

GREEN-TAYLOR WATER DISTRICT

FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

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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, 2020 and 2019, 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 or 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, 2020 and 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of District's proportionate share of net pension and OPEB liabilities, and schedules of required contributions on pages 3 through 6 and pages 22 through 28 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 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2021 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

September 9, 2021

GREEN-TAYLOR WATER DISTRICT

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Management's Discussion and Analysis

Green-Taylor Water District is presenting the following discussion and analysis in order to provide an overall review of the utility's financial activities for the years ending December 31, 2020 and 2019. 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.

2020 HIGHLIGHTS

During 2020, Green-Taylor Water District has been able to complete multiple infrastructure projects that were started in 2019. Customer growth has been about the same as the prior year. The general manager along with the board of directors and staff have worked diligently to minimize unnecessary spending while still working to improve water quality and the internal workings of the water system.

Due to the COVID-19 our revenues have been down this year because of the customers that have been unable to stay current on their bills. However Green-Taylor Water District has been able to cut cost in areas to subside the financially negative impact that the COVID-19 pandemic has caused for the company. We have also accepted a low interest loan from KIA to upgrade some of our outdated booster stations and tanks that have been problematic. We are also working to improve our water loss, system wide, by equipping our water meters with a drive by capable system to alleviate theft and misread meters. We have applied for and ARC grant to go along with the KIA loans we have.

Overall, the Green-Taylor Water District has and is constantly making strides to provide the best water quality and at the lowest price for our customers. We plan to continue improving our infrastructure into 2021 and will constantly work to maintain a safe and lucrative water system.

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, 2020 and 2019. 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.

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.

ASSETS	2020	2019
Cash and Investments	\$ 1,498,484	\$ 1,508,820
Other Assets	573,470	567,411
Capital Assets	11,370,227	11,558,046
Total Assets	<u>13,442,181</u>	<u>13,634,277</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension	245,032	369,915
Pension Contribution	106,867	96,764
OPEB	256,562	175,324
OPEB Contribution	37,217	30,557
Discount on Debt Refunding	38,903	42,398
Total Deferred Outflows of Resources	<u>684,581</u>	<u>714,958</u>
LIABILITIES		
Current Liabilities	382,358	428,660
Long-term Liabilities	5,782,705	5,706,420
Total Liabilities	<u>6,165,063</u>	<u>6,135,080</u>
DEFERRED INFLOWS OF RESOURCES		
OPEB	102,746	130,550
Pension	35,769	71,934
Premium in Debt Refunding	166,340	172,076
Total Deferred Inflows of Resources	<u>304,855</u>	<u>374,560</u>
NET POSITION		
Invested in Capital Assets, Net of Related Debt	9,361,227	9,269,046
Restricted	970,720	1,109,878
Unrestricted	(2,675,103)	(2,539,329)
Total Net Position	<u>\$ 7,656,844</u>	<u>\$ 7,839,595</u>

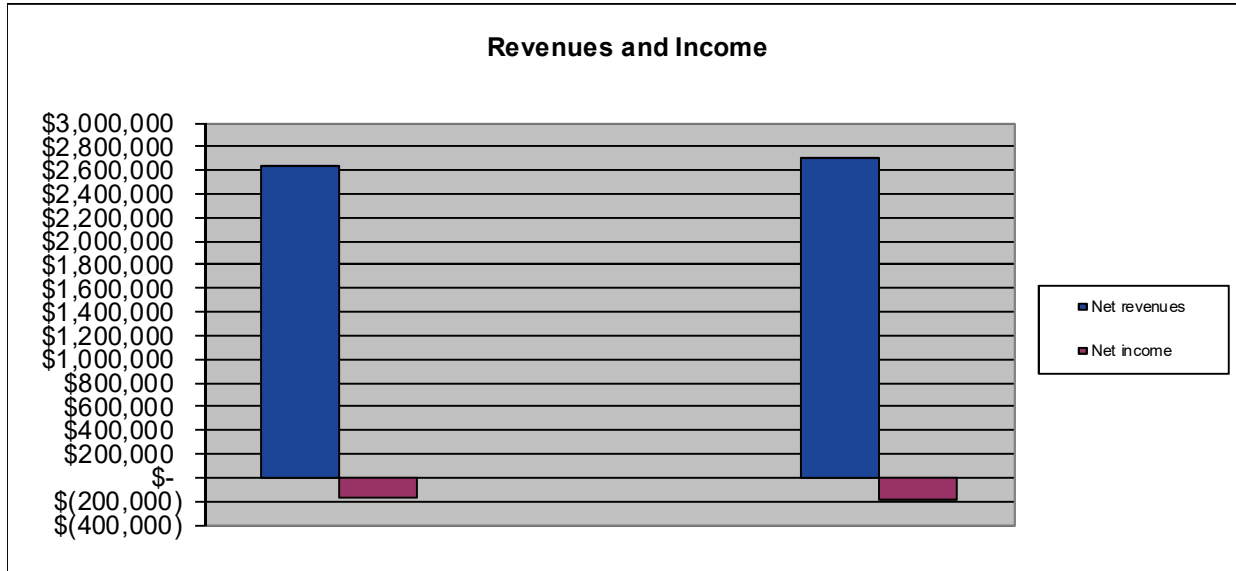
Net Position decreased \$182,751 from 2019 to 2020.

2020 Operating Results

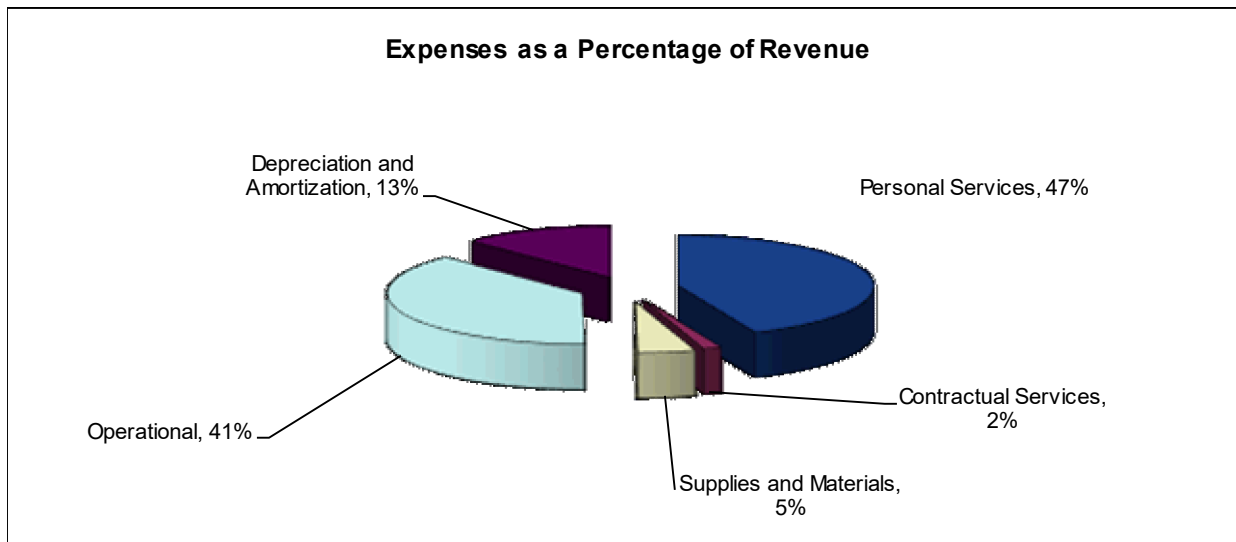
Condensed Statement of Revenues, Expenses and Changes in Net Position:

	2020	2019
Operating Revenues	\$ 2,696,502	\$ 2,644,218
Other Revenues	69,952	48,711
Total Revenues	<u>2,766,454</u>	<u>2,692,929</u>
Operating Expenses	2,537,241	2,460,906
Depreciation and Amortization	357,644	355,021
Non-operating Expenses	114,034	128,283
Total Expenses	<u>3,008,919</u>	<u>2,944,210</u>
Income/(Loss) Before Capital Contributions and Grants	(242,465)	(251,281)
Grants	8,989	-
Capital Contributions	50,725	93,150
Change in Net Position	<u>(182,751)</u>	<u>(158,131)</u>
Beginning Net Position	<u>7,839,595</u>	<u>7,997,726</u>
Ending Net Position	<u>\$ 7,656,844</u>	<u>\$ 7,839,595</u>

The following chart shows the difference between net revenues and net income for the years ended December 31, 2020 and 2019.



The following pie chart shows expenses as a percentage of revenue for the year ended December 31, 2020.



Capital Assets

The net book value of the District's capital assets as of December 31, 2020 and 2019 are \$11,370,227 and \$11,558,046.

	CAPITAL ASSETS AT YEAR END	
	2020	2019
Land	\$ 50,235	\$ 50,235
Construction in Progress	2,170,330	2,061,639
Buildings	179,495	179,495
Plant & Equipment	16,134,967	16,095,511
Total Capital Assets	18,535,027	18,386,880
Less: Accumulated Depreciation	(7,164,800)	(6,828,834)
Capital Assets, Net	<u>\$ 11,370,227</u>	<u>\$ 11,558,046</u>

Debt Outstanding

At year-end, the District had \$3,707,859 in notes outstanding versus \$3,910,954 last year. Long-term debt outstanding decreased \$203,095, from 2019 to 2020.

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, Andrew Tucker at (270) 932-4947 or 250 Industrial Park Road, Greensburg, KY 42743.

GREEN-TAYLOR WATER DISTRICT
STATEMENT OF NET POSITION
December 31, 2020 and 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash & Cash Equivalents	\$ 527,764	\$ 398,942
Customer & Other Accounts Receivable, net	452,398	430,819
Inventory	94,695	112,175
Prepaid Expenses	26,339	24,379
Interest Receivable	38	38
Restricted Cash & Investments	970,720	1,109,878
Total Current Assets	2,071,954	2,076,231
NON-CURRENT ASSETS		
Capital Assets:		
Land & Construction in Progress	2,220,566	2,111,875
Other Capital Assets (net of accumulated depreciation)	9,149,661	9,446,171
Total Non-Current Assets	11,370,227	11,558,046
TOTAL ASSETS	13,442,181	13,634,277
DEFERRED OUTFLOWS OF RESOURCES		
CERS - Pension	245,032	369,915
CERS - Pension Contributions	106,867	96,764
CERS - OPEB	256,562	175,324
CERS - OPEB Contributions	37,217	30,557
Discount on Debt Refunding	38,903	42,398
TOTAL DEFERRED OUTFLOWS OF RESOURCES	684,581	714,958
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable - Trade	111,371	120,694
Accrued & Withheld Taxes	26,097	21,075
Accrued Payroll & Employee Benefits	27,883	16,004
Customer Deposits	96,632	91,937
Deferred Revenue	11,272	11,272
Liabilities Payable from Restricted Assets:		
Interest Payable	4,103	62,678
Current Portion - Revenue Bonds	105,000	105,000
Total Current Liabilities	382,358	428,660
NON-CURRENT LIABILITIES		
Long-Term Liabilities (Excluding Current Portion):		
Net Pension Liability	1,658,006	1,533,766
Net OPEB Liability	521,840	366,700
Non-Current Portion - Notes Payable	1,698,859	1,621,954
Non-Current Portion - Revenue Bonds	1,904,000	2,184,000
Total Non-Current Liabilities	5,782,705	5,706,420
TOTAL LIABILITIES	6,165,063	6,135,080
DEFERRED INFLOWS OF RESOURCES		
CERS - OPEB	102,746	130,550
CERS - Pension	35,769	71,934
Premium on Debt Refunding	166,340	172,076
TOTAL DEFERRED INFLOWS OF RESOURCES	304,855	374,560
NET POSITION		
Invested in Capital Assets, Net of Related Debt	9,361,227	9,269,046
Restricted	970,720	1,109,878
Unrestricted	(2,675,103)	(2,539,329)
TOTAL NET POSITION	\$ 7,656,844	\$ 7,839,595

See accompanying notes to the financial statements.

GREEN-TAYLOR WATER DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Charges for Services	\$ 2,613,180	\$ 2,507,193
Service Charges and Other	83,322	137,025
Total Operating Revenues	<u>2,696,502</u>	<u>2,644,218</u>
OPERATING EXPENSES		
Contractual Services	43,186	38,067
Supplies & Materials	137,206	115,249
Depreciation & Amortization	357,644	355,021
Personal Service	1,261,873	1,231,479
Operational	1,094,976	1,076,111
Total Operating Expenses	<u>2,894,885</u>	<u>2,815,927</u>
OPERATING INCOME (LOSS)	<u>(198,383)</u>	<u>(171,709)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	24,258	12,778
Interest Expenses and Fiscal Charges	(114,034)	(124,787)
Bond Issuance Costs	2,240	(3,496)
Insurance Proceeds	-	5,019
Gain on Disposal of Asset	22,561	8,401
Other income	20,893	22,513
Total Non-operating Revenues (Expenses)	<u>(44,082)</u>	<u>(79,572)</u>
INCOME (LOSS) BEFORE GRANTS & CAPITAL CONTRIBUTIONS	<u>(242,465)</u>	<u>(251,281)</u>
Grants	8,989	-
Capital Contributions	50,725	93,150
CHANGE IN NET POSITION	<u>(182,751)</u>	<u>(158,131)</u>
NET POSITION		
Beginning of Year	<u>7,839,595</u>	<u>7,997,726</u>
End of Year	<u><u>\$ 7,656,844</u></u>	<u><u>\$ 7,839,595</u></u>

See accompanying notes to the financial statements.

GREEN-TAYLOR WATER DISTRICT
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received From Customers	\$ 2,674,924	\$ 2,624,189
Cash Payments to Employees for Services	(1,008,415)	(876,805)
Cash Payments to Suppliers for Goods & Services	(1,269,172)	(1,210,524)
Net Customer Deposits Received and Returned	4,695	6,335
Net Cash Provided (Used) By Operating Activities	402,032	543,195
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES		
Principal Paid on Debt	(280,000)	(2,922,500)
Proceeds from Debt	76,905	3,910,952
Interest Paid on Debt	(166,875)	(126,815)
Acquisition of Capital Assets and Construction in Progress	(180,663)	(1,611,614)
Proceeds from Disposal of Capital Assets	33,400	8,401
Contributed Capital	50,725	93,150
Capital Grants	8,989	-
Proceeds from Insurance on Capital Assets	-	5,019
Net Cash Provided (Used) By Financing Activities	(457,519)	(643,407)
CASH FLOWS FROM INVESTING ACTIVITIES		
Other Income	20,893	22,513
Interest	24,258	12,778
Net Cash Provided (Used) From Investing Activities	45,151	35,291
Net Increase (Decrease) In Cash and Cash Equivalents	(10,336)	(64,921)
Cash and Cash Equivalents - Beginning of Year	1,508,820	1,573,741
Cash and Cash Equivalents - End of Year	\$ 1,498,484	\$ 1,508,820
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION		
Cash and Cash Equivalents	\$ 527,764	\$ 398,942
Restricted Cash and Cash Equivalents	970,720	1,109,878
TOTAL CASH AND CASH EQUIVALENTS	\$ 1,498,484	\$ 1,508,820

See accompanying notes to the financial statements.

GREEN-TAYLOR WATER DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
Years Ended December 31, 2020 and 2019

	2020	2019
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED FOR OPERATING ACTIVITIES		
Operating Income/(Loss)	\$ (198,383)	\$ (171,709)
ADJUSTMENT TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) FOR OPERATING ACTIVITIES		
Depreciation and Amortization	357,644	355,021
Change in Assets & Liabilities		
(Increase) Decrease in Accounts Receivable	(21,579)	(20,030)
(Increase) Decrease in Inventory	17,480	(10,070)
(Increase) Decrease in Prepaid Expenses	(1,960)	-
(Increase) Decrease in Deferred Outflows	26,882	(170,462)
Increase (Decrease) in Accounts Payable	(9,323)	28,974
Increase (Decrease) in Accrued and Withheld Taxes	5,022	(882)
Increase (Decrease) in Accrued Payroll	11,879	-
Increase (Decrease) in Customer Deposits	4,695	6,335
Increase (Decrease) in Net Pension Liability	124,240	325,815
Increase (Decrease) in Net OPEB Liability	155,140	14,569
Increase (Decrease) in Deferred Inflows	(69,705)	185,634
Total Reconciling Adjustments	600,415	714,904
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 402,032	\$ 543,195

See accompanying notes to the financial statements.

GREEN-TAYLOR WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2020 and 2019

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 external users for goods or services and the activity is 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 exchange 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, 2020 and 2019, the allowance for doubtful accounts was \$251,010 and \$242,336 respectively.

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.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported 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.

GREEN-TAYLOR WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2020 and 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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:

	2020	2019
Unrestricted:		
Cash	\$ 527,764	\$ 398,942
Total Unrestricted	527,764	398,942
Restricted:		
Cash	770,720	709,856
U. S. Treasury	-	-
	770,720	709,856
Certificates of Deposit and Savings	200,000	400,022
Total Restricted	970,720	1,109,878
Total Cash and Cash Equivalents	\$1,498,484	\$1,508,820

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

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

GREEN-TAYLOR WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2020 and 2019

NOTE 3: CASH AND CASH EQUIVALENTS - CONTINUED

	BANK AMOUNT	
	2020	2019
Insured (FDIC) or Collateral Held by Pledging Bank's Securities in District's name	\$ 1,574,416	\$ 1,540,341
Uninsured or Uncollateralized	-	-
Total (Memorandum Only)	\$ 1,574,416	\$ 1,540,341

The carrying amounts of the District's deposits at December 31, 2020 and 2019 were \$1,498,484 and \$1,508,820 respectively and the bank balances were \$1,487,461 and \$1,540,341 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, 2020 and 2019 was as follows:

	Balance 12/31/19	Additions	Deletions	Balance 12/31/20
Capital Assets Not Being Depreciated:				
Land and Land Rights	\$ 50,235	\$ -	\$ -	\$ 50,235
Construction in Progress	2,061,639	108,691	-	2,170,330
Total Capital Assets Not Being Depreciated	2,111,874	108,691	-	2,220,565
Capital Assets Being Depreciated:				
Buildings	179,495	-	-	179,495
Utility Plant	15,532,180	-	-	15,532,180
Service Equipment	501,994	71,972	32,516	541,450
Office Furniture and Equipment	61,337	-	-	61,337
Total Capital Assets Being Depreciated	\$ 16,275,006	\$ 71,972	\$ 32,516	\$ 16,314,462
Accumulated Depreciation				
Buildings	\$ 105,739	\$ 5,555	\$ -	\$ 111,294
Utility Plant	6,481,132	340,515	-	6,821,647
Service Equipment	189,191	8,801	21,678	176,314
Office Furniture and Equipment	52,772	2,773	-	55,545
Total Accumulated Depreciation	6,828,834	357,644	21,678	7,164,800
Total Capital Assets Being Depreciated, Net	9,446,172	(285,672)	10,838	9,149,662
Total Capital Assets, Net	\$ 11,558,046	\$ (176,981)	\$ 10,838	\$ 11,370,227

The District's depreciation expense for the year ended December 31, 2020 was \$357,644.

GREEN-TAYLOR WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2020 and 2019

NOTE 4: CAPITAL ASSETS - CONTINUED

	Balance 12/31/18	Additions	Deletions	Balance 12/31/19
Capital Assets Not Being Depreciated:				
Land and Land Rights	\$ 50,235	\$ -	\$ -	\$ 50,235
Construction in Progress	482,962	1,578,677	-	2,061,639
Total Capital Assets Not Being Depreciated	533,197	1,578,677	-	2,111,874
Capital Assets Being Depreciated:				
Buildings	179,495	-	-	179,495
Utility Plant	15,532,180	-	-	15,532,180
Service Equipment	469,057	32,937	-	501,994
Office Furniture and Equipment	61,337	-	-	61,337
Total Capital Assets Being Depreciated	\$ 16,242,069	\$ 32,937	\$ -	\$ 16,275,006
Accumulated Depreciation				
Buildings	\$ 98,639	\$ 7,100	\$ -	\$ 105,739
Utility Plant	6,147,412	333,720	-	6,481,132
Service Equipment	178,540	10,651	-	189,191
Office Furniture and Equipment	49,222	3,550	-	52,772
Total Accumulated Depreciation	6,473,813	355,021	-	6,828,834
Total Capital Assets Being Depreciated, Net	9,768,256	(322,084)	-	9,446,172
Total Capital Assets, Net	\$ 10,301,453	\$ 1,256,593	\$ -	\$ 11,558,046

NOTE 5: LONG-TERM OBLIGATIONS

Revenue Bonds with principal payments are detailed as follows:

	2020	2019
2019 Series B Refinancing of 1995, 1996, 2004 and 2004A Revenue Bonds, original amount \$2,289,000, maturing January 1, 2043, with a rate of 2.74%, principal payments commencing January 1, 2021.	\$ 2,009,000	\$ 2,289,000
Kentucky Infrastructure Authority Loan, F18-005, original amount \$1,963,390, maturing December 2049, with interest payments due semi-annually June and December, at a rate of 1.75%	1,698,859	1,621,954
Total Debt	3,707,859	3,910,954
Payments Due in Less Than One Year	105,000	105,000
Total Long-Term Obligations	\$ 3,602,859	\$ 3,805,954

GREEN-TAYLOR WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2020 and 2019

NOTE 5: LONG-TERM OBLIGATIONS – CONTINUED

The annual requirements to amortize all bonded debt outstanding as of December 31, 2020 are as follows:

	Principal	Interest	Total
2021	\$ 105,000	\$ 112,337	\$ 217,337
2022	229,065	123,326	352,391
2023	244,065	113,255	357,320
2024	249,065	102,684	351,749
2025	264,065	99,612	363,677
2026-2030	962,231	293,820	1,256,051
2031-2035	555,326	161,792	717,118
2036-2040	405,326	89,788	495,114
2041-2045	369,326	48,435	417,761
2046-2050	324,390	19,869	344,259
	<u>\$ 3,707,859</u>	<u>\$ 1,164,918</u>	<u>\$4,872,777</u>

Long-Term liability activity for the year ended December 31, 2020, was as follows:

	12/31/2019 Balance	Additions	Reductions	12/31/2020 Balance	Due in One Year
Revenue Bonds	\$ 2,289,000	\$ -	\$ 280,000	\$ 2,009,000	\$ 105,000
Net Pension Liability	1,533,766	124,240	-	1,658,006	-
Net OPEB Liability	366,700	155,140	-	521,840	-
Notes Payable	1,621,954	76,905	-	1,698,859	-
	<u>\$ 5,811,420</u>	<u>\$ 356,285</u>	<u>\$ 280,000</u>	<u>\$ 5,887,705</u>	<u>\$ 105,000</u>

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")

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/>.

GREEN-TAYLOR WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2020 and 2019

NOTE 7: PENSION PLAN - CONTINUED

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, 2020, 2019, and 2018 was \$79,647, \$89,223, and \$71,180 from the District and \$27,220, \$31,204, and \$26,178 from employees. The total covered payroll for CERS during the years ended December 31, 2020, 2019, and 2018 was \$544,405, \$564,084, and \$523,566.

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

At December 31, 2020, the District reported a liability of \$1,658,006 for its proportionate share of the net pension liability for CERS. The net pension liability for each plan was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability 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, 2020, the District's proportion was 0.021617 percent.

GREEN-TAYLOR WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2020 and 2019

NOTE 7: PENSION PLAN - CONTINUED

For the year ended December 31, 2020, the District recognized pension expense of \$319,823. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 41,345	\$ -
Changes of assumptions	64,742	-
Net difference between projected and actual earnings on pension plan investments	71,869	30,379
Changes in proportion and differences between District contributions and proportionate share of contributions	67,076	5,390
District contributions subsequent to the measurement date	106,867	-
Total	\$ 351,899	\$ 35,769

\$106,867 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, 2021. 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:	
2021	118,330
2022	54,550
2023	19,720
2024	16,663
2025	-
Thereafter	-

Actuarial assumptions—the total pension liability in the December 31, 2020 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.

GREEN-TAYLOR WATER DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 Years Ended December 31, 2020 and 2019

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	2,044,682	1,658,006	1,337,823

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/>.

GREEN-TAYLOR WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2020 and 2019

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, 2020, the District reported a liability of \$521,840 for its proportionate share of the net OPEB liability for CERS. The net OPEB liability for the plan was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of 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, 2020, the District’s proportion was 0.021611 percent.

For the year ended December 31, 2020, the Company recognized OPEB expense of \$83,316. At December 31, 2020, 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	\$ 87,189	\$ 87,257
Changes of assumptions	90,769	552
Net difference between projected and actual earnings on pension plan investments	27,993	10,648
Changes in proportion and differences between Company contributions and proportionate share of contributions	50,611	4,289
Company contributions subsequent to the measurement date	37,217	-
Total	\$ 293,779	\$ 102,746

GREEN-TAYLOR WATER DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 Years Ended December 31, 2020 and 2019

NOTE 8: POST EMPLOYMENT BENEFIT PLAN - CONTINUED

Of the total amount reported as deferred outflows of resources related to OPEB, \$37,217 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, 2021. 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:	
2021	41,246
2022	46,379
2023	36,515
2024	29,512
2025	163
Thereafter	-

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

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.

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.

GREEN-TAYLOR WATER DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 Years Ended December 31, 2020 and 2019

NOTE 8: POST EMPLOYMENT BENEFIT PLAN - CONTINUED

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 5.34% 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, 2020. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the CAFR.

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	4.34%	5.34%	6.34%
District's proportionate share of net OPEB liability	670,411	521,840	399,813

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	4.34%	5.34%	6.34%
District's proportionate share of net OPEB liability	404,035	521,840	664,800

NOTE 9: SUBSEQUENT EVENT

The District's management has evaluated subsequent events through September 9, 2021, 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, 2020

	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
OPERATING REVENUES			
Charges for Services	\$ 2,103,989	\$ 2,613,180	\$ 509,191
Service Charges and Other	126,596	83,322	(43,274)
Total Operating Revenues	<u>2,230,585</u>	<u>2,696,502</u>	<u>465,917</u>
OPERATING EXPENSES			
Contractual Services	51,023	43,186	7,837
Supplies & Materials	158,600	137,206	21,394
Depreciation & Amortization	323,181	357,644	(34,463)
Personal Service	903,466	1,261,873	(358,407)
Operational	959,364	1,094,976	(135,612)
Total Operating Expenses	<u>2,395,634</u>	<u>2,894,885</u>	<u>(499,251)</u>
OPERATING INCOME (LOSS)	<u>(165,049)</u>	<u>(198,383)</u>	<u>(33,334)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	4,839	24,258	19,419
Interest Expenses and Fiscal Charges	(105,845)	(114,034)	(8,189)
Miscellaneous Non-Utility Expense	(846)	2,240	3,086
Other Income	25,893	43,454	17,561
Total Non-operating Revenues (Expenses)	<u>(75,959)</u>	<u>(44,082)</u>	<u>31,877</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	<u>(241,008)</u>	<u>(242,465)</u>	<u>(1,457)</u>
Grants	-	8,989	8,989
Capital Contributions	66,550	50,725	(15,825)
CHANGE IN NET POSITION	<u>(174,458)</u>	<u>(182,751)</u>	<u>(8,293)</u>
NET POSITION			
Beginning of Year	-	7,839,595	7,839,595
End of Year	<u>\$ -</u>	<u>\$ 7,656,844</u>	<u>\$ 7,831,302</u>

GREEN-TAYLOR WATER DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE CERS NET PENSION LIABILITY
 December 31, 2020

	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.021617%	0.021808%	0.019834%	0.016529%	0.018440%	0.017980%	0.017693%
District's proportionate share of the net pension liability (asset)	1,658,006	1,533,766	1,207,951	967,493	908,107	788,456	574,000
District's covered-employee payroll	544,405	564,084	523,566	434,294	422,789	431,084	412,119
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	304.55%	271.90%	230.72%	222.77%	214.79%	182.90%	139.28%
Plan fiduciary net position as a percentage of the total pension liability	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%

GREEN-TAYLOR WATER DISTRICT
SCHEDULE OF CONTRIBUTIONS TO CERS
December 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 106,867	\$ 89,223	\$ 71,182	\$ 56,141	\$ 55,093	\$ 54,410	\$ 54,907
Contributions in relation to the contractually required contribution	<u>(106,867)</u>	<u>(89,223)</u>	<u>(71,182)</u>	<u>(56,141)</u>	<u>(55,093)</u>	<u>(54,410)</u>	<u>(54,907)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 544,405	\$ 564,084	\$ 523,566	\$ 434,294	\$ 422,789	\$ 431,084	\$ 412,119
Contributions as a percentage of covered-employee payroll	19.63%	15.82%	13.60%	12.93%	13.03%	12.62%	13.32%

GREEN-TAYLOR WATER DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - CERS
For the Year Ended December 31, 2020

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 is the 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, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability (asset)	0.021611%	0.021802%	0.019833%	0.016529%
District's proportionate share of the net OPEB liability (asset)	\$ 521,840	\$ 366,700	\$ 352,131	\$ 332,289
District's covered-employee payroll	\$ 544,405	\$ 564,084	\$ 523,566	\$ 434,294
District's proportionate share of the net OPEB liability (asset) as a percentage of it covered-employee payroll	95.86%	65.01%	67.26%	76.51%
Plan fiduciary net position as a percentage of the total OPEB liability	51.67%	60.44%	57.62%	52.40%

GREEN-TAYLOR WATER DISTRICT
SCHEDULE OF CONTRIBUTIONS TO CERS - OPEB
December 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 37,217	\$ 35,311	\$ 23,105	\$ 19,036
Contributions in relation to the contractually required contribution	<u>(37,217)</u>	<u>(35,311)</u>	<u>(23,105)</u>	<u>(19,036)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 544,405	\$ 564,084	\$ 523,566	\$ 434,294
Contributions as a percentage of covered-employee payroll	6.84%	6.26%	4.41%	4.38%

GREEN-TAYLOR WATER DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – CERS OPEB
 For the Year Ended December 31, 2020

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, 2020.

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 base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized).

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, 2020 and 2019, 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 September 9, 2021.

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*.

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

September 9, 2021