

GALLATIN COUNTY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018 and 2017

NOTE 17 – WATER SUPPLY AGREEMENT – ECONOMIC DEPENDENCY

The District has entered into a water-supply agreement with Kentucky Speedway, LLC. Under the terms of the agreement, Kentucky Speedway, LLC is assessed an annual minimum charge of \$35,000 for annual usage equal to that charge under the District's approved rates. The Speedway is billed monthly the minimum installment plus sales tax and school tax. When accumulated usage exceeds the annual maximum, the Speedway is charged the current rates in effect for that usage. 3.1% and 3.2% of total water revenue was received from Kentucky Speedway, LLC for the years ended December 31, 2018 and 2017, respectively. Additionally, the District received 6.7% and 5.7% from the commercial enterprise, Mississippi Lime, Inc. for the years ended December 31, 2018 and 2017, respectively.

NOTE 18 – COMMITMENTS AND CONTINGENCIES

In March, 2017, the District entered into a contract to acquire Beacon AMA cellular read meters at a cost of \$447,274. The District financed the project through its own cash reserves. The cellular read meters have been installed in two phases over a two year period. During 2017, the District installed \$213,391 of the cellular read meters. At December 31, 2017, the District had approximately \$100,300 in meters on hand and included in inventory. The project was completed in 2018.

During 2018, the District entered into a contract with Currin's Construction for painting the District's Ambrose, Eagle Tunnel and Mars Place tanks. The contract, after change orders was \$167,325. The project was substantially complete (98%) at year end. \$8,235 retainage payable has been recorded and included as a liability at December 31, 2018.

During the 2018 Kentucky Legislature Session, House bill 362 passed which caps CERS Employer Contribution rate increases up to 12% per year over the prior fiscal year for the period July 1, 2018 to June 30, 2028. The CERS Employer rates, beginning July 1, 2018 and 2019 have been set at 21.48% and 24.06% respectively.

NOTE 19 – RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In June 2015, the GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for fiscal years beginning after June 15, 2017. This statement requires the liability of employers to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. Under these statements, the District is required to report in its financial statement(s), the net other postemployment benefit liability associated with its employees' benefits as a liability. It is also required to report a deferred outflow of resources for its benefit, contributions made subsequent to the measurement date of the beginning net OPEB liability. These balances reflect the government's obligation to pay deferred benefits earned by its employees when the benefit [plan's] liability exceeds the value of the benefit plan's assets.

Retroactive application by restating financial statements for all periods presented is required. The effect of the reinstatement is as follows for the year ended December 31, 2017.

**GALLATIN COUNTY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018 and 2017**

NOTE 19 – RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS (Continued)

Statement of Net Position:

Total Net Position as Originally Presented December 31, 2017	\$	3,295,273
Less: Net OPEB Liability		(203,165)
Plus: Deferred Outflows - Change in Assumptions		44,207
Less: Deferred Inflows -		
* Difference Between Expected & Actual Experience		(564)
* Change in Proportion & Difference Between Employer Contributions & Proportionate Share of Contributions		(471)
* Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		(9,601)
Total Net Position as restated at December 31, 2017	\$	<u><u>3,125,679</u></u>

**The components of Net Position at December 31, 2017:
after restatement are as follows:**

Net Investment in Capital Assets	\$	1,977,993
Restricted for Debt Service		264,423
Unrestricted		883,263
	\$	<u><u>3,125,679</u></u>

Statement of Revenues, Expenses and Changes In Fund Net Position:

Change in Net Position as Originally Presented in the [Comparative] Statement for the Year Ended December 31, 2017	\$	29,682
Less: GASB 75 Adjustments for OPEB Liability		(23,152)
	\$	<u><u>6,530</u></u>