

**Edmonson County Water District**

**Financial Statements**

**December 31, 2021 and 2020**



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## INDEPENDENT AUDITOR'S REPORT

Edmonson County Water District  
Brownsville, Kentucky

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the Edmonson County Water District, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Edmonson County Water District, as of December 31, 2021 and 2020, and the respective changes in financial position, and, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4–6 and net OPEB liability and contribution information on pages 30 and 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge 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 audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Edmonson County Water District's basic financial statements. The accompanying supplemental information, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplemental 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic 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 accompanying supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2022, on our consideration of the Edmonson County 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 Edmonson County Water District's internal control over financial reporting and compliance.

*Campbell, Myers & Rutledge, PLLC*

Certified Public Accountants  
Glasgow, Kentucky

February 8, 2022

**EDMONSON COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Years Ended December 31, 2021 and 2020**

Our discussion and analysis of the Edmonson County Water District's financial performance provides an overview of the District's financial activities for the year ending December 31, 2021. This information is presented in conjunction with the audited financial statements that follow this section.

**FINANCIAL HIGHLIGHTS**

Operating revenues for the year ending December 31, 2021 were \$3,675,936 or an increase of 10.1%. This increase was due to an increase in water rates. There was also an increase in interest income due to an increase in interest rates.

Operating expenses for the year ending December 31, 2021 were \$3,126,688 or a increase of 5.5%. Expenses were up due to an increase in salaries, materials and supplies, and purchased power.

Total assets and deferred outflows of resources for the year ending December 31, 2021 were \$33,646,049 or an increase of .1% while total liabilities were \$12,456,647 or a decrease of 4.5%.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This report consists of management's discussion and analysis, financial statements, and supplementary information. The financial statements include notes, which explain in detail some of the information included in the financial statements.

The financial statements present the financial position of the Edmonson County Water District as of December 31, 2021 and 2020 and the results of its operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

Each years' revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the Edmonson County Water District's operations over the past two years.

**EDMONSON COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Years Ended December 31, 2021 and 2020**

Edmonson County Water District  
Summary of Net Position  
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS:</b>		
Total current assets	\$ 1,758,495	\$ 1,504,650
Total restricted assets	5,506,115	5,210,614
Net capital assets	<u>25,832,790</u>	<u>26,308,471</u>
Total Assets	<u>\$ 33,097,400</u>	<u>\$ 33,023,735</u>
 <b>Deferred Outflows Of Resources:</b>		
Deferred Outflows of Resources, net	<u>\$ 548,649</u>	<u>\$ 589,390</u>
 <b>LIABILITIES:</b>		
Total current liabilities	\$ 127,735	\$ 150,494
Total liabilities payable from restricted assets	961,164	918,849
Total long-term liabilities	<u>11,367,748</u>	<u>11,967,897</u>
Total Liabilities	<u>\$ 12,456,647</u>	<u>\$ 13,037,240</u>
 <b>NET POSITION:</b>		
Invested in capital assets, net of related debt	\$ 14,222,944	\$ 14,140,961
Restricted	4,787,049	4,491,378
Unrestricted	<u>2,179,409</u>	<u>1,943,546</u>
Total Net Position	<u>\$ 21,189,402</u>	<u>\$ 20,575,885</u>

The Net Position for the year ending December 31, 2021 showed an increase of \$613,517 or approximately 2.9% from the previous year.

Edmonson County Water District  
Summary of Changes in Net Position  
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Total operating revenues	\$ 3,675,936	\$ 3,336,808
Total operating expenses	<u>3,126,688</u>	<u>2,963,578</u>
Operating income	<u>549,248</u>	<u>373,230</u>
Total non-operating revenue (expenses)	<u>(62,082)</u>	<u>209,842</u>
Income (loss) before capital contributions	<u>487,166</u>	<u>583,072</u>
Total capital contributions and donated assets	<u>126,351</u>	<u>92,625</u>
Increase (decrease) in Net Position	613,517	675,697
Net Position, beginning of year	<u>20,575,885</u>	<u>19,900,188</u>
Net Position, end of year	<u>\$ 21,189,402</u>	<u>\$ 20,575,885</u>



**EDMONSON COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Years Ended December 31, 2021 and 2020**

The largest portion (67%) of the District's Net Position reflects its investment in capital assets, less any related debt used to acquire those assets still outstanding. This represents a 1.75% decrease from the prior year.

Restricted Net Position (22.6%) represent resources that are subject to external restrictions on how they may be used.

The balance (10.3%) of Unrestricted Net Position may be used to meet the District's ongoing obligations to citizens, consumers and creditors.

#### CAPITAL ASSET CHANGE

Capital Assets for the year ending December 31, 2021 were \$25,832,790, which was a net decrease of \$475,681 or 1.8%.

#### BUDGETARY HIGHLIGHTS

The Edmonson County Water District adopts an annual operating budget after careful considerations of prior year and anticipated current year operations. The operating budget includes proposed expenses and the means to finance them. The District's operating budget remains in effect the entire year. Variations between the budget and actual results were due to a high turnover in employees in different departments and positions which resulted in a reduction of benefits for retirement. There was a decrease in chemical expense due to not having to use as many chemicals in the treatment process.

#### DEBT ADMINISTRATION

At December 31, 2021, the District had \$11,498,600 bonds outstanding plus unamortized bond premium of \$111,245 for a total liability of \$11,609,846. The District incurred \$342,480 in interest expense associated with long term debt. Principal payments on bonds and loans amounted to \$548,000 for the year.

#### REQUEST FOR INFORMATION

This analysis is designed to provide a general overview of the Edmonson County Water District's finances and to demonstrate the Edmonson County Water District's accountability for the funds it receives whether from water sales or construction proceeds. If you have any questions about this report or need any additional information, please contact the Edmonson County Water District at P. O. Box 208, Brownsville, Kentucky, 42210 or by telephone at (270) 597-2165.

**EDMONSON COUNTY WATER DISTRICT**  
**Statements of Net Position**  
**December 31, 2021 and 2020**

<b>Assets</b>	<u>2021</u>	<u>2020</u>
<b>Current Assets</b>		
Cash	\$ 975,146	\$ 1,018,384
Accounts receivable	120,787	120,829
Inventory	627,098	322,890
Prepaid expenses	35,464	42,547
Total Current Assets	<u>1,758,495</u>	<u>1,504,650</u>
<b>Non-Current Assets</b>		
Restricted Assets		
Cash - Depreciation fund	3,896,033	3,793,261
Cash - Membership fund	685,890	414,284
Cash - Retiree health	356,561	353,889
Cash - Bond and interest redemption fund	567,631	649,180
Total Restricted Assets	<u>5,506,115</u>	<u>5,210,614</u>
Capital Assets		
Utility plant in service	46,336,224	46,087,860
Construction in Progress	47,250	-
Accumulated depreciation and amortization	<u>(20,550,684)</u>	<u>(19,779,389)</u>
Net Capital Assets	<u>25,832,790</u>	<u>26,308,471</u>
Total Non-Current Assets	<u>31,338,905</u>	<u>31,519,085</u>
Total Assets	<u>\$ 33,097,400</u>	<u>\$ 33,023,735</u>
<b>Deferred Outflows of Resources</b>		
Deferred Outflows of Resources, net	<u>\$ 548,649</u>	<u>\$ 589,390</u>

**EDMONSON COUNTY WATER DISTRICT**  
**Statements of Net Position – Concluded**  
**December 31, 2021 and 2020**

<b>Liabilities</b>	<u>2021</u>	<u>2020</u>
<b>Current Liabilities</b>		
Accounts payable	\$ 25,511	\$ 14,188
Compensated absences	92,754	121,994
Accrued liabilities	9,470	14,312
Total Current Liabilities	<u>127,735</u>	<u>150,494</u>
<b>Liabilities Payable from Restricted Assets</b>		
Current maturities of long-term debt (net)	580,667	537,472
Customer deposits	279,425	273,325
Accrued interest	101,072	108,052
Total Liabilities Payable from Restricted Assets	<u>961,164</u>	<u>918,849</u>
<b>Long-Term Liabilities</b>		
Long-term debt, less current maturities (net)	11,029,179	11,630,038
Retiree health payable	338,569	337,859
Total Long-Term Liabilities	<u>11,367,748</u>	<u>11,967,897</u>
Total Liabilities	<u>12,456,647</u>	<u>13,037,240</u>
<b>Net Position</b>		
<b>Net Position</b>		
Invested in capital assets, net of related debt	14,222,944	14,140,961
Restricted for equipment replacement	3,896,033	3,793,261
Restricted for membership deposits	406,465	140,959
Restricted for debt retirement	466,559	541,128
Restricted for health trust	17,992	16,030
Unrestricted	2,179,409	1,943,546
Total Net Position	<u>\$ 21,189,402</u>	<u>\$ 20,575,885</u>

**EDMONSON COUNTY WATER DISTRICT**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Years Ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Operating revenues:</b>		
Water sales	\$ 3,539,555	\$ 3,272,599
Sewer sales	17,288	16,393
Consumers' forfeited discounts	49,194	9,175
Service fees	69,899	38,641
Total operating revenues	<u>3,675,936</u>	<u>3,336,808</u>
<b>Operating expenses:</b>		
Water treatment	629,072	564,370
Transmission and distribution	808,733	669,310
Customer accounts	294,031	282,443
General and administrative	381,812	382,368
Depreciation	918,337	985,931
Taxes other than income	94,703	79,156
Total operating expenses	<u>3,126,688</u>	<u>2,963,578</u>
Operating income	<u>549,248</u>	<u>373,230</u>
<b>Non-operating revenue (expenses):</b>		
Interest income	81,730	103,365
Interest expense	(342,480)	(360,189)
Grant revenue	305,250	-
Savings on bond refinance	-	631,135
Gain (loss) on sale of fixed assets	(50,327)	-
Miscellaneous income	3,232	3,293
Miscellaneous expenses	(28,411)	(12,987)
Bond issuance cost	-	(122,886)
Amortization	(31,076)	(31,889)
Total non-operating revenue (expenses)	<u>(62,082)</u>	<u>209,842</u>
Income (loss) before capital contributions	<u>487,166</u>	<u>583,072</u>
<b>Capital contributions and donations</b>		
Tap fees	<u>126,351</u>	<u>92,625</u>
Total capital contributions	<u>126,351</u>	<u>92,625</u>
Increase (decrease) in net position	613,517	675,697
<b>Net position:</b>		
Beginning of year	<u>20,575,885</u>	<u>19,900,188</u>
End of year	<u>\$ 21,189,402</u>	<u>\$ 20,575,885</u>

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

**EDMONSON COUNTY WATER DISTRICT**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities:</b>		
Cash receipts from customers	\$ 3,675,978	\$ 3,304,589
Cash payments to suppliers for goods and services	(1,124,148)	(1,073,996)
Cash payments to employees for services	(1,315,876)	(1,108,979)
Net cash provided (used) by operating activities	<u>1,235,954</u>	<u>1,121,614</u>
<b>Cash flows from capital and related financing activities:</b>		
Principal paid on long-term debt	(548,000)	(4,695,307)
Proceeds from long-term debt	-	5,304,430
Interest paid on long-term debt	(349,460)	(314,569)
Grant revenue	305,250	-
Additions to capital assets	(594,622)	(1,255,727)
Proceeds from sale of capital assets	20,239	-
Bond issuance costs	-	(122,886)
Capital contributions and other revenue	101,172	82,931
Net cash provided (used) in financing activities	<u>(1,065,421)</u>	<u>(1,001,128)</u>
<b>Cash flows from investing activities:</b>		
Interest income	81,730	103,365
Net cash provided by (used) in investing activities	<u>81,730</u>	<u>103,365</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	252,263	223,851
Cash and cash equivalents, beginning of year	<u>6,228,998</u>	<u>6,005,147</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 6,481,261</u>	<u>\$ 6,228,998</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 549,248	\$ 373,230
Adjustments to reconcile operating income to net cash provided by operating activities:		
(Gain) loss on disposal of assets	50,327	-
Depreciation and amortization	949,413	995,787
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	42	(32,219)
(Increase) decrease in inventory	(304,208)	(234,263)
(Increase) decrease in prepaid expenses	7,083	349
Increase (decrease) in accounts payable	11,321	(17,544)
Increase (decrease) in compensated absences	(29,240)	10,030
Increase (decrease) in customer deposits	6,100	7,125
Increase (decrease) in retiree health payable	710	6,928
Increase (decrease) in accrued expenses	(4,842)	12,191
Net cash provided (used) by operating activities	<u>\$ 1,235,954</u>	<u>\$ 1,121,614</u>

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

**EDMONSON COUNTY WATER DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

**Note 1 – Description of Entity and Summary of Significant Accounting Policies**

Organization

The Edmonson County Water District was organized in 1967 under KRS 74.010 to provide water service to the residents of Edmonson County, Kentucky. The District is governed by a three commission Board, appointed by the Edmonson County Judge-Executive and approved by the Edmonson County Fiscal Court.

The District grants credit to customers, substantially all of whom are local residents and commercial businesses in Edmonson County, Kentucky.

Measurement Focus and Basis of Accounting

The term *measurement focus* is used to denote what is being measured and reported in the District's financial statements. The District is accounted for on the flow of economic resources measurement focus. Under this measurement focus, all assets and all liabilities associated with the operations are included in the Statement of Net Position.

The term *basis of accounting* is used to determine when a transaction or event is recognized on the District's financial statements. The District uses the full accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

Financial Statement Presentation

The District has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Activities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board, or any Accounting Research Bulletins issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements.

The accounts of the District are organized on the basis of a proprietary fund type, specifically an enterprise fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise the District's assets, liabilities, net position, revenues and expenses. Enterprise Funds account for activities; (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity, (ii) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues, or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

On January 1, 2004, the District adopted the provisions of Governmental Accounting Standards Board (GASB) No. 34 "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.*" GASB 34 established standards for external financial reporting for all state and local governmental entities which includes a Statement of Net Position, a Statement of Activities and Changes in Net Position and a Statement of Cash Flows. It requires the classification of net position into three components: (i) invested in capital assets, net of related debt, (ii) restricted, and (iii) unrestricted.

**EDMONSON COUNTY WATER DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

**Note 1 – Description of Entity and Summary of Significant Accounting Policies, Continued**

These classifications are defined as follows:

- *Invested in capital assets, net of related debt* - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- *Restricted* - This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted net position* - This component of net position consists of net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Use of Restricted Funds

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

Receivables

The District uses the direct write-off method to account for bad debts. No allowance for bad debts has been provided, as no material write-offs are expected for receivables as of December 31, 2021. The direct write-off method does not significantly depart from generally accepted accounting principles.

Capital Assets

The utility plant in service is stated at cost. The cost of additions to the utility plant and major replacements of retired units of property is capitalized. Cost includes direct labor, outside services, materials and transportation, employee fringe benefits, overhead, and interest on funds borrowed to finance construction. The cost and accumulated depreciation of property sold or retired is deducted from capital assets, and any profit or loss resulting from the disposal is credited or charged in the nonoperating section of the statement of revenues, expenses and changes in net position. The cost of current repairs, maintenance, and minor replacements is charged to expense as incurred. Depreciation has been provided over estimated useful lives of the assets using the straight-line method. Depreciation expense for the years ending December 31, 2021 and 2020 was \$918,337 and \$985,931, respectively.

The estimated useful lives of capital assets are as follows:

Utility plant	25-62.5 years
Equipment	5-10 years

Cash and Investments

The District considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. Investments are reported at fair market value.

Long-Term Obligations

Long-term debt and other obligations are reported as liabilities on the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds.

**EDMONSON COUNTY WATER DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

**Note 1 – Description of Entity and Summary of Significant Accounting Policies, Concluded**

Operating Revenues and Expenses

Operating revenues consist of those revenues that result from the ongoing principal operations of the District. Operating expenses consist primarily of charges for services. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing type of activities and result from nonexchange transactions.

Capital Contributions

Transmission and distribution system assets contributed to the District by installers are capitalized at the installers' costs and recorded as capital contributions when received. Also included in capital contributions are various grants received for infrastructure and payments received from customers for tap fees.

Income Taxes

The District is exempt from federal and state income taxes.

Extraordinary and Special Items

Extraordinary items are transactions or other events that are both unusual in nature and infrequent in occurrence. Special items are significant transactions or other events within the control of management that are either unusual in nature or infrequent in occurrence. If such items exist during the reporting period, they are reported separately in the Statement of Revenues, Expenses and Changes in Net Position.

Bond and Interest Redemption Fund

The ordinances authorizing the bond issues require monthly deposits of one-twelfth of the annual bond principal requirement and one-sixth of the semi-annual interest requirement. For the year ending December 31, 2021 and 2020, the District had complied with this requirement.

Inventory

Inventory is valued at lower of cost or net realizable value using the first in, first out method. Inventory in the Proprietary Funds consists of expendable supplies held for future consumption or capitalization. The cost is recorded as an expense or capital addition as inventory items are consumed.

Use of Estimates

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

Compensated Absences

Accumulated unpaid vacation amounts are accrued when benefits vest to employees and the unpaid liability is reflected in accrued liabilities.

Depreciation Fund

The ordinances authorizing the various bond issues of the District require monthly transfers into a depreciation fund until the maximum requirement is reached. These funds can be used for capital improvements, expansions and extraordinary repairs. For the years ended December 31, 2021 and 2020, the District complied with this requirement.



**EDMONSON COUNTY WATER DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

**Note 2 – Capital Assets**

Capital asset activity for the year ended December 31, 2021 and 2020, was as follows:

	For the Year Ended December 31, 2021			
	Beginning Balance	Additions	Deletions	Ending Balance
<i>Capital Assets not being depreciated</i>				
Land and Rights	\$ 381,725	\$ -	\$ -	\$ 381,725
Construction In Progress	-	47,250	-	47,250
Total Non-Depreciable Capital Assets	<u>381,725</u>	<u>47,250</u>	<u>-</u>	<u>428,975</u>
<i>Capital Assets being depreciated</i>				
Structures and Improvements	4,587,670	74,345	-	4,662,015
Lake, River, and Other Intakes	751,570	-	-	751,570
Supply Mains	228,231	-	-	228,231
Collections Sewers Force/Gravity	4,198,971	-	-	4,198,971
Pumping Equipment	1,882,433	134,550	-	2,016,983
Water Treatment Equipment	1,764,838	3,584	-	1,768,422
Franchise	10,262	-	-	10,262
Distribution Reservoirs	6,057,332	-	-	6,057,332
Transmission and Distribution Mains	19,675,770	42,931	-	19,718,701
Services	1,433,183	40,328	-	1,473,511
Meters and Installations	3,178,469	107,243	(72,797)	3,212,915
Other Plant	219,988	-	-	219,988
Furniture and Equipment	384,093	48,374	(326)	432,141
Transportation Equipment	468,981	-	(75,075)	393,906
Communication Equipment	499,853	19,342	(73,335)	445,860
Power Operated Equipment	364,491	-	(800)	363,691
Total Depreciable Capital Assets	<u>45,706,135</u>	<u>470,697</u>	<u>(222,333)</u>	<u>45,954,499</u>
Less: Accumulated Depreciation and Amortization	<u>19,779,389</u>	<u>918,337</u>	<u>(147,042)</u>	<u>20,550,684</u>
Total Net Capital Assets	<u>\$ 26,308,471</u>			<u>\$ 25,832,790</u>

**EDMONSON COUNTY WATER DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

**Note 2 – Capital Assets, Concluded**

	For the Year Ended December 31, 2020			
	Beginning		Deletions	Ending
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
<i>Capital Assets not being depreciated</i>				
Land and Rights	\$ 370,422	\$ 11,303	\$ -	\$ 381,725
Construction In Progress	112,794	912,855	(1,025,649)	-
Total Non-Depreciable Capital Assets	<u>483,216</u>	<u>924,158</u>	<u>(1,025,649)</u>	<u>381,725</u>
 <i>Capital Assets being depreciated</i>				
Structures and Improvements	4,562,690	24,980	-	4,587,670
Lake, River, and Other Intakes	751,570	-	-	751,570
Supply Mains	228,231	-	-	228,231
Collections Sewers Force/Gravity	4,198,971	-	-	4,198,971
Pumping Equipment	1,693,272	189,161	-	1,882,433
Water Treatment Equipment	1,754,532	10,306	-	1,764,838
Franchise	10,262	-	-	10,262
Distribution Reservoirs	6,057,332	-	-	6,057,332
Transmission and Distribution Mains	18,934,414	741,356	-	19,675,770
Services	1,363,483	69,700	-	1,433,183
Meters and Installations	3,116,437	149,268	(87,236)	3,178,469
Other Plant	165,519	54,469	-	219,988
Furniture and Equipment	373,627	10,466	-	384,093
Transportation Equipment	400,969	68,012	-	468,981
Communication Equipment	499,853	-	-	499,853
Power Operated Equipment	324,991	39,500	-	364,491
Total Depreciable Capital Assets	<u>44,436,153</u>	<u>1,357,218</u>	<u>(87,236)</u>	<u>45,706,135</u>
Less: Accumulated Depreciation and Amortization	<u>18,880,694</u>	<u>985,931</u>	<u>(87,236)</u>	<u>19,779,389</u>
Total Net Capital Assets	<u>\$ 26,038,675</u>			<u>\$ 26,308,471</u>

**EDMONSON COUNTY WATER DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

**Note 3 – Long-Term Debt**

Long-term debt consists of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Series 2001 A Water Revenue Bonds issued through the Rural Development of the USDA in the amount of \$3,837,000; due in annual installments on January 1 ranging from \$52,500 to \$172,000 through January 2041; interest rate of 3.25% due semi-annually on January 1 and July 1.	\$ 2,484,000	\$ 2,577,500
Series 2020 C Water Revenue Bonds issued through the Kentucky Rural Water Finance Corporation in the amount of \$3,325,000; due in annual installments on January 1 ranging from \$40,000 to \$150,000 through January 2048; interest rates ranging from 2.20% to 5.2% due semi-annually on January 1 and July 1.	3,245,000	3,325,000
Series 2019 Water Revenue Bonds issued through the Rural Development of the USDA in the amount of \$1,032,000; due in annual installments on January 1 ranging from \$20,000 to \$31,000 through January 2060; interest rate of 1.50% due semi-annually on January 1 and July 1.	1,012,000	1,032,000
Series 2010 A Water Revenue Bonds issued through the Rural Development of the USDA in the amount of \$570,000; due in annual installments on January 1 ranging from \$9,000 to \$23,500 through January 2050; interest rate of 2.25% due semi-annually on January 1 and July 1.	469,500	481,000
Series 2010 B Water Revenue Bonds issued through the Rural Development of the USDA in the amount of \$700,000; due in annual installments on January 1 ranging from \$11,000 to \$28,000 through January 2050; interest rate of 2.25% due semi-annually on January 1 and July 1.	576,500	590,500
Series 2013 B Revenue Bonds issued through the Kentucky Rural Water Finance Corporation in the amount of \$1,960,000; due in annual installments on January 1 ranging from \$155,000 to \$160,000 through January 2028; interest rates ranging from 2.3% to 3.3% due semi-annually on January 1 and July 1.	1,000,000	1,125,000
Series 2008 C Water Revenue Bonds issued through the Kentucky Rural Water Finance Corporation in the amount of \$830,000; due in annual installments on January 1 ranging from \$45,000 to \$75,000 through January 2022; interest rates ranging from 2.35% to 4.175% due semi-annually on January 1 and July 1.	75,000	145,000
Series 2012 D Water Revenue Bonds issued through the Kentucky Rural Water Finance Corporation in the amount of \$2,900,000; due in annual installments on January 1 ranging from \$20,000 to \$190,000 through January 2036; interest rates ranging from 2.95% to 4.2% due semi-annually on January 1 and July 1.	1,965,000	2,085,000

**EDMONSON COUNTY WATER DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

**Note 3 – Long-Term Debt, Continued**

	<u>2021</u>	<u>2020</u>
Series 2013 A Water Revenue Bonds issued through the Rural Development of the USDA in the amount of \$504,000; due in annual installments on January 1 ranging from \$9,000 to \$17,500 through January 2054; interest rate of 2.125% due semi-annually on January 1 and July 1.	448,500	458,000
Series 2013 B Water Revenue Bonds issued through the Rural Development of the USDA in the amount of \$160,000; due in annual installments on January 1 ranging from \$2,000 to \$7,500 through January 2054; interest rate of 3.00% due semi-annually on January 1 and July 1.	145,500	148,000
Series 2005 Water Revenue Bonds issued through the Rural Development of the USDA in the amount of \$100,000; due in annual installments on January 1 ranging from \$1,100 to \$5,500 through January 2045; interest rate of 4.25% due semi-annually on January 1 and July 1.	<u>77,600</u>	<u>79,600</u>
Total debt	<u>\$ 11,498,600</u>	<u>\$ 12,046,600</u>

Principal and interest maturities of long-term debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 571,600	\$ 333,442	\$ 905,042
2023	515,600	313,614	829,214
2024	531,700	296,196	827,896
2025	550,800	277,768	828,568
2026	571,400	258,160	829,560
2027-2031	2,668,700	997,369	3,666,069
2032-2036	2,236,400	606,550	2,842,950
2037-2041	1,824,300	324,121	2,148,421
2042-2046	1,123,100	154,164	1,277,264
2047-2051	594,500	43,824	638,324
2052-2056	211,500	14,138	225,638
2057-2060	99,000	2,185	101,185
	<u>\$ 11,498,600</u>	<u>\$ 3,621,531</u>	<u>\$ 15,120,131</u>

Interest was capitalized in the amount of \$0 during 2021 and \$22,167 for 2020; interest incurred and charged to expense for the year ended December 31, 2021 and 2020 totaled \$342,480 and \$360,189, respectively.

**EDMONSON COUNTY WATER DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

**Note 3 – Long-Term Debt, Concluded**

Long-term debt activities for the year ended December 31, 2021 and 2020 are as follows:

	For the Year Ended December 31, 2021				
	Beginning Balance	Additions	Debt Payments and Reductions	Ending Balance	Amount due within One Year
RD Series 2001 A	\$ 2,577,500	\$ -	\$ (93,500)	\$ 2,484,000	\$ 96,500
RD Series 2010	481,000	-	(11,500)	469,500	11,500
RD Series 2010 B	590,500	-	(14,000)	576,500	14,000
KRWFC 2008 C	145,000	-	(70,000)	75,000	75,000
KRWFC 2012 D	2,085,000	-	(120,000)	1,965,000	125,000
RD Series 2013 A	458,000	-	(9,500)	448,500	10,000
RD Series 2013 B	148,000	-	(2,500)	145,500	2,500
KRWFC 2013 B	1,125,000	-	(125,000)	1,000,000	130,000
KRWFC 2020 C	3,325,000	-	(80,000)	3,245,000	85,000
RD Series 2019	1,032,000	-	(20,000)	1,012,000	20,000
RD Series 2005	79,600	-	(2,000)	77,600	2,100
	<u>12,046,600</u>	-	<u>(548,000)</u>	<u>11,498,600</u>	<u>571,600</u>
Bond premiums/discounts	120,910	-	(9,664)	111,246	9,067
Total bonds, net with premium	<u>\$ 12,167,510</u>	<u>\$ -</u>	<u>\$ (557,664)</u>	<u>\$ 11,609,846</u>	<u>\$ 580,667</u>

	For the Year Ended December 31, 2020				
	Beginning Balance	Additions	Debt Payments and Reductions	Ending Balance	Amount due within One Year
RD Series 2001 A	\$ 2,668,000	\$ -	\$ (90,500)	\$ 2,577,500	\$ 93,500
RD Series 2001 B	205,000	-	(205,000)	-	-
RD Series 2003	337,000	-	(337,000)	-	-
RD Series 2007 A	1,023,000	-	(1,023,000)	-	-
RD Series 2007 B	441,000	-	(441,000)	-	-
RD Series 2009	1,313,000	-	(1,313,000)	-	-
RD Series 2010	492,000	-	(11,000)	481,000	11,500
RD Series 2010 B	604,000	-	(13,500)	590,500	14,000
KRWFC 2008 C	215,000	-	(70,000)	145,000	70,000
KRWFC 2012 D	2,205,000	-	(120,000)	2,085,000	120,000
RD Series 2013 A	467,500	-	(9,500)	458,000	9,500
RD Series 2013 B	150,500	-	(2,500)	148,000	2,500
KRWFC 2013 B	1,250,000	-	(125,000)	1,125,000	125,000
KRW Interim Financing	95,294	837,113	(932,407)	-	-
KRWFC 2020 C	-	3,325,000	-	3,325,000	80,000
RD Series 2019	-	1,032,000	-	1,032,000	-
RD Series 2005	81,500	-	(1,900)	79,600	2,000
	<u>11,547,794</u>	<u>5,194,113</u>	<u>(4,695,307)</u>	<u>12,046,600</u>	<u>528,000</u>
Bond Premiums/discounts	10,595	120,171	(9,856)	120,910	9,472
Total bonds, net with premium	<u>\$ 11,558,389</u>	<u>\$ 5,314,284</u>	<u>\$ (4,705,163)</u>	<u>\$ 12,167,510</u>	<u>\$ 537,472</u>

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. During the current year, the District performed calculations of excess investment earnings on various bonds and at December 31, 2021 and 2020, respectively and does not expect to incur a liability.

**EDMONSON COUNTY WATER DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

**Note 4 – Cash and Investments**

The carrying amount of the District's cash deposits was \$6,481,261 and \$6,228,998 for the years ending December 31, 2021 and 2020, respectively and the bank balances, were \$6,507,538 and \$6,316,161. The difference between book and bank balances primarily represents checks that have been issued, but have not cleared the bank. The District has no formal investment policy, but currently uses only local financial institutions. The District's deposits included seven certificates of deposit totaling approximately \$3,577,000 and \$3,577,000 for 2021 and 2020 that matured annually. Interest rates at December 31, 2021 ranged from .85%-2.27% while December 31, 2020 rates ranged from 0.90%-1.66%. All of the District's deposits were either insured by FDIC or by collateral pledged by Bank of Edmonson County.

**Note 5 – Pension Plan**

The District participated in the Kentucky Public Employees 401(k) and the Nationwide Retirement Solutions 401(a) Deferred Compensation Plans. The District contributes 8% of covered payroll which excludes overtime wages to the 401(a) plan and each employee contributes up to 25% of their wages to the 401(k) plan. For the years ended December 31, 2021 and 2020 employer contributions were \$70,880 and \$65,952, respectively and employee contributions were \$33,099 and \$27,450. Covered payroll was approximately \$886,000 and \$823,115 for the years ended December 31, 2021 and 2020, respectively.

**Note 6 – Other Postemployment Benefits (OPEB)**

On March 1, 2005 the District adopted a retiree health insurance plan pursuant to KRS 74.070, in order to provide health benefits in the form of premium payments for health insurance coverage. The plan is considered to be a single-employer plan, due to the District being the only participant administering the plan. A participant is eligible to receive benefits under the plan after termination of employment, not including any termination for cause, upon attaining at least age 55 and completion of at least 25 years of service. Benefits are paid as a premium payment made directly to each insurer that provides an individual policy of health insurance for a participant. The Plan's measurement date is as of December 31, 2021.

The plan is funded completely by District contributions and are made and deposited in a Grantor Trust. Amounts and timing for contributions are solely at the discretion of the District, but in any event shall not consist of an amount for any participant in excess of the lifetime maximum. The maximum lifetime benefit paid to a participant shall not exceed \$32,400. The maximum monthly benefit paid to a participant in any given month shall not exceed \$1,000.

In March 2005, the District funded the plan for all eligible participants based on age and years of service at the date of the contribution. Employee contributions for the year ended December 31, 2021 and 2020 were \$0 and \$0. Employer contributions were \$6,600 and \$14,364 for the year ended December 31, 2021 and 2020.

The plan does not issue separate financial reports detailing the plan's assets, deferred outflows and inflows, and liabilities nor is included in other government financials as a fiduciary fund.

**EDMONSON COUNTY WATER DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

**Note 6 – Other Postemployment Benefits (OPEB), Concluded**

The following table shows the funded status of the Net OPEB liability:

Net OPEB liability	<u>12/31/2021</u>	<u>12/31/2020</u>
Benefit obligation at end of year	\$ 338,569	\$ 337,859
Fair value of plan assets at end of year	<u>356,561</u>	<u>353,889</u>
Over/(under) funded status at end of year	<u>\$ 17,992</u>	<u>\$ 16,030</u>

As of December 31, 2021, the District reported a total net OPEB liability of \$338,569 and \$337,859 at December 31, 2021 and 2020, respectively. The District recognized \$6,213 and \$6,929 in OPEB expense as of December 31, 2021 and 2020, respectively. These amounts are included in the operating expenses on the Statement of Revenues, Expenses, and Changes in Net Position.

The following table displays the changes in the plan's balance for the years ended 2021 and 2020:

Change in Net OPEB liability	<u>12/31/2021</u>	<u>12/31/2020</u>
Net OPEB liability at beginning of year	\$ 337,859	\$ 330,931
Service Cost	59,076	23,328
Payments to employees	(6,527)	(16,400)
Forfeited benefits	<u>(51,839)</u>	<u>-</u>
Net OPEB liability at end of year	<u>\$ 338,569</u>	<u>\$ 337,859</u>
Plan Assets Beginning of year	\$ 353,889	\$ 353,025
Employer Contributions	6,600	14,364
Payments to employees	(6,527)	(16,400)
Asset Income	<u>2,599</u>	<u>2,900</u>
Plan assets end of year	<u>\$ 356,561</u>	<u>\$ 353,889</u>

The District calculates the liability based on prorated years of service. Forfeited benefits are based on employees that the District once accounted for but are no longer employed and failed to meet plan requirements to receive benefits. As of December 31, 2021, the District has two inactive employees receiving benefits, and twenty-six active employees eligible to receive benefits once they meet plan requirements.

**Note 7 – Deferred Inflows/Deferred Outflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to future periods and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The District has items that qualify for reporting in this category in the amount of \$548,649 and \$589,390 on December 31, 2021 and 2020 respectively for savings on bonds. This amount net of amortization in the amount of \$40,741 and \$45,175 for the years ended December 31, 2021 and 2020.

**EDMONSON COUNTY WATER DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

**Note 7 – Deferred Inflows/Deferred Outflows of Resources, Concluded**

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has no items that qualify for reporting in this category.

**Note 8 – Subsequent Events**

Management has evaluated subsequent events through February 8, 2022, the date which the financial statements were available to be issued.

**Note 9 – Reclassifications**

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.



## Supplemental Information

**EDMONSON COUNTY WATER DISTRICT**  
**Statement of Revenues, Expenses and**  
**Change in Net Position – Budget and Actual**  
**For the Year Ended December 31, 2021**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Operating revenues:</b>				
Water sales	\$ 3,539,554	\$ 3,539,554	\$ 3,539,555	\$ 1
Sewer sales	17,288	17,288	17,288	-
Consumers' forfeited discounts	49,194	49,194	49,194	-
Service fees	<u>46,204</u>	<u>46,204</u>	<u>69,899</u>	<u>23,695</u>
Total operating revenues	<u>3,652,240</u>	<u>3,652,240</u>	<u>3,675,936</u>	<u>23,696</u>
<b>Operating expenses:</b>				
Salaries	1,073,500	1,073,500	1,069,889	3,611
Employee benefits	248,211	248,211	255,492	(7,281)
Purchased power	263,850	263,850	274,640	(10,790)
Chemicals	74,057	74,057	72,496	1,561
Materials and supplies	112,257	112,257	143,169	(30,912)
Depreciation	1,006,500	1,006,500	918,337	88,163
Transportation	59,445	59,445	56,948	2,497
Taxes other than income	95,175	95,175	94,703	472
Contractual services	155,545	155,545	130,533	25,012
Advertising	5,250	5,250	5,246	4
Miscellaneous	45,200	45,200	41,423	3,777
Insurance	49,250	49,250	54,732	(5,482)
Bad debts	<u>12,050</u>	<u>12,050</u>	<u>9,080</u>	<u>2,970</u>
Total operating expenses	<u>3,200,290</u>	<u>3,200,290</u>	<u>3,126,688</u>	<u>73,602</u>
Operating income	<u>451,950</u>	<u>451,950</u>	<u>549,248</u>	<u>97,298</u>
<b>Non-operating revenue (expenses):</b>				
Interest income	81,637	81,637	81,730	93
Interest expense	(387,706)	(387,706)	(342,480)	45,226
Grant proceeds	258,000	258,000	305,250	47,250
Gain (loss) on sales of fixed assets	-	-	(50,327)	(50,327)
Miscellaneous income	3,234	3,234	3,232	(2)
Miscellaneous expenses	-	-	(28,411)	(28,411)
Amortization	<u>-</u>	<u>-</u>	<u>(31,076)</u>	<u>(31,076)</u>
Total non-operating revenue (expenses)	<u>(44,835)</u>	<u>(44,835)</u>	<u>(62,082)</u>	<u>(17,247)</u>
Income (loss) before capital contributions	<u>407,115</u>	<u>407,115</u>	<u>487,166</u>	<u>80,051</u>
<b>Capital contributions</b>				
Tap fees	<u>109,300</u>	<u>109,300</u>	<u>126,351</u>	<u>17,051</u>
Total capital contributions	<u>109,300</u>	<u>109,300</u>	<u>126,351</u>	<u>17,051</u>
Increase (decrease) in net position	516,415	516,415	613,517	97,102
<b>Net position:</b>				
Beginning of year	<u>20,575,885</u>	<u>20,575,885</u>	<u>20,575,885</u>	<u>-</u>
End of year	<u>\$ 21,092,300</u>	<u>\$ 21,092,300</u>	<u>\$ 21,189,402</u>	<u>\$ 97,102</u>

**EDMONSON COUNTY WATER DISTRICT**  
**Statements of Net Position - Water**  
**December 31, 2021 and 2020**

<b>Assets</b>	<u>2021</u>	<u>2020</u>
<b>Current Assets</b>		
Cash	\$ 786,695	\$ 835,857
Accounts receivable	119,718	119,593
Inventory	627,098	322,890
Prepaid expenses	34,114	41,197
Total Current Assets	<u>1,567,625</u>	<u>1,319,537</u>
<b>Non-Current Assets</b>		
Restricted Assets		
Cash - Depreciation fund	3,889,626	3,786,895
Cash - Membership fund	685,890	414,284
Cash - Retiree health	356,561	353,889
Cash - Bond and interest redemption fund	563,597	644,753
Total Restricted Assets	<u>5,495,674</u>	<u>5,199,821</u>
Capital Assets		
Utility plant in service	42,987,128	42,728,720
Construction in progress	47,250	-
Accumulated depreciation and amortization	(19,745,257)	(19,031,417)
Net Capital Assets	<u>23,289,121</u>	<u>23,697,303</u>
Total Non-Current Assets	<u>28,784,795</u>	<u>28,897,124</u>
Total Assets	<u>\$ 30,352,420</u>	<u>\$ 30,216,661</u>
<b>Deferred Outflows of Resources</b>		
Deferred Outflows of Resources, net	<u>\$ 548,649</u>	<u>\$ 589,390</u>

**EDMONSON COUNTY WATER DISTRICT**  
**Statements of Net Position – Water, Concluded**  
**December 31, 2021 and 2020**

<b>Liabilities</b>	<u>2021</u>	<u>2020</u>
<b>Current Liabilities</b>		
Accounts payable	\$ 23,768	\$ 12,950
Compensated absences	92,754	121,994
Accrued liabilities	9,470	14,312
Total Current Liabilities	125,992	149,256
<b>Liabilities Payable from Restricted Assets</b>		
Current maturities of long-term debt (net)	578,567	535,472
Customer deposits	279,425	273,325
Accrued interest	101,072	108,052
Total Liabilities Payable from Restricted Assets	959,064	916,849
<b>Long-Term Liabilities</b>		
Long-term debt, less current maturities (net)	10,953,679	11,552,438
Retiree health payable	338,569	337,859
Total Long-Term Liabilities	11,292,248	11,890,297
Total Liabilities	12,377,304	12,956,402
<b>Net Position</b>		
<b>Net Position</b>		
Invested in capital assets, net of related debt	11,756,875	11,609,393
Restricted for equipment replacement	3,889,626	3,786,895
Restricted for membership deposits	406,465	140,959
Restricted for debt retirement	462,525	536,701
Restricted for health trust	17,992	16,030
Unrestricted	1,990,282	1,759,671
Total Net Position	\$ 18,523,765	\$ 17,849,649

**EDMONSON COUNTY WATER DISTRICT**  
**Statements of Revenues, Expenses and**  
**Changes in Net Position - Water**  
**For the Years Ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Operating revenues:</b>		
Water sales	\$ 3,539,555	\$ 3,272,599
Consumers' forfeited discounts	48,745	9,135
Service fees	69,899	38,641
Total operating revenues	3,658,199	3,320,375
<b>Operating expenses:</b>		
Water treatment	629,072	564,370
Transmission and distribution	796,845	657,131
Customer accounts	294,031	282,443
General and administrative	381,812	382,368
Depreciation	855,056	908,906
Taxes other than income	94,700	79,059
Total operating expenses	3,051,516	2,874,277
Operating income	606,683	446,098
<b>Non-operating revenue (expenses):</b>		
Interest income	80,453	100,500
Interest expense	(339,097)	(356,725)
Grant revenue	305,250	-
Bond issuance costs	-	(122,886)
Savings on bond refinancing	-	631,135
Gain/(loss) on sale of fixed assets	(50,327)	-
Miscellaneous income	3,232	3,293
Miscellaneous expenses	(27,353)	(13,739)
Amortization	(31,076)	(31,889)
Total non-operating revenue (expenses)	(58,918)	209,689
Income (loss) before capital contributions	547,765	655,787
<b>Capital contributions</b>		
Tap fees	126,351	92,625
Total capital contributions	126,351	92,625
Increase (decrease) in net position	674,116	748,412
<b>Net position:</b>		
Beginning of year	17,849,649	17,101,237
End of year	\$ 18,523,765	\$ 17,849,649

**EDMONSON COUNTY WATER DISTRICT**  
**Statements of Operating Expenses- Water**  
**For the Years Ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Water Treatment</b>		
Salaries	\$ 264,869	\$ 229,545
Employee benefits	56,981	48,128
Purchased power	165,756	135,271
Chemicals	72,496	71,686
Materials and supplies	20,449	16,483
Contractual services	37,048	50,439
Transportation	3,501	3,165
Miscellaneous	7,972	9,653
	<u>\$ 629,072</u>	<u>\$ 564,370</u>
<b>Transmission and Distribution</b>		
Salaries	\$ 453,620	\$ 362,729
Employee benefits	110,373	95,864
Purchased power	102,379	87,663
Materials and supplies	48,975	43,707
Contractual services	22,802	21,430
Transportation	52,039	33,507
Miscellaneous	6,657	12,231
	<u>\$ 796,845</u>	<u>\$ 657,131</u>
<b>Customer Accounts</b>		
Salaries	\$ 168,791	\$ 161,202
Employee benefits	50,103	45,751
Materials and supplies	61,016	59,306
Bad debts	9,080	16,123
Miscellaneous	5,041	61
	<u>\$ 294,031</u>	<u>\$ 282,443</u>
<b>Administrative and General</b>		
Salaries	\$ 172,020	\$ 171,730
Employee benefits	38,035	56,061
Purchased power	5,206	4,776
Materials and supplies	12,729	2,910
Contractual services	70,683	66,315
Transportation	1,408	1,130
Insurance	54,732	54,916
Advertising	5,246	1,681
Miscellaneous	21,753	22,849
	<u>\$ 381,812</u>	<u>\$ 382,368</u>

**EDMONSON COUNTY WATER DISTRICT**  
**Statements of Net Position – Sewer**  
**December 31, 2021 and 2020**

<b>Assets</b>		<u>2021</u>	<u>2020</u>
<b>Current Assets</b>			
Cash		\$ 188,451	\$ 182,527
Accounts receivable		1,069	1,236
Prepaid expenses		1,350	1,350
Total Current Assets		<u>190,870</u>	<u>185,113</u>
<b>Non-Current Assets</b>			
Restricted Assets			
Cash - Depreciation fund		6,407	6,366
Cash - Bond and interest redemption fund		4,034	4,427
Total Restricted Assets		<u>10,441</u>	<u>10,793</u>
Capital Assets			
Utility plant in service		3,349,096	3,359,140
Accumulated depreciation and amortization		<u>(805,427)</u>	<u>(747,972)</u>
Net Capital Assets		<u>2,543,669</u>	<u>2,611,168</u>
Total Non-Current Assets		<u>2,554,110</u>	<u>2,621,961</u>
Total Assets		<u>\$ 2,744,980</u>	<u>\$ 2,807,074</u>

**EDMONSON COUNTY WATER DISTRICT**  
**Statements of Net Position – Sewer, Concluded**  
**December 31, 2021 and 2020**

<b>Liabilities</b>	<u>2021</u>	<u>2020</u>
<b>Current Liabilities</b>		
Accounts payable	\$ 1,743	\$ 1,238
Total Current Liabilities	1,743	1,238
<b>Liabilities Payable from Restricted Assets</b>		
Current maturities of long-term debt (net)	2,100	2,000
Total Liabilities Payable from Restricted Assets	2,100	2,000
<b>Long-Term Liabilities</b>		
Long-term debt, less current maturities (net)	75,500	77,600
Total Long-Term Liabilities	75,500	77,600
Total Liabilities	79,343	80,838
<b>Net Position</b>		
<b>Net Position</b>		
Invested in capital assets, net of related debt	2,466,069	2,531,568
Restricted for equipment replacement	6,407	6,366
Restricted for debt retirement	4,034	4,427
Unrestricted	189,127	183,875
Total Net Position	\$ 2,665,637	\$ 2,726,236



**EDMONSON COUNTY WATER DISTRICT**  
**Statements of Revenues, Expenses and Changes in Net Position - Sewer**  
**For the Year Ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Operating revenues:</b>		
Sewer sales	\$ 17,288	\$ 16,393
Consumers' forfeited discounts	449	40
Total operating revenues	<u>17,737</u>	<u>16,433</u>
<b>Operating expenses:</b>		
Labor	10,589	10,988
Purchased power	1,299	1,191
Taxes other than income	3	97
Depreciation	<u>63,281</u>	<u>77,025</u>
Total operating expenses	<u>75,172</u>	<u>89,301</u>
Operating income	<u>(57,435)</u>	<u>(72,868)</u>
<b>Non-operating revenue (expenses):</b>		
Interest income	1,277	2,865
Interest expense	(3,383)	(3,464)
Miscellaneous expenses	<u>(1,058)</u>	<u>752</u>
Total non-operating revenue (expenses)	<u>(3,164)</u>	<u>153</u>
Income (loss) before capital contributions	<u>(60,599)</u>	<u>(72,715)</u>
<b>Capital contributions and donations</b>		
Tap fees	<u>-</u>	<u>-</u>
Total capital contributions	<u>-</u>	<u>-</u>
Increase (decrease) in net position	(60,599)	(72,715)
<b>Net position:</b>		
Beginning of year	<u>2,726,236</u>	<u>2,798,951</u>
End of year	<u>\$ 2,665,637</u>	<u>\$ 2,726,236</u>

**EDMONSON COUNTY WATER DISTRICT**  
**Schedule of The District's Share of the Net OPEB Liability**  
**For the Ten Years Ended December 31**

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
District's net OPEB liability	\$ 338,569	\$ 337,859	\$ 330,931
District's covered-employee payroll	\$ 886,019	\$ 823,115	\$ 795,900
District's share of the net OPEB liability as a percentage of its covered-employee payroll	38.21%	41.05%	41.58%

\*\* Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**EDMONSON COUNTY WATER DISTRICT**  
**Schedule of The District's OPEB Contributions**  
**For the Ten Years Ended December 31**

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Contractually required contribution	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Company's covered-employee payroll	\$ 886,019	\$ 823,115	\$ 795,900
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%

\*\*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**Notes to the Required Supplementary Information**

*Changes of Benefit Terms* : There were no changes to plan terms of benefits.

*Changes of Assumptions*: The District does not use actuarial assumptions to determine the plan's liability.



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

Edmonson County Water District  
Brownsville, 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 business-type activities of the Edmonson County Water District, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Edmonson County Water District's basic financial statements, and have issued our report thereon dated February 8, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Edmonson County 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 Edmonson County Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Edmonson County Water District's internal control.

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Campbell, Myers & Rutledge, PLLC*

Certified Public Accountants  
Glasgow, Kentucky

February 8, 2022

