

NOTE 1 – CHANGES OF BENEFIT TERMS

With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP – participating members who retired prior to July 1, 2010 is restored, but the state will only finance, via its KEHP "Shared Responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

NOTE 2 – METHODS AND ASSUMPTIONS USED IN 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 (from the indicated actuarial valuations) were used to determine the contribution rates reported in that schedule for the year ending June 30, 2018.

Valuation date	June 30, 2016
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	30 years, Open
Asset valuation method	Five-year smoothed value
Inflation	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Discount Rate	8.00%
Healthcare cost trend rates:	
Under 65	7.75% for FY 2017 decreasing to an ultimate rate of 5.00% by FY 2023
Ages 65 and Older	5.75% for FY 2017 decreasing to an ultimate rate of 5.00% by FY 2020
Medicare Part B Premiums	1.02% for FY 2017 with an ultimate rate of 5.00% by 2029
Under age 65 claims	The current premium charged by KEHP is used as the basae cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized).

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

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

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

To the Board of Commissioners of
Green-Taylor Water District
Greensburg, KY

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-Taylor Water District, as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Green-Taylor Water District's basic financial statements, and have issued our report thereon dated May 31, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Green-Taylor Water District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Green-Taylor Water District's internal control. Accordingly, we do not express an opinion of the effectiveness of Green-Taylor 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Green-Taylor 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.*

301 E. MAIN STREET • P.O. BOX 1083 • CAMPBELLSVILLE, KY 42719-1083 • (270) 465-6842 • FAX (270) 465-7703
E-Mail: wbscpa@wbscpas.com • www.wbscpas.com

MEMBERS: AICPA • KYCPA

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.

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

May 31, 2019