

GREEN-TAYLOR WATER DISTRICT

FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

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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, 2022 and 2021, 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, 2022 and 2021, 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 May 31, 2023 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, 2023

# GREEN-TAYLOR WATER DISTRICT

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

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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, 2021 and 2020. 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.

### 2022 HIGHLIGHTS

In a world where constant change is inevitable, maintaining growth becomes more difficult every day. Green-Taylor Water District has been continuing to do some much needed upgrading at our pump stations, and has been working on getting water to unserved customers in the district. We have replaced older worn out equipment with new more efficient equipment. We have lost several members of our staff and have had to replace with untrained staff members. This has caused us to bring back some retired employees to help train the new employees, which has affected us financially.

Water loss also was a line of trouble in 2022. Fortunately, we were able to keep our loss under 15% of our total water usage. The cost of water lost and flushing, cuts into our profit margin.

All in all, the Green-Taylor Water District is steadily building back, and remaining financially sound. We will strive to continually provide the best water at the lowest cost possible for our consumers.

### 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 District's 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, 2022 and 2021. 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.

ASSETS	2022	2021
Cash and Investments	\$ 2,555,067	\$ 2,029,180
Other Assets	600,273	627,618
Capital Assets	11,534,959	11,020,899
Total Assets	14,690,299	13,677,697
DEFERRED OUTFLOWS OF RESOURCES		
Pension	168,267	99,534
Pension Contribution	106,914	104,942
OPEB	172,076	229,446
OPEB Contribution	30,404	39,289
Discount on Debt Refunding	31,912	35,407
Total Deferred Outflows of Resources	509,573	508,618
LIABILITIES		
Current Liabilities	587,078	499,018
Long-term Liabilities	5,323,717	5,282,588
Total Liabilities	5,910,795	5,781,606
DEFERRED INFLOWS OF RESOURCES		
OPEB	244,703	215,856
Pension	352,217	262,124
Premium in Debt Refunding	154,869	160,605
Total Deferred Inflows of Resources	751,789	638,585
NET POSITION		
Invested in Capital Assets, Net of Related Debt	9,715,958	9,011,899
Restricted	1,561,109	1,360,915
Unrestricted	(2,739,779)	(2,606,690)
Total Net Position	\$ 8,537,288	\$ 7,766,124

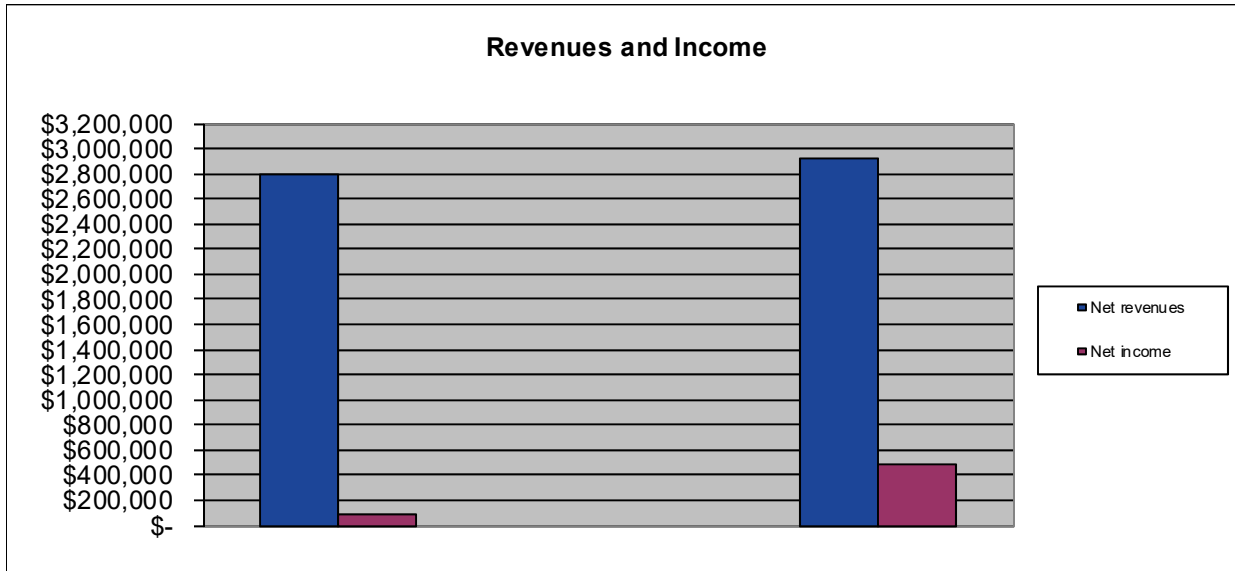
Net Position increased \$771,164 from 2021 to 2022.

### 2022 Operating Results

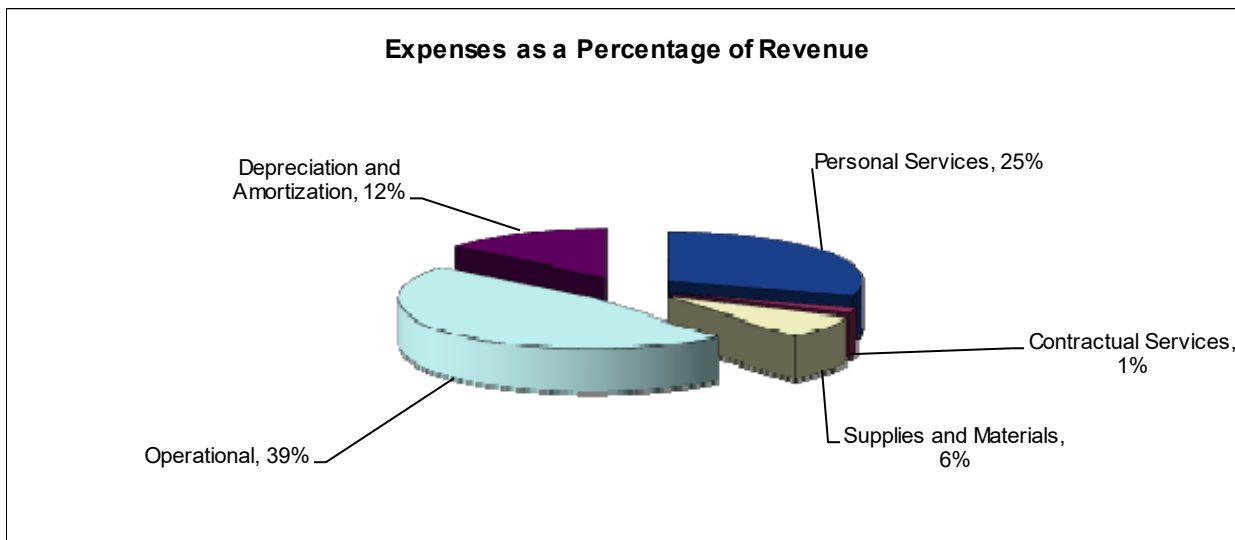
Condensed Statement of Revenues, Expenses and Changes in Net Position:

	2022	2021
Operating Revenues	\$ 2,919,880	\$ 2,797,690
Other Revenues	103,532	68,196
Total Revenues	3,023,412	2,865,886
Operating Expenses	2,087,015	2,342,170
Depreciation and Amortization	342,389	362,609
Non-operating Expenses	122,869	127,942
Total Expenses	2,552,273	2,832,721
Income/(Loss) Before Capital Contributions and Grants	471,139	33,165
Grants	258,600	5,290
Capital Contributions	41,425	70,825
Change in Net Position	771,164	109,280
Beginning Net Position	7,766,124	7,656,844
Ending Net Position	\$ 8,537,288	\$ 7,766,124

The following chart shows the difference between net revenues and net income for the years ended December 31, 2022 and 2021.



The following pie chart shows expenses as a percentage of revenue for the year ended December 31, 2022.



## Capital Assets

The net book value of the District's capital assets as of December 31, 2022 and 2021 are \$10,745,978 and \$11,020,899.

	CAPITAL ASSETS AT YEAR END	
	2022	2021
Land	\$ 50,235	\$ 50,235
Construction in Progress	2,911,463	2,199,361
Buildings	179,495	179,495
Plant & Equipment	16,161,930	16,085,052
Total Capital Assets	19,303,123	18,514,143
Less: Accumulated Depreciation	(7,768,164)	(7,493,244)
Capital Assets, Net	<u>\$ 11,534,959</u>	<u>\$ 11,020,899</u>

## Debt Outstanding

At year-end, the District had \$4,050,271 in notes outstanding versus \$3,707,859 last year. Long-term debt outstanding increased \$342,412, from 2021 to 2022.

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



GREEN-TAYLOR WATER DISTRICT  
STATEMENT OF NET POSITION  
December 31, 2022 and 2021

	2022	2021
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash & Cash Equivalents	\$ 993,958	\$ 668,265
Customer & Other Accounts Receivable, net	475,784	454,173
Inventory	106,604	153,114
Prepaid Expenses	17,847	20,293
Interest Receivable	38	38
Restricted Cash & Investments	1,561,109	1,360,915
Total Current Assets	3,155,340	2,656,798
<b>NON-CURRENT ASSETS</b>		
Capital Assets:		
Land & Construction in Progress	2,961,698	2,249,596
Other Capital Assets (net of accumulated depreciation)	8,573,261	8,771,303
Total Non-Current Assets	11,534,959	11,020,899
<b>TOTAL ASSETS</b>	14,690,299	13,677,697
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
CERS - Pension	168,267	99,534
CERS - Pension Contributions	106,914	104,942
CERS - OPEB	172,076	229,446
CERS - OPEB Contributions	30,404	39,289
Discount on Debt Refunding	31,912	35,407
TOTAL DEFERRED OUTFLOWS OF RESOURCES	509,573	508,618
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable - Trade	162,780	183,047
Accrued & Withheld Taxes	34,868	28,800
Accrued Payroll & Employee Benefits	-	-
Customer Deposits	96,232	92,232
Deferred Revenue	-	-
Liabilities Payable from Restricted Assets:		
Interest Payable	4,758	4,939
Current Portion - Notes Payable & Revenue Bonds	288,440	190,000
Total Current Liabilities	587,078	499,018
<b>NON-CURRENT LIABILITIES</b>		
Long-Term Liabilities (Excluding Current Portion):		
Net Pension Liability	1,226,980	1,357,277
Net OPEB Liability	334,905	407,452
Non-Current Portion - Notes Payable	2,137,832	1,698,859
Non-Current Portion - Revenue Bonds	1,624,000	1,819,000
Total Non-Current Liabilities	5,323,717	5,282,588
<b>TOTAL LIABILITIES</b>	5,910,795	5,781,606
<b>DEFERRED INFLOWS OF RESOURCES</b>		
CERS - OPEB	244,703	215,856
CERS - Pension	352,217	262,124
Premium on Debt Refunding	154,869	160,605
TOTAL DEFERRED INFLOWS OF RESOURCES	751,789	638,585
<b>NET POSITION</b>		
Invested in Capital Assets, Net of Related Debt	9,715,958	9,011,899
Restricted	1,561,109	1,360,915
Unrestricted	(2,739,779)	(2,606,690)
<b>TOTAL NET POSITION</b>	\$ 8,537,288	\$ 7,766,124

See accompanying notes to the financial statements.

GREEN-TAYLOR WATER DISTRICT  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION  
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>OPERATING REVENUES</b>		
Charges for Services	\$ 2,753,315	\$ 2,657,498
Service Charges and Other	166,565	140,192
Total Operating Revenues	<u>2,919,880</u>	<u>2,797,690</u>
<b>OPERATING EXPENSES</b>		
Contractual Services	40,816	65,729
Supplies & Materials	172,679	171,622
Depreciation & Amortization	342,389	362,609
Personal Service	728,286	977,923
Operational	1,145,234	1,126,896
Total Operating Expenses	<u>2,429,404</u>	<u>2,704,779</u>
<b>OPERATING INCOME (LOSS)</b>	<u>490,476</u>	<u>92,911</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest Income	30,244	25,659
Interest Expenses and Fiscal Charges	(122,869)	(127,942)
Bond Issuance Costs	-	2,240
Gain on Disposal of Asset	50,917	18,714
Other income	22,371	21,583
Total Non-operating Revenues (Expenses)	<u>(19,337)</u>	<u>(59,746)</u>
<b>INCOME (LOSS) BEFORE GRANTS &amp; CAPITAL CONTRIBUTIONS</b>	471,139	33,165
Grants	258,600	5,290
Capital Contributions	41,425	70,825
<b>CHANGE IN NET POSITION</b>	771,164	109,280
<b>NET POSITION</b>		
Beginning of Year	7,766,124	7,656,844
End of Year	<u>\$ 8,537,288</u>	<u>\$ 7,766,124</u>

See accompanying notes to the financial statements.

GREEN-TAYLOR WATER DISTRICT  
STATEMENTS OF CASH FLOWS  
Years Ended December 31, 2022 and 2021

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received From Customers	\$ 2,898,269	\$ 2,784,644
Cash Payments to Employees for Services	(816,307)	(912,025)
Cash Payments to Suppliers for Goods & Services	(1,330,041)	(1,344,944)
Net Customer Deposits Received and Returned	4,000	(4,400)
Net Cash Provided (Used) By Operating Activities	755,921	523,275
<b>CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES</b>		
Principal Paid on Debt	(226,238)	(175,000)
Proceeds from Debt	568,650	-
Interest Paid on Debt	(119,555)	(121,368)
Acquisition of Capital Assets and Construction in Progress	(876,634)	(34,568)
Proceeds from Disposal of Capital Assets	71,103	40,000
Contributed Capital	41,425	70,825
Capital Grants	258,600	5,290
Net Cash Provided (Used) By Financing Activities	(282,649)	(214,821)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Other Income	22,371	21,583
Interest	30,244	25,659
Net Cash Provided (Used) From Investing Activities	52,615	47,242
Net Increase (Decrease) In Cash and Cash Equivalents	525,887	355,696
Cash and Cash Equivalents - Beginning of Year	2,029,180	1,673,484
Cash and Cash Equivalents - End of Year	\$ 2,555,067	\$ 2,029,180
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>		
Cash and Cash Equivalents	\$ 993,958	\$ 668,265
Restricted Cash and Cash Equivalents	1,561,109	1,360,915
TOTAL CASH AND CASH EQUIVALENTS	\$ 2,555,067	\$ 2,029,180

See accompanying notes to the financial statements.

GREEN-TAYLOR WATER DISTRICT  
STATEMENTS OF CASH FLOWS (CONTINUED)  
Years Ended December 31, 2022 and 2021

	2022	2021
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED FOR OPERATING ACTIVITIES		
Operating Income/(Loss)	\$ 490,476	\$ 92,911
ADJUSTMENT TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) FOR OPERATING ACTIVITIES		
Depreciation and Amortization	342,389	362,609
Change in Assets & Liabilities		
(Increase) Decrease in Accounts Receivable	(21,611)	(1,775)
(Increase) Decrease in Inventory	46,510	(58,419)
(Increase) Decrease in Prepaid Expenses	2,446	6,046
(Increase) Decrease in Deferred Outflows	(4,450)	172,467
Increase (Decrease) in Accounts Payable	(20,267)	71,676
Increase (Decrease) in Accrued and Withheld Taxes	6,068	2,703
Increase (Decrease) in Accrued Payroll	-	(27,883)
Increase (Decrease) in Customer Deposits	4,000	(4,400)
Increase (Decrease) in Deferred Revenue	-	(11,272)
Increase (Decrease) in Net Pension Liability	(130,297)	(300,729)
Increase (Decrease) in Net OPEB Liability	(72,547)	(114,388)
Increase (Decrease) in Deferred Inflows	113,204	333,729
Total Reconciling Adjustments	265,445	430,364
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 755,921	\$ 523,275

See accompanying notes to the financial statements.

GREEN-TAYLOR WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2022 and 2021

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 requirements 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, 2022 and 2021, the allowance for doubtful accounts was \$267,629 and \$255,472 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, 2022 and 2021

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:

	2022	2021
Unrestricted:		
Cash	\$ 993,958	\$ 668,265
Total Unrestricted	993,958	668,265
Restricted:		
Cash	1,561,109	1,360,915
U. S. Treasury	-	-
	1,561,109	1,360,915
Certificates of Deposit and Savings	-	-
Total Restricted	1,561,109	1,360,915
Total Cash and Cash Equivalents	\$2,555,067	\$2,029,180

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, 2022 and 2021

NOTE 3: CASH AND CASH EQUIVALENTS - CONTINUED

	BANK AMOUNT	
	2022	2021
Insured (FDIC) or Collateral Held by Pledging Bank's Securities in District's name	\$ 3,837,857	\$ 3,517,960
Uninsured or Uncollateralized	-	-
Total (Memorandum Only)	\$ 3,837,857	\$ 3,517,960

The carrying amounts of the District's deposits at December 31, 2022 and 2021 were \$2,555,067 and \$2,029,180, respectively and the bank balances were \$2,380,451 and \$2,049,840 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, 2022 and 2021 was as follows:

	Balance 12/31/21	Additions	Deletions	Balance 12/31/22
Capital Assets Not Being Depreciated:				
Land and Land Rights	\$ 50,235	\$ -	\$ -	\$ 50,235
Construction in Progress	2,199,361	712,102	-	2,911,463
Total Capital Assets Not Being Depreciated	2,249,596	712,102	-	2,961,698
Capital Assets Being Depreciated:				
Buildings	179,495	-	-	179,495
Utility Plant	15,532,180	-	-	15,532,180
Service Equipment	491,535	162,732	87,654	566,613
Office Furniture and Equipment	61,337	1,800	-	63,137
Total Capital Assets Being Depreciated	\$ 16,264,547	\$ 164,532	\$ 87,654	\$ 16,341,425
Accumulated Depreciation				
Buildings	\$ 116,915	\$ 5,391	\$ -	\$ 122,306
Utility Plant	7,166,887	330,451	-	7,497,338
Service Equipment	151,068	3,855	67,469	87,454
Office Furniture and Equipment	58,374	2,692	-	61,066
Total Accumulated Depreciation	7,493,244	342,389	67,469	7,768,164
Total Capital Assets Being Depreciated, Net	8,771,303	(177,857)	20,185	8,573,261
Total Capital Assets, Net	\$ 11,020,899	\$ 534,245	\$ 20,185	\$ 11,534,959

The District's depreciation expense for the year ended December 31, 2022 was \$342,389.

GREEN-TAYLOR WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2022 and 2021

NOTE 4: CAPITAL ASSETS - CONTINUED

	Balance 12/31/20	Additions	Deletions	Balance 12/31/21
Capital Assets Not Being Depreciated:				
Land and Land Rights	\$ 50,235	\$ -	\$ -	\$ 50,235
Construction in Progress	2,170,331	29,030	-	2,199,361
Total Capital Assets Not Being Depreciated	2,220,566	29,030	-	2,249,596
Capital Assets Being Depreciated:				
Buildings	179,495	-	-	179,495
Utility Plant	15,532,180	-	-	15,532,180
Service Equipment	541,450	5,538	55,453	491,535
Office Furniture and Equipment	61,337	-	-	61,337
Total Capital Assets Being Depreciated	<u>\$ 16,314,462</u>	<u>\$ 5,538</u>	<u>\$ 55,453</u>	<u>\$ 16,264,547</u>
Accumulated Depreciation				
Buildings	\$ 111,295	\$ 5,620	\$ -	\$ 116,915
Utility Plant	6,821,647	345,240	-	7,166,887
Service Equipment	176,314	8,920	34,166	151,068
Office Furniture and Equipment	55,545	2,829	-	58,374
Total Accumulated Depreciation	<u>7,164,801</u>	<u>362,609</u>	<u>34,166</u>	<u>7,493,244</u>
Total Capital Assets Being Depreciated, Net	<u>9,149,661</u>	<u>(357,071)</u>	<u>21,287</u>	<u>8,771,303</u>
Total Capital Assets, Net	<u>\$ 11,370,227</u>	<u>\$ (328,041)</u>	<u>\$ 21,287</u>	<u>\$ 11,020,899</u>

NOTE 5: LONG-TERM OBLIGATIONS

Revenue Bonds with principal payments are detailed as follows:

	2022	2021
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.	\$ 1,819,000	\$ 2,009,000
Kentucky Infrastructure Authority Loan, F18-005, original amount \$1,726,606, maturing June 1, 2042, with interest payments due semi-annually June and December, at a rate of 1.75%	1,690,368	1,698,859
Kentucky Infrastructure Authority Loan, F19-018, original amount \$564,600, maturing June 1, 2042, with interest payments due semi-annually June and December, at a rate of 2.00%	540,904	-
Total Debt	4,050,272	3,707,859
Payments Due in Less Than One Year	288,440	190,000
Total Long-Term Obligations	<u>\$ 3,761,832</u>	<u>\$ 3,517,859</u>



GREEN-TAYLOR WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2022 and 2021

NOTE 5: LONG-TERM OBLIGATIONS – CONTINUED

The annual requirements to amortize all bonded debt outstanding as of December 31, 2022 are as follows:

	Principal	Interest	Total
2023	\$ 288,440	\$ 115,819	\$ 404,259
2024	305,145	103,989	409,134
2025	321,881	91,378	413,259
2026	338,649	77,985	416,634
2027	300,449	65,185	365,634
2028-2032	880,426	236,020	1,116,446
2033-2037	840,645	120,626	961,271
2038-2042	750,637	42,626	793,263
2043-2047	24,000	315	24,315
	<u>\$ 4,050,272</u>	<u>\$ 853,943</u>	<u>\$4,904,215</u>

Long-Term liability activity for the year ended December 31, 2022, was as follows:

	12/31/2021			12/31/2022	Due in
	Balance	Additions	Reductions	Balance	One Year
Revenue Bonds	\$ 2,009,000	\$ -	\$ 190,000	\$ 1,819,000	\$ 195,000
Net Pension Liability	1,357,277	-	130,297	1,226,980	-
Net OPEB Liability	407,452	-	72,547	334,905	-
Notes Payable	1,698,859	568,650	36,237	2,231,272	93,440
	<u>\$ 5,472,588</u>	<u>\$ 568,650</u>	<u>\$ 429,081</u>	<u>\$ 5,612,157</u>	<u>\$ 288,440</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, 2022 and 2021

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:

	<u>Required contribution</u>
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, 2022, 2021, and 2020 was \$80,186, \$79,141, and \$79,647 from the District and \$26,728, \$25,801, and \$37,220 from employees. The total covered payroll for CERS during the years ended December 31, 2022, 2021, and 2020 was \$486,516, \$524,936, and \$544,405.

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

At December 31, 2022, the District reported a liability of \$1,226,980 for its proportionate share of the net pension liability for CERS. The net pension liability for each plan was measured as of June 30, 2022, 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, 2022, the District’s proportion was 0.016973 percent.

GREEN-TAYLOR WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2022 and 2021

NOTE 7: PENSION PLAN - CONTINUED

For the year ended December 31, 2022, the District recognized pension expense of \$173,345. At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,312	\$ 10,927
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	166,955	135,500
Changes in proportion and differences between District contributions and proportionate share of contributions	-	205,790
District contributions subsequent to the measurement date	106,914	-
<b>Total</b>	<b>\$ 275,181</b>	<b>\$ 352,217</b>

\$106,914 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, 2023. 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:	
2023	(113,638)
2024	(94,856)
2025	(10,311)
2026	34,856
2027	-
Thereafter	-

*Actuarial assumptions*—the total pension liability in the December 31, 2022 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, 2022 and 2021

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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	1,533,573	1,226,980	973,403

*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, 2022 and 2021

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, 2022, the District reported a liability of \$447,715 for its proportionate share of the net OPEB liability for CERS. The net OPEB liability for the plan was measured as of June 30, 2022, 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, 2022, the District’s proportion was 0.016970 percent.

For the year ended December 31, 2022, the Company recognized OPEB expense of \$30,590. At December 31, 2022, the Company reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 33,711	\$ 76,802
Changes of assumptions	52,968	43,645
Net difference between projected and actual earnings on pension plan investments	62,363	48,770
Changes in proportion and differences between Company contributions and proportionate share of contributions	23,034	75,486
Company contributions subsequent to the measurement date	30,404	-
Total	\$ 202,480	\$ 244,703

GREEN-TAYLOR WATER DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 Years Ended December 31, 2022 and 2021

NOTE 8: POST EMPLOYMENT BENEFIT PLAN - CONTINUED

Of the total amount reported as deferred outflows of resources related to OPEB, \$30,404 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, 2023. 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:	
2023	(7,344)
2024	(14,103)
2025	(38,032)
2026	(13,148)
2027	-
Thereafter	-

*Actuarial assumptions* – The total OPEB liability in the June 30, 2022 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, 2022 and 2021

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 5.20% 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, 2021. 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:

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
CERS	4.70%	5.70%	6.70%
District's proportionate share of net OPEB liability	447,715	334,905	241,649

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:

	<b>1% Decrease</b>	<b>Current Trend Rate</b>	<b>1% Increase</b>
CERS	4.70%	5.70%	6.70%
District's proportionate share of net OPEB liability	248,995	334,905	438,068

NOTE 9: SUBSEQUENT EVENT

The District's management has evaluated subsequent events through May 31, 2023, 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, 2022

	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 2,752,420	\$ 2,753,315	\$ 895
Service Charges and Other	148,720	166,565	17,845
Total Operating Revenues	<u>2,901,140</u>	<u>2,919,880</u>	<u>18,740</u>
<b>OPERATING EXPENSES</b>			
Contractual Services	40,466	40,816	(350)
Supplies & Materials	162,942	172,679	(9,737)
Depreciation & Amortization	342,524	342,389	135
Personal Service	779,039	728,286	50,753
Operational	1,143,563	1,145,234	(1,671)
Total Operating Expenses	<u>2,468,534</u>	<u>2,429,404</u>	<u>39,130</u>
OPERATING INCOME (LOSS)	<u>432,606</u>	<u>490,476</u>	<u>57,870</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest Income	27,995	30,244	2,249
Interest Expenses and Fiscal Charges	(117,421)	(122,869)	(5,448)
Miscellaneous Non-Utility Expense	-	-	-
Other Income	27,995	73,288	45,293
Total Non-operating Revenues (Expenses)	<u>(61,431)</u>	<u>(19,337)</u>	<u>42,094</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	<u>371,175</u>	<u>471,139</u>	<u>99,964</u>
Grants	130,000	258,600	128,600
Capital Contributions	41,975	41,425	(550)
CHANGE IN NET POSITION	<u>413,150</u>	<u>771,164</u>	<u>358,014</u>
<b>NET POSITION</b>			
Beginning of Year	<u>-</u>	<u>7,766,124</u>	<u>7,766,124</u>
End of Year	<u>\$ -</u>	<u>\$ 8,537,288</u>	<u>\$ 8,124,138</u>

GREEN-TAYLOR WATER DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE CERS NET PENSION LIABILITY  
December 31, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.016973%	0.021288%	0.021617%	0.021808%	0.019834%	0.016529%	0.018440%	0.017980%
District's proportionate share of the net pension liability (asset)	1,226,980	1,357,277	1,658,006	1,533,766	1,207,951	967,493	908,107	788,456
District's covered-employee payroll	486,516	524,936	544,405	564,084	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	252.20%	258.56%	304.55%	271.90%	230.72%	222.77%	214.79%	182.90%
Plan fiduciary net position as a percentage of the total pension liability	52.42%	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%

GREEN-TAYLOR WATER DISTRICT  
SCHEDULE OF CONTRIBUTIONS TO CERS  
December 31, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 106,914	\$ 104,942	\$ 106,867	\$ 89,223	\$ 71,182	\$ 56,141	\$ 55,093	\$ 54,410
Contributions in relation to the contractually required contribution	<u>(106,914)</u>	<u>(104,942)</u>	<u>(106,867)</u>	<u>(89,223)</u>	<u>(71,182)</u>	<u>(56,141)</u>	<u>(55,093)</u>	<u>(54,410)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 486,516	\$ 524,936	\$ 544,405	\$ 564,084	\$ 523,566	\$ 434,294	\$ 422,789	\$ 431,084
Contributions as a percentage of covered-employee payroll	21.98%	19.99%	19.63%	15.82%	13.60%	12.93%	13.03%	12.62%

GREEN-TAYLOR WATER DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - CERS  
For the Year Ended December 31, 2022

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, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability (asset)	0.016970%	0.021283%	0.021611%	0.021802%	0.019833%	0.016529%
District's proportionate share of the net OPEB liability (asset)	\$ 344,905	\$ 407,452	\$ 521,840	\$ 366,700	\$ 352,131	\$ 332,289
District's covered-employee payroll	\$ 486,516	\$ 524,936	\$ 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	70.89%	77.62%	95.86%	65.01%	67.26%	76.51%
Plan fiduciary net position as a percentage of the total OPEB liability	60.95%	62.91%	51.67%	60.44%	57.62%	52.40%

GREEN-TAYLOR WATER DISTRICT  
SCHEDULE OF CONTRIBUTIONS TO CERS - OPEB  
December 31, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 30,404	\$ 37,929	\$ 37,217	\$ 35,311	\$ 23,105	\$ 19,036
Contributions in relation to the contractually required contribution	<u>(30,404)</u>	<u>(37,929)</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 486,516	\$ 524,936	\$ 544,405	\$ 564,084	\$ 523,566	\$ 434,294
Contributions as a percentage of covered-employee payroll	6.25%	7.23%	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, 2022

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, 2021.

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, 2022 and 2021, 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, 2023.

**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

May 31, 2023