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**Elkhorn Water District**  
**Independent Auditor's Report**  
**For Years Ended December 31, 2023 and 2022**

**Rick R. Waddle, Jr., CPA, PLLC**

**17 Whitebridge Lane**

**Frankfort, Kentucky 40601**

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# INDEPENDENT AUDITOR'S REPORT

Members of the Elkhorn Water District Board  
Frankfort, Kentucky 40601

## Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund, of the Elkhorn Water District, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Elkhorn Water District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, of the Elkhorn Water District, as of December 31, 2023 and 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Elkhorn Water District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Elkhorn Water District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Elkhorn Water District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Elkhorn Water District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2024, on our consideration of the Elkhorn Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Elkhorn Water District Board's internal control over financial reporting and compliance.

*Rick R. Waddle, Jr., CPA*

Frankfort, Kentucky  
August 13, 2024

**ELKHORN WATER DISTRICT  
INDEPENDENT AUDITOR'S REPORT  
December 31, 2023 and 2022**

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Elkhorn Water District  
Statements of Net Position  
December 31, 2023 and 2022

Assets	2023	2022
Current Assets		
Cash in Bank and on Hand	\$ 176,560	\$ 143,894
Investments at Cost	84,227	84,016
Accounts Receivable	32,333	38,511
Total Current Assets	293,120	266,421
Non-Current Assets		
Restricted Assets - Cash	50,637	47,917
Property, Plant, & Equipment		
Property, Plant, & Equipment	2,037,946	1,846,098
Accumulated Depreciation	(1,172,085)	(1,138,003)
Total Property, Plant & Equipment	865,861	708,095
Total Non-Current Assets	916,498	756,012
Total Assets	\$ 1,209,618	\$ 1,022,433
Liabilities & Net Assets		
Current Liabilities		
Accounts Payable	\$ 18,434	\$ 32,040
Accrued Taxes Payable	1,423	857
Current Portion of Bonds Payable	8,800	8,200
Total Current Liabilities	28,657	41,097
Long Term Liabilities		
KIA Loan	621,415	464,981
Bonds Payable	81,900	90,700
Total Long Term Liabilities	703,315	555,681
Total Liabilities	731,972	596,778
Net Position		
Investment in Capital Assets, Net of Related Debt	153,746	144,214
Restricted	50,637	47,917
Unrestricted	273,262	233,524
Total Net Assets	477,645	425,655
Total Liabilities and Net Assets	\$ 1,209,617	\$ 1,022,433

The Accompanying Notes are an integral part of these financial statements.

Elkhorn Water District  
 Statements of Revenues, Expenses, And  
 Changes In Net Position  
 For The Years Ended December 31, 2022 and 2021

	<u>2023</u>	<u>2021</u>
Operating Income		
Water Revenue	\$ 414,304	\$ 355,076
Total Operating Income	<u>414,304</u>	<u>355,076</u>
Operating Expenses		
Purchased Water	201,412	215,309
Purchased Power	8,940	9,231
Contractual Services	66,973	52,641
Advertising	135	652
Payroll taxes	551	551
Postage	3,697	3,519
Maintenance	11,602	11,299
Office Supplies	9,291	6,059
Insurance	5,885	4,929
Legal & Professional	8,520	8,120
Commissioner's Fees	8,092	8,055
Utilities & Telephone	1,545	1,531
Rent	-	-
Chemical & Lab Analysis	2,260	2,280
Miscellaneous	2,607	3,467
Administrative Fee	19,596	19,517
Depreciation	34,082	28,842
Total Operating Expenses	<u>385,188</u>	<u>376,002</u>
Operating Income	<u>29,116</u>	<u>(20,926)</u>
Net Operating Revenue (Expenses)		
Interest Revenue	1,753	593
Interest Expense	(5,237)	(5,599)
Total Non-Operating Revenue (Expenses)	<u>(3,484)</u>	<u>(5,006)</u>
Net Income Before Contributions	<u>25,632</u>	<u>(25,932)</u>
Government Grants	20,903	79,097
Capital Contributions	<u>5,452</u>	<u>4,500</u>
Change In Position	51,987	57,665
Net Position - Beginning of Year	<u>425,655</u>	<u>367,990</u>
Net Position - End of Year	<u>\$ 477,642</u>	<u>\$ 425,655</u>

The accompanying notes are an integral part of these financial statements

Elkhorn Water District  
Statements of Cash Flows  
For The Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities:		
Cash Received From Customers	\$ 420,481	\$ 341,518
Cash Payments for Employee Services and Benefits	(8,643)	(8,606)
Cash Payments to Suppliers for Goods and Services	(355,504)	(333,887)
Net Cash Provided (Used) by Operating Activities	56,334	(975)
Cash Flows from Capital and Related Financing Activities:		
Acquisition of Capital Assets	(191,846)	(136,762)
Capital Contributions Received	5,452	4,500
Government Grants Received	20,903	79,097
KiA Loan Proceeds	621,415	464,981
Bond and Bond Interest Payments	(478,418)	(478,280)
Net Cash Provided (Used) by Capital and Related Financing Activities	(22,494)	(66,464)
Cash Flows From Investing Activities:		
Investment Income Received	1,753	593
Cash Purchases of Investments	(210)	(210)
Net Cash Provided (Used) by Investing Activities	1,543	383
Net Increase (Decrease) in Cash & Cash Equivalents	35,383	(67,056)
Cash and Cash Equivalents, Beginning of Year	191,811	258,867
Cash and Cash Equivalents, End of Year	\$ 227,194	\$ 191,811
Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities		
Operating Income (Loss)	\$ 29,116	\$ (20,926)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided (Used) in Operating Activities:		
Depreciation	34,082	28,842
(Increase)/Decrease in Accounts Receivable	6,178	(13,558)
Increase/(Decrease) in Accounts Payable	(13,606)	4,985
Increase/(Decrease) in Accrued Liabilities	565	(318)
Net Cash Provided (Used) by Operating Activities	\$ 56,335	\$ (975)
Components of Cash on the Statement of Net Position		
Cash	\$ 176,560	\$ 143,894
Restricted Cash	50,637	47,917
	\$ 227,197	\$ 191,811

The accompanying notes are an integral part of these financial statements

**Note A - Summary of Significant Accounting Policies**

The Elkhorn Water District (the District) was organized in 1974 to provide water service to residents of its district. It is a political subdivision of Franklin County, Kentucky and purchases water from the Frankfort Plant Board for resale to the residents. The District is subject to the regulatory authority of Kentucky Public Service Commission ("PSC") pursuant to KRS 278.040.

Assets and Liabilities, and revenues and expenses are recognized on the accrual basis of accounting. The District incorporates current GASB pronouncements in its proprietary fund activities. The District does not utilize encumbrance accounting in its proprietary fund activities. The accounting and financial reporting treatment applied to the District is determined by its measurement focus. The transactions of the District are accounted for on a flow of economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position and cash flows. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net position. Net position (i.e., total assets net of total liabilities) is segregated into net investment in capital assets, restricted, and unrestricted components.

The preparation of financial statements in conformity with generally accepted accounting principles require 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 and expenses during the period. Actual results could differ from those estimates.

The District applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements, in which case, GASB prevails.

Operating revenue and expenses consist of revenue and expenses directly related to providing water service to residents of the district. Water revenues are reflected as earned when the customers are billed. Non-operating revenue and expenses consist of interest revenue and interest expenses related to capital and related financing activities. Capital contributions consist of water meters purchased during the year.

The District does not have an allowance for uncollectible accounts. The District writes off balances due when they become uncollectible.

Fixed Assets are recorded at cost and depreciated using the straight-line method at the following rates:

Pumps, lines, and meters	2.50%
Tanks	3.00%
Office Equipment	10.00%
Meter testing equipment	10.00%

Land and land rights are not subject to depreciation. The District capitalizes interest cost incurred during construction of fixed assets.

Investments are stated at cost, which approximates fair value, unless the market value is less than cost and there is evidence the decline in market value is due to other than temporary conditions.



**Note B - Cash and Investments**

**Statutory Requirements**

Kentucky Revised Statute 66.480 authorizes the District to invest in obligations of the U.S. treasury, and U.S. agencies, obligations of the Commonwealth of Kentucky and its agencies, insured savings and loans, or interest-bearing deposits of insured national or state banks.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. In order to anticipate market changes and provide a level of security for all funds, the collateralization level shall be one hundred percent of the market value of the principle, plus accrued interest.

The District's deposits and investments at December 31, 2023 and 2022 were covered by Federal Depository Insurance.

The table presented below is designed to disclose the level of custody credit risk assumed by the District, based upon how its deposits were insured or secured with collateral at December 31, 2023 and 2022. The categories of credit risk are defined as follows:

- 1) Insured by the FDIC or collateralized with securities held by government or by its agent in the governments name.
- 2) Collateralized with securities held by pledging financial institution's trust department or agent in the government's name.
- 3) Uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the governments name.

2023 Type of Deposit	CATEGORY			Total Bank Amount	Total Carrying Amount
	1	2	3		
Cash	\$ 227,197.00	\$ -	\$ -	\$ 227,197.00	\$ 227,197.00
Certificate of Deposit	84,227.00	-	-	84,227.00	84,227.00
	<u>\$ 311,424.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 311,424.00</u>	<u>\$ 311,424.00</u>

  

2022	CATEGORY			Total Bank Amount	Total Carrying Amount
	1	2	3		
Cash	\$ 191,814.00	\$ -	\$ -	\$ 191,814.00	\$ 191,814.00
Certificate of Deposit	84,017.00	-	-	84,017.00	84,017.00
	<u>\$ 275,831.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 275,831.00</u>	<u>\$ 275,831.00</u>

**Statement of Cash Flows**

The Statement of Cash Flows includes the following as cash and cash equivalents:

	2023	2022
<b>Cash</b>		
Operations & Maintenance Fund	\$ 17,532	\$ 15,135
Revenue Fund	148,775	120,830
Bond Account	10,253	7,929
<b>Total Cash in Bank</b>	<u>176,560</u>	<u>143,894</u>
<b>Investments</b>		
CD	84,227	84,016
<b>Restricted Cash</b>		
Sinking Fund	1,220	3,309
Reserve Fund	15,861	15,668
Construction Account	33,554	25,982
<b>Total Restricted Cash</b>	<u>50,635</u>	<u>44,959</u>
<b>Total Cash &amp; Cash Equivalents</b>	<u>\$ 311,422</u>	<u>\$ 272,869</u>

**Note C - Accounts Payable**

Accounts payable at December 31, 2023 and 2022 consist of the following:

	2023	2022
Water Purchases	14544	\$23,172
Electric	944	819
Chemicals	430	0
Accounting	505	105
Office Expense	1045	96
Repairs & Maintenance	263	6901
Membership Dues	515	765
Postage	61	54
Utilities & Telephone	127	128
TOTAL	\$18,434	\$32,040

Most Accounts were paid in January or February, 2024, and all checks cleared the bank.

**Note D - Insurance and Related Activities**

The District is exposed to various forms of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries general liability and commercial insurance for workers compensation and employee health and accident claims. Settlement claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Note E - Purchased Water Contracts**

The Elkhorn Water District purchases treated water from the Frankfort Plant Board as the District does not produce it's own water.

**Note F - Long-Term Debt**

In December 1993 the District issued and sold \$200,000 of USDA Rural Development Bonds for the purpose of extending water service to other customers. The bonds pay interest at 5.25% and mature ratably through the year 2032. The District's annual principle payments are due January 1st of each year. The District paid it's principle and interest requirement for January 1, 2024 at December 31, 2023. The following is a summary of the bonds and notes outstanding for the District for the year ended December 31, 2023:

USDA, Rural Development Bond - \$200,000, date December 6, 1993 with payments through 2032, bearing interest at a rate of 5.25%:

	\$ 90,700
Less Current Portion of Debt	8,800
Long-Term Debt	\$ 81,900

The outstanding amount of the bonds were \$81,900 at December 31, 2023 and \$90,700 at December 31, 2022. The annual debt service requirements to retire the bonds outstanding at December 31, 2023 for each of the next five years and in remaining five year increments are as follows:

Year Ending	Bond/Note Principle	Bond/Note Interest	Total
2024	8,800	4,760	13,560
2025	9,400	4,298	13,698
2026	10,100	3,806	13,906
2027	10,800	3,276	14,076
Thereafter	51,600	7,026	58,626
Total	\$ 90,700	\$ 23,166	113,866

**Changes in Long-Term Debt:**

Long-term Debt	December 31, 2023				
	31-Dec-22	Additions	Retirements	31-Dec-23	Current Retirement
Long-term Debt	\$ 98,900	\$ -	\$ (8,200)	\$ 90,700	\$ 8,200
KIA	\$ 464,981	\$ 156,434	\$ -	\$ 621,415	\$ -
<b>TOTAL</b>	<b>\$ 563,881</b>	<b>\$ 156,434</b>	<b>\$ (8,200)</b>	<b>\$ 72,115</b>	<b>\$ 8,200</b>

**Changes in Long-Term Debt:**

Long-term Debt	December 31, 2022				
	31-Dec-21	Additions	Retirements	31-Dec-22	Current Retirement
Bond	\$ 106,600.00	\$ -	\$ (7,700.00)	\$ 98,900.00	\$ 8,200.00

**Note G - Reserves**

**Debt Service Reserve** - There is to be a monthly deposit of \$130 until a balance of \$15,600 is accumulated for all bond issues. The Reserve Fund balance totaled \$15,861 at December 31, 2023 and \$15,703 at December 31, 2022, and are included in Restrictions of Net Assets for December 31, 2023 and 2022.

**Note H - Concentrations of Credit Risk**

The District did not have cash, and cash equivalents in excess of FDIC insurance as of December 31, 2023. All cash and cash equivalent amounts were under category 1 of credit risk.

**Note I - Related Party Transactions**

The District utilized the services of Gatewood Water Service as an independent contractor in 2023, and 2022. The District utilized the services of the Peaks Mill Water District for administrative support in 2023, and 2022.

**Note J - Management's Review of Subsequent Events**

Management did not indicate financially impacting information regarding subsequent events. An evaluation of subsequent events through November 14, 2023, found no events that have a material effect regarding the accompanying financial statements for the years ended December 31, 2023, & 2022.

**Note K - Property, Plant, & Equipment**

**Capital Assets Being Depreciated**

Description	December 31, 2022	Additions	Retirements	December 31, 2023
Pumps, Lines, & Meters	1,514,821	191,848	-	1,706,669
Tanks	299,947	-	-	299,947
Meters	16,352	-	-	16,352
Office Equipment	8,798	-	-	8,798
Intangible Asset-KIA Project	5,180	-	-	5,180
<b>Total</b>	<b>\$ 1,845,098</b>	<b>\$ 191,848</b>	<b>\$ -</b>	<b>\$ 2,036,946</b>
Less: Accumulated Depreciation	1,138,003	34,082	-	1,172,085
Net Depreciable Assets	707,095	157,766	-	864,861
Land	1,000	-	-	1,000
<b>Total Capital Assets, Net</b>	<b>\$ 708,095</b>	<b>\$ 157,766</b>	<b>\$ -</b>	<b>\$ 865,861</b>

**Capital Assets Being Depreciated**

Description	December 31, 2021	Additions	Retirements	December 31, 2022
Pumps, Lines, & Meters	1,383,687	131,134	-	1,514,821
Tanks	294,318	5,629	-	299,947
Meters	16,352	-	-	16,352
Office Equipment	8,798	-	-	8,798
Intangible Asset-KIA Project	5,180	-	-	5,180
<b>Total</b>	<b>\$ 1,708,335</b>	<b>\$ 136,763</b>	<b>\$ -</b>	<b>\$ 1,845,098</b>
Less: Accumulated Depreciation	1,109,161	28,842	-	1,138,003
Net Depreciable Assets	599,174	107,921	-	707,095
Land	1,000	-	-	1,000
<b>Total Capital Assets, Net</b>	<b>\$ 600,174</b>	<b>\$ 107,921</b>	<b>\$ -</b>	<b>\$ 708,095</b>

Depreciation for the years ended December 31, 2023 and 2022 was \$34,082 and \$28,842.

**Note L-Interest Expense**

Interest expense incurred and charged to expense for the years ended December 31, 2023 and 2022 was \$5,237 and \$5,597. No interest was capitalized in 2023 and 2022.

**Note M-Schedule of Annual Debt Requirements**

<b>Issue: 1997 Issue (91-03)</b>					
<b>Year End</b>	<b>Bond Prin. Due January 1, 2023</b>	<b>Interest</b>		<b>Total Interest</b>	<b>Total Requirements</b>
		<b>January 1, 2023</b>	<b>July 1, 2023</b>		
2024	8,800	2,380	2,380	4,760	13,560
2025	9,400	2,149	2,149	4,298	13,698
2026	10,100	1,903	1,903	3,806	13,906
2027	10,800	1,638	1,638	3,276	14,076
2028	11,500	1,354	1,354	2,708	14,208
2029	12,400	1,052	1,052	2,104	14,504
2030	13,200	727	727	1,454	14,654
2031	14,500	380	380	760	15,260
	<b>\$ 90,700</b>	<b>\$ 11,583</b>	<b>\$ 11,583</b>	<b>\$ 23,166</b>	<b>\$ 113,866</b>

INDEPENDENT AUDITOR'S 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

Elkhorn Water District  
Frankfort, 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 governmental activities, and each major fund, of the Elkhorn Water District, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Elkhorn Water District's basic financial statements, and have issued our report thereon dated August 13, 2024.

### Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Elkhorn Water District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Elkhorn Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Elkhorn Water District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Elkhorn Water District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rick R. Waddle Jr., CPA, PLLC*

Frankfort, Kentucky  
August 13, 2024