Glasgow Electric Plant Board

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

June 30, 2017 and 2016

CRI CARR RIGGS & INGRAM
CPAs and Advisors
CRIcpa.com

Table of Contents
June 30, 2017 and 2016

REPORT

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Independent Auditors' Report

Board of Directors
Glasgow Electric Plant Board
Glasgow, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the Glasgow Electric Plant Board (the "Utility"), a component unit of the City of Glasgow, Kentucky, as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Utility'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 misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from 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 auditors' 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Glasgow Electric Plant Board as of June 30, 2017 and 2016, and the changes in financial position, and its 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 and select pension information on pages 4 through 10 and 41 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 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The schedules of statistical information – electric division have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2017, on our consideration of the Utility'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 Glasgow Electric Plant Board's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C

CARR, RIGGS & INGRAM, LLC
Bowling Green, Kentucky
October 17, 2017

FINANCIAL STATEMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Glasgow Electric Plant Board, we offer readers of the Utility's financial statements this narrative overview and analysis of the financial activities of the Utility for the fiscal years ended June 30, 2017 and 2016. All amounts, unless otherwise indicated, are expressed in dollar amounts.

Financial Highlights

Management believes the Utility's financial condition is strong. The Utility is well within the stringent financial policies and guidelines set by the Board and management. The graphs on the following pages highlight key financial data.

Revenues/Expenses: Revenues for FY 2017 show a decrease. This is due to grant monies received from a TVA/EPA project being included in revenue in the previous year. The same is applicable for expenses.

Significant Expenses:

- Purchased power for Electric increased slightly from last fiscal year. This correlates to the increase in sales revenues.
- Programming expense increased over the previous fiscal year, reflecting price increases from our cable programming vendors.
- LAN bandwidth expense increased slightly from the previous year due to the additional cost of service.

Net Profits: Net income remained comparable to the previous year, increasing by only 2.1% (approximately $23,000). The increase in revenues was offset by the corresponding increase in operating expenses, resulting in a year consistent with the previous.

Plant in Service – Cost: Increased over previous year due to various additions to plant.

Cash Balances: Increased from 2017 due to the issuance of bonds during the current year.

Customer Deposits: Remained comparative to previous years as no changes have been made to deposit requirements.

Bonds and Notes Payable: Increased from the previous year due to new debt issued during the current year.

Debt Service Coverage (Times): Increased from the previous year and meets bond requirements as well as TVA recommendation.

Capital Asset and Long-term Debt Activity: We have met all deposit requirements to our bond reserve accounts and payments of principal and interest on bonds have been met.

OVERVIEW OF THE FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the financial statements and supplementary information. The MD&A represents management's examination and analysis of the System's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the System's strategic plan, budget, bond resolutions and other management tools were used for this analysis. The Financial Statements and Supplementary Information are made up of four sections: 1) the introductory sections, 2) the financial section, 3) the other supplementary information section and 4) the internal control and compliance section. The introductory section includes the System's directory. The financial section includes the MD&A, the independent auditor's report, the financial statements with accompanying notes, and the supplementary information. The other supplementary information section includes selected financial and operational information. The internal control and compliance section includes the report on internal control and compliance. These sections make up the financial report presented here.

REQUIRED FINANCIAL STATEMENTS

A Proprietary Fund is used to account for the operation of the System, which is financed and operated in a manner similar to private business enterprises where the intent is that the costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

The financial statements report information about the System, using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities.

The Statement of Net Assets presents the financial position of the System on a full accrual historical cost basis. The statement includes all of the System's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to the System's creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the System, and assessing the liquidity and financial flexibility of the System.

The Statement of Revenues, Expenses and Changes in Net Assets presents the results of the business activities over the course of the fiscal year and information as to how the net assets change during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement measures the success of the System's operations and can be used to determine whether the System has successfully recovered all of its costs. This statement also measures the System's profitability and credit worthiness.

The Statement of Cash Flows presents changes in cash and cash equivalents, resulting from operations, financing and investing activities. This statement presents cash receipts and cash disbursements information, without consideration of the earnings event, when an obligation arises.

The Notes to Financial Statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the System's accounting policies, significant account balances and activities, material risk, obligations, commitments, contingencies and subsequent events, if any.

FINANCIAL ANALYSIS

The Statement of Net Position and the Statement of Activities report information about the Utility's activities that help measure the financial health or financial position of the Utility. Over time, an increase in the Utility's net position is an indicator of whether its financial health is improving or deteriorating. Other non-financial factors, such as changes in economic conditions, customer growth and legislative mandates should also be considered when analyzing this information. It is important to note the Utility implemented GASB68 and GASB71 during FY 2015. Prior year's information is restated for this adoption.

The analysis below focuses on the Utility's net position (Table 1) and activities (Table 2) during the current and two previous fiscal years.

Table 1

CONDENSED STATEMENT OF NET POSITION

	June 30, 2017	June 30, 2016	June 30, 2015
Current and other assets	$ 16,425,525	$ 14,628,323	$ 14,768,736
Capital assets	31,996,908	32,154,517	31,998,564
Total assets	48,422,433	46,782,840	46,767,300
Deferred outflows of resources	1,794,655	1,192,829	615,784
Total deferred outflows of resources	1,794,655	1,192,829	615,784
Non-current liabilities	26,615,292	25,285,984	25,534,842
Other liabilities	8,888,150	9,066,357	8,833,993
Total liabilities	35,503,442	34,352,341	34,368,835
Deferred inflows of resources	32,720	54,389	534,000
Total deferred inflows of resources	32,720	54,389	534,000
Invested in capital assets	15,105,466	14,548,283	14,115,898
Unrestricted	(424,540)	(979,344)	(1,635,649)
Total net position	$ 14,680,926	$ 13,568,939	$ 12,480,249

The increase in deferred outflows, decrease in deferred inflows and increase in total net position are due to the recording requirement of pension-related activities as stated by GASB68 and GASB71.

Table 2

CONDENSED STATEMENT OF ACTIVITIES

	June 30, 2017	June 30, 2016	June 30, 2015
Revenues:			
Electric	$ 29,906,792	$ 35,130,210	$ 29,106,967
Cable TV	5,416,172	5,157,515	4,800,040
LAN	2,813,259	2,630,925	2,365,071
JMYTC	56,100	56,100	56,100
Total revenues	38,192,323	42,974,750	36,328,178
Expenses:			
Electric	$ 29,350,250	$ 34,418,038	$ 27,721,777
Cable TV	6,443,762	6,239,815	5,268,438
LAN	1,286,324	1,228,207	1,302,223
JMYTC	-	-	-
Total expenses	37,080,336	41,886,060	34,292,438
Extraordinary loss	-	-	-
Change in net position	1,111,987	1,088,690	2,035,740
Effect of adoption of GASB 68	-	-	(4,938,000)
Prior period adjustment	-	-	(635,791)
Total net position - beginning	13,568,939	12,480,249	16,018,300
Total net position - ending	$ 14,680,926	$ 13,568,939	$ 12,480,249

The prior period adjustments in 2015 include the CERS liability as required by GASB68 and GASB71. Revenues and expenses are up due to the recording of grant funds expensed/collected. See "Additional Financial Analysis" section for more information on the grant.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2017, the System had $32 million (net of accumulated depreciation) invested in a broad range of Utility capital assets. This investment includes land, land rights, distribution and transmission systems and their related equipment, and various types of equipment, including Cable TV, and broadband fiber optic plant. Based on the uses of the aforementioned assets, they are classified for financial purposes as transmission plant, distribution plant, general plant, electric plant held for future use, construction in progress, and other property

– Telecom. This investment represents an overall decrease (net of increases and decreases) of 0.1% from last year. Only small capital projects have been completed in the current year.

The following tables summarize the System's capital assets, net of accumulated depreciation, and changes therein, for the years ended June 30, 2017, 2016 and 2015. These changes are presented in detail in Note 5 to the financial statements.

Table 3

UTILITY PLANT IN SERVICE, NET OF ACCUMULATED DEPRECIATION

	June 30, 2017	June 30, 2016	June 30, 2015
Transmission plant	$ 1,695,440	$ 1,293,852	$ 1,365,531
Distribution plant	18,751,298	18,359,736	18,436,677
General plant	6,462,834	6,741,134	7,129,305
Electric plant held for future use	10,000	10,000	10,000
Construction in progress	295,339	627,615	243,749
Other property - Telecom	4,781,997	5,122,180	4,813,302
Total capital assets (net)	$ 31,996,908	$ 32,154,517	$ 31,998,564

The major portion of the additions took place in Distribution Plant and Transmission Plant. Work performed during the year was consistent with the previous year.

The Utility plans on using existing financial resources, increased funds from planned rate increases and proceeds from future bond issues to continue upgrading and expanding existing and adding new systems where it sees fit.

Debt Administration

Principal payments are due in the upcoming fiscal year in the amount of $2,266,450 with interest payments totaling approximately $652,344 also due. Details relating to the outstanding debt can be found in Note 6. The System is well within its debt covenants and foresees no problems in the future relating to outstanding debt.

ADDITIONAL FINANCIAL ANALYSIS

The following includes details and graphs to help provide additional financial analysis of the Utility's financial position which were not included in the financial highlights discussed prior or warrant a more in-depth inquiry:

DEBT SERVICE COVERAGE

	2017	2016	2015
Operating revenues	$ 37,046,094	$ 35,924,745	$ 36,311,616
Operating expenses	34,752,419	33,673,207	33,039,244
Operating income	2,293,675	2,251,538	3,272,372
Depreciation expense	2,125,342	2,057,354	2,021,165
Net revenue before debt service	4,419,017	4,308,892	5,293,537
Estimated debt service	2,918,793	2,905,622	2,816,272
Coverage (times)	1.51	1.48	1.88

ECONOMIC FACTORS AND NEXT YEAR'S RATES

The Utility's wholesale energy provider changes the Total Monthly Fuel Cost (FCA) on a monthly basis. Effective July 1, 2017 the FCA was increased approximately 9% for all rate classes. TVA has announced in August 2017 their plans to increase their wholesale cost of power by approximately 3%, effective October 1, 2017. The Utility's board will implement new retail rates, as recommended by TVA, to collect the additional revenue necessary to offset this rate increase and those should become effective on October 1, 2017 as well.

The Utility's Board and management will need to analyze and adjust cable and internet rates annually to accomplish the mandate of operating on a not-for-profit basis. The transparent, cost-based rates are projected to generate additional revenue for these services in order to keep the combined cable and internet businesses at a break-even point, to maintain this status.

On April 1, 2012, the EPB moved to the TVA mandated Time-of-Use (TOU) wholesale rate environment. Detailed studies by the Utility, over several years, uncovered numerous wholesale/retail rate mismatches wherein low load factor customers were being served at a loss which was facilitated by excess revenues collected from higher load factor customers. In years past, Glasgow enjoyed the consistent growth of several industrial, high load factor customers, which allowed the Utility to make a lot of the money necessary to operate the local power grid. The electricity sold to these large companies also provided excess revenue that was used to reduce the electric bills to homes and small businesses, who previously were not paying enough to cover the actual cost to serve them. Unfortunately, in recent years, industrial sales have decreased and that has made it difficult to maintain the system reliability and low costs that customers expect. After analyzing all this data, a new retail rate structure, called the Variable Cost Retail Rate, was developed to make rates fairer for everyone by ceasing to use the over-collection of revenue from any class of customers as a way to lower rates for another class of customers. This rate was approved by TVA and put into effect for all retail customers on January 1, 2016. After complaints by Glasgow City Council, in September 2016 an optional conventional all-in kWh rate was developed and offered by the EPB after approval from TVA. The impact on a full year of revenues on both retail rates will be analyzed for the accomplishment of the rate design goals and needed changes to meet the goals will be recommended to the board.

The Utility continued to research "infotricity" through projects funded by TVA, EPRI and EPA during 2017. The Utility was awarded the TVA Smart Energy Technology Grant in 2015, which funded the Utility's further exploration of infotricity theory with $7.5 million for the outfitting of 330 homes with a variety of WiFi enabled thermostats, heat pump water heaters and advanced IP addressable home battery systems. These installations allow the Utility to study their performance and customer reaction to the new technologies. These projects continue to test, and in many cases, prove the theory that daily load shape can be shifted to provide a better match of energy demand and generation components by using broadband, IP-based metering, IP-connected appliances and loads, and software designed to shape load to match the cleanest and most efficient generation assets. This research has been beneficial to the implementation of the Infotricity (now called Variable Cost Retail Rate) Rate. The cost to the System will be minimal but will provide major insight into these areas. The projects will terminate early in fiscal year 2018.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the System's finances for all those with an interest in the System's finances and to demonstrate the System's accountability for the money it receives. Questions concerning any information provided in this report or requests for any additional information should be directed to the General Manager of Glasgow Electric Plant Board, P.O. Box 1809, Glasgow, KY 42142.

As of June 30,	**2017**	2016
Assets		
Current assets		
Cash and cash equivalents	**$ 6,540,188**	$ 5,143,427
Accounts receivable - less allowance for doubtful accounts of $68,407 and $46,721	**3,763,978**	4,226,000
Materials and supplies	**646,539**	657,459
Prepayments	**97,147**	248,041
Total current assets	**11,047,852**	10,274,927
Utility plant		
Utility plant in service	**53,007,851**	51,483,204
Other property - Telcom	**12,429,144**	12,277,816
Less accumulated depreciation	**(33,440,087)**	(31,606,503)
Total utility plant	**31,996,908**	32,154,517
Other assets		
Restricted cash and cash equivalents	**4,522,407**	3,493,601
Other investments	**227,139**	187,490
Goodwill - net of accumulated amortization of $1,019,367 and $956,314	**556,975**	620,028
Software - net	**71,152**	52,277
Total other assets	**5,377,673**	4,353,396
Total assets	**48,422,433**	46,782,840
Deferred Outflows of Resources		
Pension related	**1,644,896**	1,192,829
Deferred loss on debt refunding	**149,759**	-
Total deferred outflows of resources	**1,794,655**	1,192,829

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

As of June 30,		**2017**		2016
Liabilities				
Current liabilities				
Accounts payable	**$**	**4,419,496**	$	4,657,904
Current portion of long-term debt		**2,266,450**		2,133,561
Accrued vacation		**478,792**		472,557
Accrued taxes		**256,667**		240,184
Consumer deposits		**1,062,930**		1,043,724
Accrued interest		**65,578**		69,660
Other accrued liabilities		**185,899**		325,951
Unearned revenue		**152,338**		122,816
Total current liabilities		**8,888,150**		9,066,357
Non-current liabilities				
Unearned revenue		**214,803**		228,891
Bonds payable - net of current portion		**18,055,678**		17,643,814
Notes payable - net of current portion		**1,004,010**		1,160,460
Net pension liability		**7,340,801**		6,252,819
Total non-current liabilities		**26,615,292**		25,285,984
Total liabilities		**35,503,442**		34,352,341
Deferred Inflows of Resources				
Pension related		**32,720**		54,389
Total deferred inflows of resources		**32,720**		54,389
Net Position				
Net investment in capital assets		**15,105,466**		14,548,283
Unrestricted		**(424,540)**		(979,344)
Total net postion	**$**	**14,680,926**	$	13,568,939

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

For the years ended June 30,	**2017**	2016
Operating Revenues	**$ 37,046,094**	$ 35,924,745
Operating Expenses		
Cost of sales and service	**26,599,641**	25,839,214
Operations expense	**5,156,879**	5,013,411
Maintenance expense	**807,503**	705,428
Provision for depreciation	**2,125,342**	2,057,355
Amortization of goodwill	**63,054**	57,799
Total operating expenses	**34,752,419**	33,673,207
Total operating income	**2,293,675**	2,251,538
Nonoperating Revenue (Expenses)		
Interest and other income	**16,678**	14,605
Interest expense	**(738,765)**	(784,537)
Loss on disposition of property	**(5,670)**	(5,813)
Amortization of debt discount	**(71,514)**	(29,652)
TVA SET project revenues	**731,993**	6,613,217
TVA SET project expenses	**(731,993)**	(6,613,217)
Total nonoperating expenses	**(799,271)**	(805,397)
Income before transfers	**1,494,404**	1,446,141
Transfers		
Transfers out - tax equivalents	**(382,417)**	(357,451)
Change in net position	**1,111,987**	1,088,690
Net position – beginning of year	**13,568,939**	12,480,249
Net position – end of year	**$ 14,680,926**	**$ 13,568,939**

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

For the years ended June 30,	**2017**	2016
Cash flows from operating activities		
Cash received from customers and others	**$ 37,508,116**	$ 35,667,831
Cash paid to suppliers and employees	**(32,235,113)**	(31,142,780)
Net cash provided by operating activities	**5,273,003**	4,525,051
Cash flows from capital and related financing activities		
Proceeds from bonds and notes	**8,913,143**	448,847
Principal paid on bonds and notes	**(8,613,561)**	(2,035,913)
Interest paid on bonds and notes	**(722,386)**	(781,947)
Net construction and acquisition of plant	**(2,091,327)**	(2,344,659)
Net cash used in capital and related financing activities	**(2,514,131)**	(4,713,672)
Cash flows from non-capital financing activities		
Increase (decrease) in customer deposits	**19,206**	(48,472)
Amounts paid to others - tax equivalents	**(365,934)**	(361,785)
Net cash used in non-capital financing activities	**(346,728)**	(410,257)
Cash flows from investing activities		
Interest received	**13,423**	14,610
Net cash provided by investing activities	**13,423**	14,610
Increase (decrease) in cash and cash equivalents	**2,425,567**	(584,268)
Cash and cash equivalents – beginning of year	**8,637,028**	9,221,296
Cash and cash equivalents – end of year	**$ 11,062,595**	$ 8,637,028

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

For the years ended June 30,		**2017**		2016
Reconciliation of operating income to net cash provided by operating activities				
Operating income	**$**	**2,293,675**	$	2,251,538
Adjustments to reconcile change in net position to net operating activities:				
Provision for depreciation		**2,243,266**		2,182,895
Amortization		**63,054**		57,799
(Increase) decrease in accounts receivable		**462,022**		(256,914)
(Increase) decrease in materials and supplies		**10,920**		(62,346)
(Increase) decrease in prepayments and other current assets		**92,370**		(182,394)
(Increase) decrease in deferred inflows/outflows on pension, net		**(473,736)**		(1,056,656)
(Increase) decrease in deferred inflows on debt refunding		**(149,759)**		-
Increase (decrease) in accounts payable and accrued expenses		**(372,225)**		130,783
Increase (decrease) in pension liability		**1,087,982**		1,465,819
Increase (decrease) in unearned revenue		**15,434**		(5,473)
Net cash provided by operating activities	**$**	**5,273,003**	$	4,525,051

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Glasgow Electric Plant Board (the “Utility”), a nonprofit utility company was created by ordinance of the City of Glasgow, Kentucky enacted on January 6, 1958, and respectively, under the provision of Kentucky Revised Statute 96.550 to 96.900 and the governing board of the utility is appointed by the City of Glasgow City Council. The Utility is a distributor of electrical power under the authority of the Federal Energy Regulatory Commission (FERC) and the Tennessee Valley Authority (TVA). The Plant Board provides electric service, cable television, internet access, and other miscellaneous services within their service area, to residents of the City of Glasgow and portions of Barren County, Kentucky. These financial statements present only the Glasgow Electric Plant Board, a component unit of the City of Glasgow, Kentucky.

Measuring Focus, Basis of Accounting, and Financial Statement Presentation

The Utility's financial statements are presented on the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The accounting policies of the Utility conform to applicable generally accepted accounting principles as defined in the pronouncements of the Governmental Accounting Standards Board (GASB).

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenue and expenses generally result from providing services and delivering goods in connection with the enterprise fund's principal ongoing operations. The principal operating revenues of the Utility are charges for sales to customers for sales and service. Operating expenses for the enterprise funds include the cost of sales and service, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The books of account are kept in accordance with the provision of the power contract with Tennessee Valley Authority and meet the requirements of the FERC's chart of accounts.

The Utility, through the business of providing services to customers (nearly all of whom are local residents), grants credit to those customers, and which is basically unsecured. This results in the Utility incurring monthly losses associated with uncollectible accounts and is reflected in the Utility’s operating expenses.

When both restricted and unrestricted resources are available for use, it is the Utility's policy to use restricted resources first, and then unrestricted resources as needed.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Jointly Governed Organization

The Utility is one of the municipal utility members of the MuniNet Fiber Agency. This association was created to link the local municipal utilities in western Kentucky to each other for redundancy and for the economic access to Internet Access Providers (IAPs), available through group purchasing. The Utility's participation in MuniNet Fiber Agency is designed to produce lower cost access to internet bandwidth than that which it could procure by itself. The cost associated with the joint venture is maintained on the equity method and reflected in other investments in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, and other changes in net position during the reporting period. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period that are determined to be necessary. Actual results could differ from the estimates.

Cash Equivalents

The Utility's cash equivalents are considered to be liquid investments with original maturities of three months or less. For the purposes of the statements of cash flows, cash and cash equivalents consist of restricted and unrestricted cash and cash equivalents.

Accounts Receivable

Trade receivables result from unpaid billings for service to customers and from unpaid billings related to work performed or materials sold to certain entities. All trade receivables are shown net of an allowance for uncollectible accounts. The allowance for uncollectible customer accounts recorded by the Utility is based on past history of uncollectible accounts and management's analysis of current accounts.

Materials and Supplies

All materials and supplies inventories are valued at the lower of average cost or net realizable value, using the first-in/first-out (FIFO) method.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Restricted Assets

Certain proceeds of the bond issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. Additionally, certain funds are set aside for construction funded through long-term debt and for the creation of reserves for depreciation of plant and the retirement of related debt.

Utility Plant

Utility plant, which include property, plant, equipment, and construction in progress, are defined by the Utility as assets with an initial, individual cost of more than $500 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Original cost includes materials, labor, transportation, and such other indirect costs as engineering, supervision, and employee fringe benefits. Assets acquired through contributions from developers or other customers are capitalized at their fair market value at the date of donations.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. For the years ended June 30, 2017 and 2016, there was no capitalized interest.

As property units are retired in the ordinary course of business, the cost of the property plus removal cost less salvage, is charged to accumulated depreciation. Property, plant, and equipment of the Utility are depreciated using the straight-line method over the following useful lives:

General Plant	5-40 years
Transmission Plant	28-33 years
Distribution Plant	16-40 years
Other Property - Telcom	5-40 years

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

It is the Utility's policy to permit employees to accumulate earned but unused personal benefits. Personal leave earned by employees is accrued based on years of continuous service. The maximum personal leave that can be carried forward from year to year is the greater of 1,040 hours or the total converted amount under the new policy at January 1, 2012. All personal leave pay has been accrued and is reflected as a liability in the financial statements. When an employee ceases to be employed, all benefits shall cease to accrue at the end of the month during which active employment ends.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Deferred Outflows of Resources

The Utility reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its financial statement of net position. The deferred outflows of resources reported in this year’s financial statements include (1) a deferred amount arising from the refunding of bonds, (2) a deferred outflow of resources for contributions made to the Utility’s defined benefit pension plan between the measurement date of the net pension liabilities from the plan and the end of the Utility’s fiscal year, and (3) deferred outflows of resources related to the differences between the expected and actual demographics for the cost sharing defined benefit plan. The deferred refunding amount is being amortized over the remaining life of the refunding bonds as part of interest expense. Deferred outflows for pension contributions will be recognized in the subsequent fiscal year. The deferred amounts related to the actuarial assumptions for demographic factors in the cost sharing pension plan will be recognized over a closed period equal to the average of the expected remaining services lives of all employees participating in the plan.

Deferred Inflows of Resources

The Utility’s statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period(s). Deferred inflows of resources are reported in the Utility’s various statements of net position for actual pension plan investment earnings in excess of the expected amounts included in determining pension expense. This deferred inflow of resources is attributed to pension expense over a total of 5 years, including the current year. Deferred inflows of resources also include changes in the proportion and differences between employee contributions and the proportion share of contributions in the cost sharing plan.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Certified Employees Retirement System (CERS) and additions to/deductions from CERS fiduciary net position have been determined on the same basis as 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. The Utility's proportionate share of pension amounts were further allocated to each participating employer based on the salaries paid by each employer. Pension investments are reported at fair value. Note 8 provides further detail on the net pension liability.

Post-Employment Health Care Benefits

Retired Utility employees receive some health care benefits depending on their length of service. In accordance with Kentucky Revised Statutes, these benefits are provided and advanced-funded on an actuarially determined basis through the CERS plan.

Long-term Obligations

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

Net Position

The Utility classifies its net position into the following three categories:

Net investment in capital assets - This represents the Utility's total investment in capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

Restricted - The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

Unrestricted - The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Utility's policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

Subsequent Events

The Utility has evaluated any recognized or unrecognized subsequent events for consideration in the accompanying financial statements through October 17, 2017, which was the date the financial statements were made available.

Recent Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to address accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures.

For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement becomes effective for the fiscal year beginning July 1, 2017. The Utility is evaluating the requirements of this Statement.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The Utility is evaluating the requirements of this Statement.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (Continued)

fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The Utility is evaluating the requirements of this Statement.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The Utility is evaluating the requirements of this Statement.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The Utility is evaluating the requirements of this Statement.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The Utility is evaluating the requirements of this Statement.

NOTE 2: CASH AND CASH EQUIVALENTS

Deposits

All deposits are in various financial institutions and are carried at cost. At June 30, 2017 and 2016, the carrying amounts of the Utility's deposits were $11,062,595 and $8,637,028, respectively, and the bank balances were $11,065,165 and $8,576,121, respectively.

Custodial Credit Risk

The Utility's policies limit deposits and investments to those instruments allowed by applicable state laws. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 100% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance, by collateral held by the Utility's agent in the Utility's name, or by the Federal Reserve Banks acting as third party agents. State statutes also authorize the Utility to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit that are insured by the FDIC or similar entity or fully collateralized and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, the state pooled investment funds, and mutual funds. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2017 and 2016, the Utility had deposits of $19,032 and $0 in excess of the FDIC insured amount, respectively.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalent balances are comprised of account balances either restricted for debt service in accordance with various revenue bond ordinances or restricted for construction funded through long-term debt.

As of June 30,	**2017**	2016
Restricted for debt service:		
Sinking fund reserves	**$ 2,391,210**	$ 2,563,287
Capital improvement reserves	**237,470**	162,000
Restricted for construction, funded through long-term debt:		
Construction funds	**1,893,727**	768,314
Total restricted cash and cash equivalents	**$ 4,522,407**	$ 3,493,601

NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable as of the fiscal year ended June 30, 2017 and 2016 consisted of the following:

As of June 30,	**2017**	2016
Electric	**$ 3,422,057**	$ 3,388,510
Non-electric	**341,921**	837,490
Accounts receivable, net	**$ 3,763,978**	$ 4,226,000

NOTE 4: GOODWILL

During 2001, the Utility purchased the local existing cable system from Comcast Corporation for a purchase price of approximately $3,000,000. The purchase price was derived by multiplying the number of local Comcast customers by the calculated national value given to a cable customer at that point in time. As part of the purchase, the Utility acquired capital assets with a fair value of approximately $1,424,000. The remaining $1,576,000 paid to Comcast above the fair value of the capital assets was reflected as goodwill, representing the estimated customer value of future revenue streams. Based on the 2001 date of the purchase, the acquisition is reported under APB No. 16, which requires the amortization of goodwill over the estimated benefit time period not to exceed 40 years. The Utility's management estimated the benefit period from the goodwill to be 25 years based on the expectation of the customer base longevity; therefore, the goodwill is being amortized over the period of 25 years. As of June 30, 2017 and 2016, the remaining goodwill, net of accumulated amortization was $556,975 and $620,028, respectively. For the years ended June 30, 2017 and 2016, the Utility recognized amortization expense related to goodwill totaling $63,054 and $57,799, respectively.

NOTE 5: UTILITY PLANT

Utility plant activity as of June 30, 2017 was as follows:

Description	Balance June 30, 2016	Additions	Disposals	Balance June 30, 2017
Capital assets, not being depreciated				
Transmission plant	$ 38,708	$ -	$ -	$ 38,708
Distribution plant	43,743	-	-	43,743
General plant	21,830	-	-	21,830
Plant held for future use	10,000	-	-	10,000
Construction in progress	627,615	2,241,019	2,573,295	295,339
Total capital assets, not being depreciated	741,896	2,241,019	2,573,295	409,620
Capital assets, being depreciated				
Transmission plant	2,463,208	451,824	5,062	2,909,970
Distribution plant	32,165,204	1,293,403	172,342	33,286,265
General plant	16,145,349	279,119	12,282	16,412,186
Other property - Telcom	12,245,363	279,928	106,337	12,418,954
Total capital assets, being depreciated	63,019,124	2,304,274	296,023	65,027,375
Less accumulated depreciation				
Transmission plant	1,208,064	79,574	34,400	1,253,238
Distribution plant	13,849,211	977,350	247,851	14,578,710
General plant	9,426,045	559,687	14,550	9,971,182
Other property - Telcom	7,123,183	626,655	112,881	7,636,957
Total accumulated depreciation	31,606,503	2,243,266	409,682	33,440,087
Total capital assets, being depreciated, net	31,412,621	61,008	(113,659)	31,587,288
Total capital assets, net	$ 32,154,517	$ 2,302,027	$ 2,459,636	$ 31,996,908

Depreciation expense amounted to $1,498,859 in the electric department, $420,805 in the CATV division, and $205,678 in the LAN division totaling $2,125,342 for the fiscal year ended June 30, 2017. Depreciation expense for the CATV and LAN divisions are included in the profits for each individual division. Included in additions are depreciation expenses charged to transportation expense in the amount of $117,924 for the fiscal year ended June 30, 2017.

NOTE 5: UTILITY PLANT (CONTINUED)

Utility plant activity as of June 30, 2016 was as follows:

Description	Balance June 30, 2015	Additions	Disposals	Balance June 30, 2016
Capital assets, not being depreciated				
Transmission plant	$ 38,708	$ -	$ -	$ 38,708
Distribution plant	43,743	-	-	43,743
General plant	21,830	-	-	21,830
Plant held for future use	10,000	-	-	10,000
Construction in progress	243,749	1,851,614	1,467,748	627,615
Total capital assets, not being depreciated	358,030	1,851,614	1,467,748	741,896
Capital assets, being depreciated				
Transmission plant	2,515,096	5,000	56,888	2,463,208
Distribution plant	31,490,585	795,147	120,528	32,165,204
General plant	15,962,014	184,925	1,590	16,145,349
Other property - Telcom	11,435,047	953,158	142,842	12,245,363
Total capital assets, being depreciated	61,402,742	1,938,230	321,848	63,019,124
Less accumulated depreciation				
Transmission plant	1,188,274	76,678	56,888	1,208,064
Distribution plant	13,097,652	944,045	192,486	13,849,211
General plant	8,854,540	573,052	1,547	9,426,045
Other property - Telcom	6,621,742	589,120	87,679	7,123,183
Total accumulated depreciation	29,762,208	2,182,895	338,600	31,606,503
Total capital assets, being depreciated, net	31,640,534	(244,665)	(16,752)	31,412,621
Total capital assets, net	$ 31,998,564	$ 1,606,949	$ 1,450,996	$ 32,154,517

Depreciation expense amounted to $1,468,235 in the electric department, $409,076 in the CATV division, and $180,044 in the LAN division totaling $2,057,355 for the fiscal year ended June 30, 2016. Depreciation expense for the CATV and LAN divisions are included in the profits for each individual division. Included in additions are depreciation expenses charged to transportation expense in the amount of $125,540 for the fiscal year ended June 30, 2016.

NOTE 6: LONG-TERM DEBT

At June 30, 2017 and 2016, long-term debt consisted of the following:

As of June 30,	**2017**	2016
Revenue Bonds, Series 2006, due annually with varying interest rates commencing at 4.00% and increasing to 4.25% over the life of the bond issue, payable semiannually. Principal payments are due annually every June 1, and vary until payoff on June 1, 2026. Refunded by Revenue Bonds 2016B on August 30, 2016.	**$ -**	$ 3,490,000
Revenue Bonds, Series 2009, due annually with varying interest rates commencing at 2.00% and increasing to 4.50% over the life of the bond issue, payable semiannually. Principal payments are due annually every June 1, and vary until payoff on June 1, 2029.	**5,300,000**	6,135,000
Revenue Bonds, Series 2010, due annually with varying interest rates commencing at 1.00% and increasing to 6.00% over the life of the bond issue, payable semiannually. Principal payments are due annually every June 1, and vary until payoff on June 1, 2030. Refunded by Revenue Bonds 2016B on August 30, 2016.	**-**	2,940,000
Revenue Bonds, Series 2011, due annually with varying interest rates commencing at 1.50% and increasing to 3.20% over the life of the bond issue, payable semiannually. Principal payments are due annually every December 1, and vary until payoff on December 1, 2020.	**1,605,000**	1,980,000
Revenue Bonds, Series 2012, due annually with varying interest rates commencing at .70% and increasing to 4.125% over the life of the bond issue, payable semiannually. Principal payments are due annually every December 1, and vary until payoff on December 1, 2031.	**1,730,000**	1,820,000
Revenue Bonds, Series 2014A, due annually with varying interest rates commencing at 2% and increasing to 3.50% over the life of the bond issue, payable semiannually. Principal payments are due annually every June 1, and vary until payoff on June 1, 2034.	**2,745,000**	2,870,000

NOTE 6: LONG-TERM DEBT (CONTINUED)

As of June 30,	**2017**	2016
Revenue Bonds, Series 2014B, due annually with varying interest rates commencing at 2% and increasing to 2.75% over the life of the bond issue, payable semiannually. Principal payments are due annually every December 1, and vary until payoff on December 1, 2022.	**645,000**	745,000
Revenue Bonds, Series 2016A, due annually with varying interest rates commencing at 2% and increasing to 2.75% over the life of the bond issue, payable semiannually. Principal payments are due annually every June 1, and vary until payoff on June 1, 2036.	**2,555,000**	-
Refunding Revenue Bonds, Series 2016B, due annually with a 3% interest rate, payable semiannually. Principal payments are due annually every June 1, and vary until payoff on June 1, 2030.	**5,595,000**	-
Note payable, Kentucky Infrastructure Association, due annually with interest at 0.6% over the life of the loan, payable semiannually. Principal payments are due semiannually every December 1 and June 1, until payoff December 1, 2030.	**825,656**	884,200
Note payable, BB&T, to be paid in full with interest at 3.29% over a period of seven years. The full approval amount of this loan was $192,000. Principal payments are due on the 15th of each month until payoff on December 15, 2017.	**15,227**	44,939
Note payable, Edmonton State Bank, to be paid in full with interest at 2.49% over a period of seven years. The full approval amount of this loan was $419,648. Principal payments are due on the 29th of each month until payoff on March 29, 2021.	**319,577**	399,882
Total bonds and notes payable	**21,335,460**	21,309,021
Less unamortized premium (discount) on bonds - net	**(9,322)**	(371,186)
Less current portion of bonds and notes payable	**(2,266,450)**	(2,133,561)
Net bonds and notes payable	**$ 19,059,688**	$ 18,804,274

NOTE 6: LONG-TERM DEBT (CONTINUED)

The Utility complied with all significant debt covenants and restrictions as set forth in the bond agreements.

Amortization for the year ended June 30, 2017 was $71,514 which included $65,806 charged to the Electric Division and $5,708 charged to the CATV Division. Amortization for the year ended June 30, 2016 was $29,652, which included $23,944 charged to the Electric Division and $5,708 charged to the CATV Division.

The following is a summary of long-term debt transactions for the year ended June 30, 2017:

Description	June 30, 2016 Balance	Increases	Decreases	June 30, 2017 Balance	Due in Less Than 1 Year
Revenue bonds, Series 2006	$ 3,490,000	$ -	$ (3,490,000)	$ -	$ -
Revenue bonds, Series 2009	6,135,000	-	(835,000)	5,300,000	860,000
Revenue bonds, Series 2010	2,940,000	-	(2,940,000)	-	-
Revenue bonds, Series 2011	1,980,000	-	(375,000)	1,605,000	385,000
Revenue bonds, Series 2012	1,820,000	-	(90,000)	1,730,000	90,000
Revenue bonds, Series 2014A	2,870,000	-	(125,000)	2,745,000	130,000
Revenue bonds, Series 2014B	745,000	-	(100,000)	645,000	100,000
Revenue bonds, Series 2016A	-	2,650,000	(95,000)	2,555,000	110,000
Revenue bonds, Series 2016B	-	5,990,000	(395,000)	5,595,000	435,000
Note payable, KIA	884,200	-	(58,544)	825,656	58,896
Note payable, BB&T	44,939	-	(29,712)	15,227	15,227
Note payable, ESB	399,882	-	(80,305)	319,577	82,327
Subtotal	21,309,021	8,640,000	(8,613,561)	21,335,460	2,266,450
Less unamortized premium (discount) on bonds - net	(371,186)	273,143	88,721	(9,322)	-
Total bonds and notes payable	$ 20,937,835	$ 8,913,143	$ (8,524,840)	$ 21,326,138	$ 2,266,450

NOTE 6: LONG-TERM DEBT (CONTINUED)

The annual debt service requirements to maturity, including principal and interest, as of June 30 are as follows:

	Principal	Interest	Total
2018	$ 2,266,450	$ 652,344	$ 2,918,794
2019	2,293,650	591,524	2,885,174
2020	2,361,133	517,922	2,879,055
2021	1,771,286	454,807	2,226,093
2022	1,325,324	409,724	1,735,048
2023-2027	6,367,104	1,436,003	7,803,107
2028-2032	3,905,513	496,984	4,402,497
2033-2036	1,045,000	68,741	1,113,741
Total	$ 21,335,460	$ 4,628,049	$ 25,963,509

The following is a summary of long-term debt transactions for the year ended June 30, 2016:

Description	June 30, 2015 Balance	Increases	Decreases	June 30, 2016 Balance	Due in Less Than 1 Year
Revenue bonds, Series 2006	$ 3,765,000	$ -	$ (275,000)	3,490,000	$ 290,000
Revenue bonds, Series 2009	6,940,000	-	(805,000)	6,135,000	835,000
Revenue bonds, Series 2010	3,085,000	-	(145,000)	2,940,000	150,000
Revenue bonds, Series 2011	2,345,000	-	(365,000)	1,980,000	375,000
Revenue bonds, Series 2012	1,905,000	-	(85,000)	1,820,000	90,000
Revenue bonds, Series 2014A	2,995,000	-	(125,000)	2,870,000	125,000
Revenue bonds, Series 2014B	845,000	-	(100,000)	745,000	100,000
Note payable, KIA	942,395	-	(58,195)	884,200	58,544
Note payable, BB&T	73,692	-	(28,753)	44,939	29,712
Note payable, ESB	-	448,847	(48,965)	399,882	80,305
Subtotal	22,896,087	448,847	(2,035,913)	21,309,021	2,133,561
Less unamortized discount on bonds	(404,275)	-	33,089	(371,186)	-
Total bonds and notes payable	$ 22,491,812	$ 448,847	$ (2,002,824)	$ 20,937,835	$ 2,133,561

NOTE 7: OPERATING LEASE

The Utility had one ongoing equipment operating lease throughout the year. If the lease agreement is defaulted, the lessor has the option to require the Utility to do any combination of the following: (1) return the equipment and/or (2) immediately pay the present value of the unpaid balance of the lease plus the residual value of the equipment lease. Rental expenditures for the years ended June 30, 2017 and 2016 were $12,224, annually. The following is a schedule of the future minimum rentals under the lease:

For the year ended June 30,	Amount
2018	$ 12,224
2019	4,075
Total	$ 16,299

NOTE 8: PENSION PLAN

Pensions

Glasgow Electric Plant Board is required to participate in the County Employees' Retirement System (CERS), a component unit of the Commonwealth of Kentucky. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the CERS and additions to/deductions from CERS's fiduciary net position have been determined on the same basis as 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.

General Information About the CERS Pension Plan

Plan Description

All regular full-time members of each participating county, city, and school board, and any additional eligible local agencies electing to participate in the plan are covered by the CERS – a cost-sharing multiple-employer defined benefit pension plan administered by the Board of Trustees of the Kentucky Retirement System, under the provisions of KRS Section 61.645. CERS issues a publicly available financial report that can be found on the CERS website.

Benefits Provided

CERS provides retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Prior to July 1, 2009, Cost of Living Adjustments (COLAs) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar

NOTE 8: PENSION PLAN (CONTINUED)

Benefits Provided (Continued)

year, not to exceed 5% in any plan year. Effective July 1, 2009, and on July 1 of each year thereafter, the COLA is limited to 1.5% provided the recipient has been receiving a benefit for at least 12 months prior to the effective date of the COLA. If the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA, the increase shall be reduced on a pro-rata basis for each month the recipient has not been receiving benefits in the 12 months preceding the effective date of the COLA. The Kentucky General Assembly reserves the right to suspend or reduce the COLA if, in its judgment, the welfare of the Commonwealth so demands. No COLA has been granted since July 1, 2011.

Contributions

Plan members who began participating prior to September 1, 2008, were required to contribute 5% of their annual creditable compensation. The participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. For the fiscal years ended June 30, 2017 and 2016, participating employers contributed 18.68% and 17.06%, respectively, of each employee's creditable compensation. The actuarially determined rate set by the Board for the fiscal years ended June 30, 2017 and 2016, was 18.68% and 17.06%, respectively.

Plan members who began participating on, or after, September 1, 2008, were required to contribute a total of 6% of their annual creditable compensation. These members were classified in the Tier 2 structure of benefits. Five percent of the contribution was deposited to the member's account while the 1% was deposited to an account created for the payment of health insurance benefits. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1% contribution to the 401(h) account is non-refundable and is forfeited. For plan members who began participating prior to September 1, 2008, their contributions remain at 5% of their annual creditable compensation.

Plan members who began participating on, or after, January 1, 2014, were required to contribute to the Cash Balance Plan. These members were classified in the Tier 3 structure of benefits. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Non-hazardous members contribute 5% of their annual creditable compensation and 1% to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the

NOTE 8: PENSION PLAN (CONTINUED)

Contributions (Continued)

Board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. For non-hazardous members, their account is credited with a 4% employer pay credit. The employer pay credit represents a portion of the employer contribution.

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

At June 30, 2017, the Utility reported a liability of $7,340,801 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The Utility's proportion of the net pension liability was based on the Utility's share of 2016 contributions to the pension plan relative to the 2016 contributions of all participating employers, actuarially determined. At June 30, 2016, the Utility's proportion was 0.149094%.

For the year ended June 30, 2017, the Utility recognized pension expense of approximately $1,019,000. At June 30, 2017, the Utility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

As of June 30, 2017

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 32,048	$ -
Net difference between projected and actual investment earnings on pension plan investments	690,110	-
Change of assumptions	388,876	-
Changes in proportion and differences between employer contriutions and proportionate share of contribution	98,165	32,720
District contributions subsequent to the measurement date	435,697	-
Total	$ 1,644,896	$ 32,720

NOTE 8: PENSION PLAN (CONTINUED)

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

At June 30, 2016, the Utility reported a liability of $6,252,819 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The Utility's proportion of the net pension liability was based on the Utility's share of 2015 contributions to the pension plan relative to the 2015 contributions of all participating employers, actuarially determined. At June 30, 2015, the Utility's proportion was 0.14543%.

For the year ended June 30, 2016, the Utility recognized pension expense of approximately $682,000. At June 30, 2016, the Utility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

As of June 30, 2016

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 51,963	$ -
Net difference between projected and actual	56,051	-
Change of assumptions	630,528	-
Changes in proportion and differences between employer contriutions and proportionate share of contribution	-	54,389
District contributions subsequent to the measurement date	454,287	-
Total	$ 1,192,829	$ 54,389

NOTE 8: PENSION PLAN (CONTINUED)

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

For the years ended June 30, 2017 and 2016, $435,697 and $454,287, respectively, was reported as deferred outflows of resources related to pensions resulting from Utility contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ended June 30,	
2018	412,695
2019	276,103
2020	268,923
2021	153,317
Thereafter	-

Actuarial Assumptions

For the Year Ended June 30, 2017

The total pension liability was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2015
Actuarial Cost Method	Entry Age
Actuarial Assumptions:	
Investment rate of return	7.50% net of pension plan investment expense, including inflation
Projected salary increases	4.00%, average, including inflation
Inflation rate	3.25%
Discount rate	7.50%

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 in 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 Disabled 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.

NOTE 8: PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008 – June 30, 2013.

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for CERS. The most recent analysis, performed for the period covering fiscal years 2008 through 2013, is outlined in a report dated April 30, 2014. 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Combined Equity	44.0%	5.40%
Combined Fixed Income	19.0%	1.50%
Real Return (Diversified Inflation Strategies)	10.0%	3.50%
Real Estate	5.0%	4.50%
Absolute Return (Diversified Hedge Funds)	10.0%	4.25%
Private Equity	10.0%	8.50%
Cash Equivalent	2.0%	-0.25%
Total	100.0%	

NOTE 8: PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

For the Year Ended June 30, 2016

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2014
Actuarial Cost Method	Entry Age
Actuarial Assumptions:	
Investment rate of return	7.50% net of pension plan investment expense, including inflation
Projected salary increases	4.00%, average, including inflation
Inflation rate	3.25%
Discount rate	7.50%

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 in 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 Disabled 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.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 – June 30, 2013.

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for CERS. The most recent analysis, performed for the period covering fiscal years 2008 through 2013, is outlined in a report dated April 30, 2014. 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

NOTE 8: PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Combined Equity	44.0%	5.40%
Combined Fixed Income	19.0%	1.50%
Real Return (Diversified Inflation Strategies)	10.0%	3.50%
Real Estate	5.0%	4.50%
Absolute Return (Diversified Hedge Funds)	10.0%	4.25%
Private Equity	10.0%	8.50%
Cash Equivalent	2.0%	-0.25%
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for the years ended June 30, 2017 and 2016. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period.

NOTE 8: PENSION PLAN (CONTINUED)

Sensitivity of the Utility's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Utility's proportionate share of the net pension liability as of June 30, 2017, calculated using the discount rate of 7.50%, as well as what the Utility's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

As of June 30, 2017

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Utility's proportionate share of the net pension liability	$ 9,148,000	$ 7,341,000	$ 5,792,000

The following presents the Utility's proportionate share of the net pension liability as of June 30, 2016, calculated using the discount rate of 7.50%, as well as what the Utility's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

As of June 30, 2016

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Utility's proportionate share of the net pension liability	$ 7,982,000	$ 6,253,000	$ 4,771,000

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CERS financial report.

Kentucky Retirement Systems Insurance Fund

Plan Description

The Kentucky Retirement Systems Insurance Fund (Insurance Fund) was established to provide hospital medical insurance for members receiving benefits from CERS and other retirement plans administered by the Kentucky Retirement Systems (KRS). The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance.

NOTE 8: PENSION PLAN (CONTINUED)

Contributions

The amount of contribution paid by the Insurance Fund is based on years of service. For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

Years of Service	% Paid by Insurance Fund
20 or more	100%
15-19	75%
10-14	50%
4-9	25%
Less than 4	0%

As a result of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits are calculated differently for members who began participating on, or after, July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on, or after, July 1, 2003 earn $10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Hazardous employees who participation began on, or after, July 1, 2003 earn $15 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon death of a hazardous employee, the employee's spouse receives $10 per month for insurance benefits for each year of the deceased employee's earned hazardous service. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes. As of June 30, 2016, non-hazardous employees whose participation began on, or after, July 1, 2003 earn $12.99 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Hazardous employees whose participation began on, or after, July 1, 2003 earn $19.48 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This benefit is not protected under the inviolable contract provisions of Kentucky Revised Statute 16.652, 61.692, and 78.852. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of Commonwealth so demands.

On August 6, 2012, the KRS Board voted to cease self-funding of healthcare benefits for most KRS Medicare eligible retirees. The KRS Board elected to contract with Humana Insurance Company to provide healthcare benefits to KRS' retirees through a fully-insured Medicare Advantage Plan. The Humana Medicare Advantage Plan became effective January 1, 2013.

NOTE 9: COMMITMENTS

Power Contract

The Utility has a power contract with Tennessee Valley Authority (TVA) whereby the electric system purchases all its electric power from TVA and is subject to certain restrictions and conditions as provided for in the power contract.

Such restrictions include, but are not limited to, prohibitions against implementing discriminatory rates; furnishing, advancing, lending, pledging, or otherwise diverting Utility funds, revenues, or property to other operations of the Utility; and the purchase or payment of, or providing security for indebtedness on other obligations applicable to such other operations.

Projects Entered Into With Other Governmental Units

The Electric Plant Board and five other city and county entities share the cost of operation of the Barren Information Technology System (BITS), an office engaged in mapping Barren County. The pro rata share of the cost to the Electric Plant Board for the years ended June 30, 2017 and 2016 was $22,380, annually.

NOTE 10: RISK MANAGEMENT

The Utility is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the years ended June 30, 2017 and 2016, the Utility purchased commercial insurance for all of the above risks. Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in the amount of coverage provided.

Unemployment Insurance

Effective January 1, 1979, the Utility became liable for coverage of its employees under the Kentucky Unemployment Insurance Act. The Board has elected not to make quarterly contributions to the Kentucky Unemployment Fund, but to reimburse the Fund for actual charges against the Utility. The Utility has elected to set up a partial reserve to one year's contribution based on the current number of employees. This reserve is to be increased as the number of employees increases or as benefits are charged to the Utility.

NOTE 11: INTERCOMPANY TRANSACTIONS

In an agreement dated June 25, 2015 and approved by TVA, an intercompany loan was established in which the Cable Division owes a note payable to the Electric Division totaling $2,600,000. Annual principal payments of $173,333 began on December 1, 2015. The applicable interest rate is the highest interest rate then being earned on the invested Electric Division funds. The intercompany loan balance at June 30, 2017 and 2016 was $2,253,333 and $2,429,800, respectively.

Rent is paid to the Electric Division by two other Divisions of the plant board for office space and cable services. The amounts of rent paid to the Electric Division from the Cable and LAN Divisions for the year ended June 30, 2017 and 2016 are as follows:

For the year ended June 30,	**2017**	2016
LAN	**$ 113,471**	$ 127,827
CATV	**284,087**	294,357
Total	**$ 397,558**	$ 422,184

These intercompany transactions have been eliminated in the accompanying financial statements.

Schedule of Utility's Proportionate Share of the Net Pension Liability - CERS

As of June 30,	**2017**	2016	2015
Utility's proportion of the net pension liability	**0.149094%**	0.145430%	0.147539%
Utility's proportionate share of the net pension liability	**$ 7,341,000**	$ 6,253,000	$ 4,787,000
Utility's covered - employee payroll	**$ 3,657,705**	$ 3,605,875	$ 3,618,815
Utility's proportionate share of the net pension liability as a percentage of its covered-employee payroll	**200.70%**	173.41%	132.28%
Plan fiduciary net position as a percentage of the total pension liability	**55.50%**	59.97%	66.80%

Schedule of Utility Contributions - CERS

For the years ended June 30,	**2017**	2016	2015
Contractually required contribution	**$ 533,710**	$ 454,287	$ 434,205
Contributions in relation to the contractually required contribution	**(533,710)**	(454,287)	(434,205)
Contribution deficiency (excess)	**$ -**	$ -	$ -
Utility's covered-employee payroll	**$ 3,825,878**	$ 3,657,705	$ 3,605,875
Contributions as a percentage of covered-employee payroll	**13.95%**	12.42%	12.04%

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: As cash balance plan was introduced for member whose participation date is on or after January 1, 2014.

Changes of Assumptions

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

2015

- The assumed investment rate of return was decreased from 7.75% to7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
- Payroll growth assumption was reduced from 4.50% to 4.00%.
- 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 1 year for females). For disabled members, the RP-2000 Combined Disabled 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.
- The assumed rates of Retirement, Withdrawal, and Disability were updated to more accurately reflect experience.

2016: No changes in benefit terms of assumptions.

Statements of Combining Revenues, Expenses and Changes in Net Position – By Division

For the year ended June 30, 2017	Electric Division	CATV Division	LAN Division	JMYTC Division	Total
Operating Revenues	$ 29,158,241	$ 5,416,052	$ 2,813,259	$ 56,100	$ 37,443,652
Operating Expenses					
Cost of sales and services	21,826,153	4,473,296	300,192	-	26,599,641
Operations expense	3,385,920	1,407,925	760,592	-	5,554,437
Maintenance expense	778,162	8,506	5,627	-	792,295
Administrative and general	15,208	-	-	-	15,208
Provision for depreciation	1,498,859	420,805	205,678	-	2,125,342
Amortization of goodwill	-	63,054	-	-	63,054
Total operating expenses	27,504,302	6,373,586	1,272,089	-	35,149,977
Operating income	1,653,939	(957,534)	1,541,170	56,100	2,293,675
Nonoperating Revenue (Expenses)					
Interest and other income	16,558	120	-	-	16,678
Interest and other expense	(665,732)	(64,468)	(14,235)	-	(744,435)
Amortization debt discount	(65,806)	(5,708)	-	-	(71,514)
TVA SET project revenues	731,993	-	-	-	731,993
TVA SET project expenses	(731,993)	-	-	-	(731,993)
Total nonoperating revenue (expenses)	(714,980)	(70,056)	(14,235)	-	(799,271)
Income before transfers	938,959	(1,027,590)	1,526,935	56,100	1,494,404
Transfers					
Transfers out - tax equivalents	(382,417)	-	-	-	(382,417)
Change in net position	$ 556,542	$ (1,027,590)	$ 1,526,935	$ 56,100	$ 1,111,987

Statements of Combining Revenues, Expenses and Changes in Net Position – By Division

For the year ended June 30, 2016	Electric Division	CATV Division	LAN Division	JMYTC Division	Total
Operating Revenues	$ 28,502,388	$ 5,157,515	$ 2,630,926	$ 56,100	$ 36,346,929
Operating Expenses					
Cost of sales and services	21,306,683	4,237,942	294,589	-	25,839,214
Operations expense	3,263,371	1,433,153	739,071	-	5,435,595
Maintenance expense	655,884	21,213	2,667	-	679,764
Administrative and general	25,664	-	-	-	25,664
Provision for depreciation	1,468,235	409,076	180,044	-	2,057,355
Amortization of goodwill	-	57,799	-	-	57,799
Total operating expenses	26,719,837	6,159,183	1,216,371	-	34,095,391
Operating income	1,782,551	(1,001,668)	1,414,555	56,100	2,251,538
Nonoperating Revenue (Expenses)					
Interest and other income	14,605	-	-	-	14,605
Interest and other expense	(703,589)	(74,924)	(11,837)	-	(790,350)
Amortization debt discount	(23,944)	(5,708)	-	-	(29,652)
TVA SET project revenues	6,613,217	-	-	-	6,613,217
TVA SET project expenses	(6,613,217)	-	-	-	(6,613,217)
Total nonoperating revenue (expenses)	(712,928)	(80,632)	(11,837)	-	(805,397)
Income before transfers	1,069,623	(1,082,300)	1,402,718	56,100	1,446,141
Transfers					
Transfers out - tax equivalents	(357,451)	-	-	-	(357,451)
Change in net position	$ 712,172	$ (1,082,300)	$ 1,402,718	$ 56,100	$ 1,088,690

	2017		2016	
For the years ended June 30,	**Amount**	**Percent**	Amount	Percent
Operating Revenue				
Sales of Electric Energy				
Residential sales	**$ 7,357,541**	**25.23%**	$ 6,955,848	24.40%
Commercial and industrial sales				
Commercial sales	**3,576,223**	**12.26%**	3,147,654	11.04%
Industrial sales	**16,866,135**	**57.84%**	17,040,438	59.79%
Street and outdoor lighting sales	**566,344**	**1.94%**	553,105	1.94%
Forfeited discounts	**99,613**	**0.34%**	94,622	0.33%
Total commercial and industrial sales	**21,108,315**	**72.39%**	20,835,819	73.10%
Total sales of electric energy	**28,465,856**	**97.63%**	27,791,667	97.51%
Other Revenue				
Miscellaneous service	**210,905**	**0.72%**	210,095	0.74%
Rent from electric property	**480,116**	**1.65%**	503,462	1.77%
Other electric revenue	**1,364**	**0.00%**	(2,836)	-0.01%
Total other revenue	**692,385**	**2.37%**	710,721	2.49%
Total operating revenue	**29,158,241**	**100.00%**	28,502,388	100.00%
Operating Expenses				
Cost of sales and service				
Purchased power	**21,826,153**	**79.36%**	21,306,683	79.74%
Total cost of sales and service	**21,826,153**	**79.36%**	21,306,683	79.74%
Operations Expense				
Distribution Expense				
Supervision and engineering	**25,633**	**0.09%**	24,273	0.09%
Load dispatching	**158,558**	**0.58%**	139,354	0.52%
Station expense	**52,914**	**0.19%**	76,345	0.29%
Overhead line expense	**142,710**	**0.52%**	314,630	1.18%
Street lighting	**9,861**	**0.04%**	9,421	0.04%
Meters	**174,583**	**0.63%**	186,844	0.70%
Consumer installation	**14,188**	**0.05%**	16,961	0.06%
Miscellaneous expense	**149,872**	**0.54%**	169,070	0.63%
Total distribution expense	**728,319**	**2.65%**	936,898	3.51%

	2017		2016	
For the years ended June 30,	**Amount**	**Percent**	Amount	Percent
Customer Accounts Expense				
Supervision	**25,460**	**0.09%**	23,980	0.09%
Meter reading	**2,557**	**0.01%**	8,647	0.03%
Customer records and collection	**254,709**	**0.93%**	256,158	0.96%
Uncollectible accounts	**30,151**	**0.11%**	18,586	0.07%
Total customer accounts expense	**312,877**	**1.14%**	307,371	1.15%
Sales Expense				
Supervision	**82,204**	**0.30%**	76,215	0.29%
Customer assistance expense	**119,833**	**0.44%**	117,887	0.44%
Informational and instructional advertising	**48,410**	**0.18%**	48,711	0.18%
Total sales expense	**250,447**	**0.91%**	242,813	0.91%
Administrative and General Expense				
Salaries	**488,772**	**1.78%**	438,507	1.64%
Office supplies	**118,921**	**0.43%**	115,035	0.43%
Outside service	**47,400**	**0.17%**	20,732	0.08%
Property insurance	**54,096**	**0.20%**	69,550	0.26%
Injuries and damages	**67,102**	**0.24%**	89,270	0.33%
Employee pensions and benefits	**1,190,536**	**4.33%**	918,952	3.44%
Miscellaneous	**31,404**	**0.11%**	37,367	0.14%
Taxes	**157,313**	**0.57%**	145,523	0.54%
Economic development	**-**	**0.00%**	-	0.00%
Duplicate charges	**(61,267)**	**-0.22%**	(58,647)	-0.22%
Total administrative and general expense	**2,094,277**	**7.61%**	1,776,289	6.65%
Total operations expense	**3,385,920**	**12.31%**	3,263,371	12.21%

	2017		2016	
For the years ended June 30,	**Amount**	**Percent**	Amount	Percent
Maintenance expense				
Supervision and engineering	**22,881**	**0.08%**	24,261	0.09%
Maintenance of station equipment	**65,752**	**0.24%**	125,173	0.47%
Maintenance of overhead lines	**618,858**	**2.25%**	448,328	1.68%
Maintenance of street lighting and signal system	**7,208**	**0.03%**	2,378	0.01%
Maintenance of meters	**54,087**	**0.20%**	51,624	0.19%
Maintenance of miscellaneous distribution plant	**9,376**	**0.03%**	4,120	0.02%
Total maintenance expense	**778,162**	**2.83%**	655,884	2.45%
Administrative and General				
Maintenance of general plant	**15,208**	**0.06%**	25,664	0.10%
Total administrative and general	**15,208**	**0.06%**	25,664	0.10%
Provision for depreciation	**1,498,859**	**5.45%**	1,468,235	5.49%
Total operating expense	**27,504,302**	**100.00%**	26,719,837	100.00%
Nonoperating Revenue (Expenses)				
Interest and other income	**16,558**	**-2.32%**	14,605	-2.05%
Interest and other expense	**(665,732)**	**93.11%**	(703,589)	98.69%
Amortization debt discount	**(65,806)**	**9.20%**	(23,944)	3.36%
TVA SET Project revenues	**731,993**	**-102.38%**	6,613,217	0.00%
TVA SET Project expenses	**(731,993)**	**102.38%**	(6,613,217)	0.00%
Total nonoperating revenue (expenses)	**(714,980)**	**100.00%**	(712,928)	100.00%
Transfers	**(382,417)**	**100.00%**	(357,451)	100.00%
Change in net position	**$ 556,542**	**1.91%**	$ 712,172	2.50%

For the years ended June 30,	2017 Amount	2017 Percent	2016 Amount	2016 Percent
Operating Revenue				
Economy service	**$ 1,520,337**	**28.07%**	$ 1,390,493	26.96%
Essential service	**2,150,619**	**39.71%**	1,978,146	38.35%
Premier service	**292,067**	**5.39%**	292,984	5.68%
Premier HD service	**152,816**	**2.82%**	158,683	3.08%
Premium service	**139,985**	**2.58%**	164,173	3.18%
Pay-per-view	**27,854**	**0.51%**	38,684	0.75%
Equipment rental	**532,562**	**9.83%**	513,112	9.95%
Commercial insertion	**259,690**	**4.79%**	275,430	5.34%
Miscellaneous one time charge	**34,948**	**0.65%**	40,102	0.78%
Local origination income	**25,072**	**0.46%**	28,401	0.55%
Miscellaneous service revenue	**96,581**	**1.78%**	89,336	1.73%
Wire maintenance plan	**165,413**	**3.05%**	167,221	3.24%
Commission	**18,108**	**0.33%**	20,750	0.40%
Total operating revenue	**5,416,052**	**100.00%**	5,157,515	100.00%
Operating Expenses				
Cost of sales and service				
Programming	**4,473,296**	**70.18%**	4,237,942	68.81%
Total cost of sales and service	**4,473,296**	**70.18%**	4,237,942	68.81%
Operations expense				
Customer records and collections	**95,189**	**1.49%**	92,703	1.51%
Selling expense	**79,602**	**1.25%**	68,277	1.11%
Customer information and service	**48,228**	**0.76%**	43,773	0.71%
Customer information	**30,617**	**0.48%**	30,976	0.50%
Customer incentives	**21,476**	**0.34%**	19,065	0.31%
Supervision and engineering	**79,400**	**1.25%**	80,977	1.31%
Customer installation	**261,510**	**4.10%**	335,458	5.45%
Uncollectible accounts	**19,595**	**0.31%**	437	0.01%
Employee benefits	**165,777**	**2.60%**	152,659	2.48%
Outside services	**4,128**	**0.06%**	9,946	0.16%
Administrative and general salaries	**56,153**	**0.88%**	57,474	0.93%
Office supplies and expenses	**74,741**	**1.17%**	61,782	1.00%
Taxes	**66,707**	**1.05%**	55,521	0.90%
Rent	**284,087**	**4.46%**	294,357	4.78%
Local origination expense	**12,012**	**0.19%**	10,991	0.18%

	2017		2016	
For the year ended June 30,	**Amount**	**Percent**	Amount	Percent
Property insurance	**37,557**	**0.59%**	27,693	0.45%
General and administration	**602**	**0.01%**	640	0.01%
Miscellaneous operating expenses	**88,174**	**1.38%**	103,013	1.67%
Injuries and damages	**1,589**	**0.02%**	1,764	0.03%
Duplicate charges	**(19,219)**	**-0.30%**	(14,353)	-0.23%
Total operations expense	**1,407,925**	**22.09%**	1,433,153	23.27%
Maintenance Expense				
Maintenance	**8,506**	**0.13%**	21,213	0.34%
Provision for Depreciation and Amortization				
Depreciation	**420,805**	**6.60%**	409,076	6.64%
Amortization of goodwill	**63,054**	**0.99%**	57,799	0.94%
Total provision for depreciation and amortization	**483,859**	**7.59%**	466,875	7.58%
Total operating expense	**6,373,586**	**100.00%**	6,159,183	100.00%
Nonoperating Revenue (Expenses)				
Other income	**120**	**-0.17%**	14,605	-18.11%
Loss on disposition of property	**-**	**0.00%**	(5,813)	7.21%
Amortization of debt discount	**(5,708)**	**8.15%**	(5,708)	7.08%
Interest on long-term debt	**(64,468)**	**92.02%**	(69,111)	85.71%
Total nonoperating revenue (expenses)	**(70,056)**	**100.00%**	(80,632)	100.00%
Change in net position	**$ (1,027,590)**	**-18.97%**	$ (1,082,300)	-20.98%

For the years ended June 30,	**2017** Amount	**2017** Percent	2016 Amount	2016 Percent
Operating Revenue				
Data service	**$ 2,390,360**	**84.97%**	$ 2,219,832	84.37%
LAN bulk	**94,860**	**3.37%**	88,650	3.37%
LAN installation income	**19,190**	**0.68%**	22,920	0.87%
Additional e-mail addresses	**6,782**	**0.24%**	6,914	0.26%
LAN equipment	**21,514**	**0.76%**	14,746	0.56%
Rental of web space	**3,664**	**0.13%**	4,516	0.17%
C-LAN sales	**-**	**0.00%**	75	0.00%
LAN support labor	**-**	**0.00%**	23	0.00%
LAN one time charge	**38,403**	**1.37%**	35,314	1.34%
Fiber ethernet circuit	**136,800**	**4.86%**	136,250	5.18%
Fiber lease	**87,600**	**3.11%**	87,600	3.33%
Muninet	**14,086**	**0.50%**	14,086	0.54%
Total operating revenue	**2,813,259**	**100.00%**	2,630,926	100.00%
Operating Expense				
Cost of sales and services				
Internet access cost	**300,192**	**23.60%**	294,589	24.22%
Total cost of sales and services	**300,192**	**23.60%**	294,589	24.22%
Operations expense				
Operation supervision	**33,787**	**2.66%**	35,894	2.95%
Distribution expenses	**136,528**	**10.73%**	132,341	10.88%
Rent	**167,913**	**13.20%**	177,404	14.58%
Customer assistance	**130,865**	**10.29%**	118,501	9.74%
Uncollectible accounts	**7,455**	**0.59%**	(1,269)	-0.10%
Customer installation	**6,104**	**0.48%**	6,095	0.50%
Customer incentives	**3,900**	**0.31%**	3,900	0.32%
Administrative and general salaries	**73,881**	**5.81%**	72,066	5.92%
Office supplies and expenses	**52,362**	**4.12%**	55,036	4.52%
Outside services	**4,032**	**0.32%**	6,379	0.52%
Property insurance	**27,320**	**2.15%**	17,924	1.47%
Injuries and damages	**1,401**	**0.11%**	1,565	0.13%
Employee benefits	**101,944**	**8.01%**	99,087	8.15%

For the years ended June 30,	**2017** Amount	**2017** Percent	2016 Amount	2016 Percent
Other expenses	**1,987**	**0.16%**	2,166	0.18%
Taxes	**20,080**	**1.58%**	18,683	1.54%
Duplicate charges	**(8,967)**	**-0.70%**	(6,701)	-0.55%
Total operations expense	**760,592**	**59.79%**	739,071	60.76%
Maintenance Expense				
Maintenance of data plant	**5,627**	**0.44%**	2,667	0.22%
Provision for Depreciation				
Depreciation	**205,678**	**16.17%**	180,044	14.80%
Total operating expense	**1,272,089**	**100.00%**	1,216,371	100.00%
Nonoperating Revenue (Expenses)				
Interest expense	**(14,235)**	**100.00%**	(11,837)	100.00%
Total nonoperating revenue (expenses)	**(14,235)**	**100.00%**	(11,837)	100.00%
Change in net position	**$ 1,526,935**	**54.28%**	$ 1,402,718	53.32%

	2017		2016	
For the years ended June 30,	**Amount**	**Percent**	Amount	Percent
Operating Revenue				
Colocation service	**$ 56,100**	**100.00%**	$ 56,100	100.00%
Total operating income	**56,100**	**100.00%**	56,100	100.00%
Change in net position	**$ 56,100**	**100.00%**	$ 56,100	100.00%

Glasgow Electric Plant Board
Summary of Statistical Information – Electric Division

For the years ended June 30,	**2017**	2016
Revenue		
Residential	**$ 7,357,541**	$ 6,955,848
Commercial	**3,576,223**	3,147,654
Industrial	**16,866,135**	17,040,438
Street and outdoor lighting	**566,344**	553,105
Forfeited discounts	**99,613**	94,622
Other operating	**692,385**	710,721
Interest and other income	**16,558**	14,605
Total revenue	**29,174,799**	28,516,993
Expense		
Cost of sales and service	**21,826,153**	21,306,683
Operations expense	**3,385,920**	3,263,371
Maintenance expense	**778,162**	655,884
Administrative and general expense	**15,208**	25,664
Provision for depreciation	**1,498,859**	1,468,235
Amortization of debt discount	**65,806**	23,944
Transfer out	**382,417**	357,451
Interest and other expense	**665,732**	703,589
Total expense	**28,618,257**	27,804,821
Change in net position	**$ 556,542**	$ 712,172
Financial		
Plant in service (at original cost)	**$ 52,712,702**	$ 50,878,042
Bonds and notes outstanding	**$ 18,585,226**	$ 18,044,938
Power in use - KWH		
Residential	**61,195,365**	61,877,227
Commercial	**28,023,048**	28,942,536
Industrial	**192,991,036**	192,132,107
Street lighting	**2,122,568**	2,137,699
Security lighting	**1,456,745**	1,494,105
Total	**285,788,762**	286,583,674

For the years ended June 30,	**2017**	2016
Number of customers		
Residential	**5,571**	5,466
Commercial	**1,634**	1,621
Industrial	**218**	213
Street lighting	**15**	15
Security lighting	**556**	552
Total	**7,994**	7,867

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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 *Government Auditing Standards*

Members of the Board
Glasgow Electric Plant Board
Glasgow, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Glasgow Electric Plant Board (the "Utility"), a component unit of the City of Glasgow, Kentucky, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Utility's basic financial statements, and have issued our report thereon dated October 17, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Utility'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Utility's internal control. Accordingly, we do not express an opinion on the effectiveness of the Utility'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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of comments and recommendations, that we consider to be significant deficiencies as items numbers 2017-001, 2017-002, and 2017-003.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Utility'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.*

Glasgow Electric Plant Board's Response to Findings

The Utility's response to the findings identified in our audit is described in the accompanying schedule of comments and recommendations. The Utility's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Carr, Riggs & Ingram, L.L.C

CARR, RIGGS & INGRAM, LLC
Bowling Green, Kentucky
October 17, 2017

2017-001 SEGREGATION OF DUTIES

Criteria and Condition: A system of internal controls provides for the proper segregation of accounting functions. There is improper segregation of duties in relation to the cash disbursements.

Cause: The Finance Manager has the authority to approve invoices, access the general ledger, and process electronic payments with limited, if any, review. The Accounting Manager has the authority to sign checks, access the general ledger, process electronic payments, and reconcile bank statements with limited, if any, review.

Effect: Misappropriations could occur and not be detected by the Utility's internal controls.

Recommendation: We recommend management consider the costs and benefits of separating duties to strengthen internal control in relation to cash disbursements (i.e., remove check signing authority from individuals with access to the general ledger).

Views of Responsible Officials and Planned Corrective Actions: Management will determine the cost/benefit of the segregation of certain accounting functions. With the department staff being small, this may present a problem in which other personnel may need to be utilized to affect this change. Also, compensating controls will be put into place to reduce control risks.

2017-002 INVENTORY MANAGEMENT

Criteria and Condition: Materials and supplies inventories represent significant transactions of the Utility. Certain internal controls were not in place to safeguard these assets from theft, loss, and/or misappropriation during the course of the year.

Cause: During our inventory observation procedures, we noted the following areas of concern:

- Employees have unlimited access to the materials and supplies inventory without utilizing a requisition process.
- The Utility is not utilizing an inventory observation tagging system to ensure all items are included in the year-end inventory count.

Effect: Materials and supplies perpetual inventory balances recorded on the general ledger could be materially incorrect during the course of the year without being detected by management until the year-end inventory count procedures.

Recommendation: The Utility should establish and implement an inventory control system to ensure materials and supplies inventory are properly reported throughout the year. This includes policies and procedures restricting the ability to access inventory stores to approved personnel, establishing a system for the daily requisition of required materials and supplies, as well as returned materials and supplies. In addition, the year-end inventory observation should be structured to include a tagging system to ensure all items are counted.

Views of Responsible Officials and Planned Corrective Actions: The Facilities/Stores Technician will conduct daily debriefings with the Foremen to accurately record inventory transactions. Further, the Superintendent will make better recording of inventory transactions an area of emphasis on upcoming performance evaluations for all personnel involved in the work order processes. Periodic inventory observations will be conducted to more closely monitor possible inventory variations in order to provide metrics to measure the accomplishments of the emphasis. Also, a complete evaluation of all inventory processes will be completed.

2017-003 LACK OF WRITTEN FRAUD POLICY

Criteria and Condition: The Utility does not have a written fraud policy.

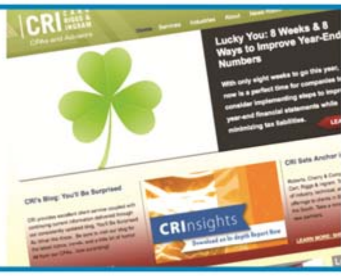
Cause: Management has not defined, in written form, a policy addressing fraud issues for the Utility.

Effect: Utility personnel will not understand management's expectations regarding fraud and will be unfamiliar with the appropriate steps to report fraudulent activity within the Utility.

Recommendation: The Utility should provide a written fraud policy to all personnel addressing management's expectations regarding fraud issues and the reporting of fraudulent activity.

Views of Responsible Officials and Planned Corrective Actions: Management will draft a fraud policy to be approved by the Board and included with all company policies.

THOUGHT LEADERSHIP



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CRI's website features financial calculators, current tax and estate tax guides, a record retention schedule, glossary of common financial terms, and hundreds of articles with topics ranging from current legislation to industry-specific news.

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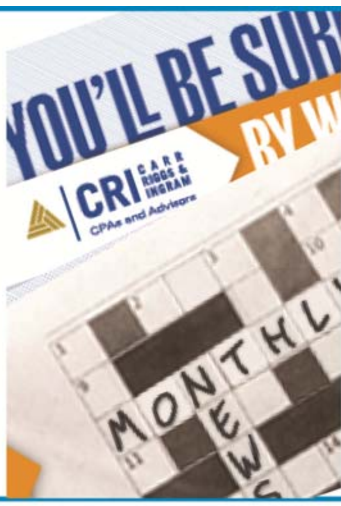
Featuring articles and videos, CRI's interactive blog site provides helpful tips for readers both personally and professionally. Written by our partners from their perspective and experiences, these plain English explanations of current regulations and trends exemplify our commitment to open dialogue.

CRInsights (CRIcpa.com)

We understand that just because a topic makes perfect sense to a CPA doesn't mean that it will to our clients. That's why we developed CRInsights, our in-depth yet down-to-earth explanations of complex topics.



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