Edmonson County Water District

Financial Statements

December 31, 2025 and 2024

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CAMPBELL, MYERS AND RUTLEDGE, PLLC

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Edmonson County Water District

Brownsville, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of Edmonson County Water District as of and for the year ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Edmonson County 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 business-type activities of the Edmonson County Water District, as of December 31, 2025 and 2024, and the respective changes in financial position, and cash flows thereof 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 Edmonson County 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 Edmonson County 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.

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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 and *Government 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 the 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 and *Government 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 Edmonson County 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 Edmonson County 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 Net OPEB schedules on pages 4–6 and 29–30 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.

Supplementary 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 schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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. The 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 schedule of expenditures of federal awards 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 March 20, 2026, 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 solely 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 the effectiveness of the Edmonson County Water District's 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 Edmonson County Water District's internal control over financial reporting and compliance.

Campbell, Myers & Rutledge, PLLC

Glasgow, Kentucky
March 20, 2026

EDMONSON COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended December 31, 2025 and 2024

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, 2025. 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, 2025 were $4,292,735 or an decrease of 2.08%. This decrease was due to a shrinking of the water system with segments of the system being annexed into other districts and operated by them toward the end of the year.

Operating expenses for the year ending December 31, 2025 were $5,133,667 or an decrease of .95%. Expenses were down due to a decrease in salaries, materials and supplies, and purchased power due to parts of the system being annexed into other districts.

Total assets and deferred outflows of resources for the year ending December 31, 2025 were $35,365,861 or an increase of 13.59% while total liabilities were $13,099,610 or an increase of 16%.

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, 2025 and 2024 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
Summary of Net Position
December 31, 2025 and 2024

	2025	2024
ASSETS:		
Total current assets	$ 2,252,058	$ 1,967,774
Total restricted assets	4,245,706	3,444,588
Net capital assets	28,471,237	25,373,143
Total Assets	$ 34,969,001	$ 30,785,505
Deferred Outflows Of Resources:		
Deferred Outflows of Resources, net	$ 396,860	$ 433,018
LIABILITIES:		
Total current liabilities	$ 2,857,669	$ 381,063
Total liabilities payable from restricted assets	862,011	990,531
Total long-term liabilities	9,379,930	9,921,681
Total Liabilities	$ 13,099,610	$ 11,293,275
NET POSITION:		
Invested in captial assets, net of related debt	$ 18,893,867	$ 15,241,272
Restricted	4,644,255	3,513,391
Unrestricted	(1,271,871)	1,170,585
Total Net Position	$ 22,266,251	$ 19,925,248

The Net Position for the year ending December 31, 2025 showed an increase of $2,341,003 or approximately 11.75% from the previous year.

Edmonson County Water District
Summary of Changes in Net Position
December 31, 2025 and 2024

	2025	2024
Total operating revenues	$ 4,292,735	$ 4,383,807
Total operating expenses	5,133,667	5,183,158
Operating income	(840,932)	(799,351)
Total non-operating revenue (expenses)	2,997,162	270,369
Income (loss) before capital contributions	2,156,230	(528,982)
Total capital contributions and donated assets	184,773	246,241
Increase (decrease) in Net Position	2,341,003	(282,741)
Net Position, beginning of year	19,925,248	20,207,989
Net Position, end of year	$ 22,266,251	$ 19,925,248

The largest portion (85%) 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 6% increase from the prior year.

Restricted Net Position (18%) represents resources that are subject to external restrictions on how they may be used.

The balance (-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, 2025 were $28,471,237, which was a net increase of $3,098,094 or 13.59%.

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 difference in accounting for grant revenues and an underbudget of depreciation expense.

DEBT ADMINISTRATION

At December 31, 2025, the District had $9,499,700 bonds outstanding plus unamortized bond premium of $77,670 for a total liability of $9,577,370. The District incurred approximately $326,000 in interest expense associated with long term debt. Principal payments on bonds and loans amounted to $546,700 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, 2025 and 2024

Assets	2025	2024
Current Assets		
Cash	$ 1,221,206	$ 996,499
Accounts receivable	71,541	123,633
Grant receivable	453,184	143,706
Inventory	444,626	657,050
Prepaid expenses	61,501	46,886
Total Current Assets	2,252,058	1,967,774
Non-Current Assets		
Restricted Assets		
Cash - Depreciation fund	3,442,434	2,238,663
Cash - Membership fund	-	432,478
Cash - Bond and interest redemption fund	803,272	773,447
Total Restricted Assets	4,245,706	3,444,588
Capital Assets		
Utility plant in service	50,670,290	46,857,227
Construction in progress	958,076	680,796
Accumulated depreciation and amortization	(23,157,129)	(22,164,880)
Net Capital Assets	28,471,237	25,373,143
Total Non-Current Assets	32,716,943	28,817,731
Total Assets	$ 34,969,001	$ 30,785,505
Deferred Outflows of Resources		
Deferred Outflows of Resources, net	$ 396,860	$ 433,018

EDMONSON COUNTY WATER DISTRICT
Statements of Net Position – Concluded
December 31, 2025 and 2024

Liabilities	2025	2024
Current Liabilities		
Accounts payable	$ 585,011	$ 168,443
Compensated absences	88,319	117,080
Accrued liabilities	14,301	17,052
Deferred revenue	2,170,038	78,488
Total Current Liabilities	2,857,669	381,063
Liabilities Payable from Restricted Assets		
Current maturities of long-term debt (net)	565,800	554,501
Customer deposits	163,200	296,500
Accrued interest	133,011	139,530
Total Liabilities Payable from Restricted Assets	862,011	990,531
Long-Term Liabilities		
Long-term debt, less current maturities (net)	9,011,570	9,577,370
Retiree health payable	368,360	344,311
Total Long-Term Liabilities	9,379,930	9,921,681
Total Liabilities	13,099,610	11,293,275
Net Position		
Net Position		
Invested in capital assets, net of related debt	18,893,867	15,241,272
Restricted for equipment replacement	3,442,434	2,238,663
Restricted for membership deposits	163,200	296,500
Restricted for debt retirement	670,261	633,917
Restricted for health trust	368,360	344,311
Unrestricted	(1,271,871)	1,170,585
Total Net Position	$ 22,266,251	$ 19,925,248

EDMONSON COUNTY WATER DISTRICT
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2025 and 2024

	2025	2024
Operating revenues:		
Water sales	$ 4,101,406	$ 4,241,448
Sewer sales	54,418	48,868
Consumers' forfeited discounts	63,023	66,648
Service fees	73,888	26,843
Total operating revenues	4,292,735	4,383,807
Operating expenses:		
Water treatment	1,298,405	1,489,269
Transmission and distribution	1,670,844	1,616,962
Customer accounts	229,309	309,902
General and administrative	755,846	690,861
Depreciation	1,035,002	932,753
Taxes other than income	144,261	143,411
Total operating expenses	5,133,667	5,183,158
Operating income	(840,932)	(799,351)
Non-operating revenue (expenses):		
Interest income	170,002	168,597
Interest expense	(326,338)	(282,065)
Grant revenue	2,876,852	306,455
Gain (loss) on disposal of fixed assets	-	1,356
Miscellaneous income	361,677	106,515
Miscellaneous expenses	(56,674)	(1,318)
Amortization	(28,357)	(29,171)
Total non-operating revenue (expenses)	2,997,162	270,369
Income (loss) before capital contributions	2,156,230	(528,982)
Capital contributions and donations		
Tap fees	184,773	246,241
Total capital contributions	184,773	246,241
Increase (decrease) in net position	2,341,003	(282,741)
Net position:		
Beginning of year	19,925,248	20,207,989
End of year	$ 22,266,251	$ 19,925,248

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, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Cash receipts from customers	$ 4,344,827	$ 4,389,955
Cash payments to suppliers for goods and services	(1,578,955)	(2,170,062)
Cash payments to employees for services	(2,046,096)	(2,079,296)
Net cash provided (used) by operating activities	719,776	140,597
Cash flows from capital and related financing activities:		
Principal paid on long-term debt	(546,700)	(365,000)
Interest paid on long-term debt	(332,857)	(229,712)
Grant proceeds received	4,658,924	271,376
Cash paid for capital assets	(4,133,096)	(1,515,610)
Proceeds from sale of capital assets	-	22,031
Capital contributions and other revenue	489,776	351,440
Net cash provided (used) in financing activities	136,047	(1,465,475)
Cash flows from investing activities:		
Interest income	170,002	168,595
Net cash provided by (used) in investing activities	170,002	168,595
Net increase (decrease) in cash and cash equivalents	1,025,825	(1,156,283)
Cash and cash equivalents, beginning of year	4,441,087	5,597,370
Cash and cash equivalents, end of year	$ 5,466,912	$ 4,441,087
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ (840,932)	$ (799,351)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,035,002	932,753
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	52,092	6,148
(Increase) decrease in inventory	212,424	(124,851)
(Increase) decrease in prepaid expenses	(14,615)	(4,702)
Increase (decrease) in accounts payable	416,568	123,207
Increase (decrease) in compensated absences	(28,761)	5,590
Increase (decrease) in customer deposits	(133,300)	5,825
Increase (decrease) in retiree health payable	24,049	(7,760)
Increase (decrease) in accrued expenses	(2,751)	3,738
Net cash provided (used) by operating activities	$ 719,776	$ 140,597

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

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 and sewer service to the residents of Edmonson County, Kentucky. The District is governed by a five commission Board comprised of three Edmonson County residents and two Grayson County residents, appointed by the County Judge-Executive from the respective county and approved by their respective 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.

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, 2025. 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, 2025 and 2024 was $1,035,002 and $932,753, 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.

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

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, 2025 and 2024, 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.

Changes in the Compensated absences liability for 2025 are as follows:

	12/31/2024	Additions	Reductions	12/31/2025
Compensated Absences	$ 117,080	$ -	$ (28,761)	$ 88,319

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

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, 2025 and 2024, the District complied with this requirement.

Note 2 – Capital Assets

Capital asset activity for the year ended December 31, 2025 and 2024, was as follows:

	For the Year Ended December 31, 2025			
	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets not being depreciated				
Land and Rights	$ 808,842	$ -	$ -	$ 808,842
Construction In Progress	680,796	3,639,607	(3,362,327)	958,076
Total Non-Depreciable Capital Assets	1,489,638	3,639,607	(3,362,327)	1,766,918
Capital Assets being depreciated				
Structures and Improvements	4,722,115	17,500	-	4,739,615
Lake, River, and Other Intakes	751,570	-	-	751,570
Supply Mains	257,198	-	-	257,198
Collections Sewers Force/Gravity	1,372,243	-	-	1,372,243
Pumping Equipment	2,269,190	535,540	-	2,804,730
Water Treatment Equipment	1,813,306	157,840	-	1,971,146
Franchise	10,262	-	-	10,262
Distribution Reservoirs	6,057,332	907,641	-	6,964,973
Transmission and Distribution Mains	20,909,173	1,366,776	-	22,275,949
Services	1,649,404	27,358	-	1,676,762
Meters and Installations	3,630,979	219,706	(42,753)	3,807,932
Other Plant	208,508	10,494	-	219,002
Furniture and Equipment	730,602	431,516	-	1,162,118
Transportation Equipment	859,419	69,607	-	929,026
Communication Equipment	454,375	-		454,375
Power Operated Equipment	352,709	111,838	-	464,547
Total Depreciable Capital Assets	46,048,385	3,855,816	(42,753)	49,861,448
Less: Accumulated Depreciation and Amortization	22,164,880	1,035,002	(42,753)	23,157,129
Total Net Capital Assets	$ 25,373,143			$ 28,471,237

Note 2 – Capital Assets, Concluded

	For the Year Ended December 31, 2024			
	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets not being depreciated				
Land and Rights	$ 801,342	$ 7,500	$ -	$ 808,842
Construction In Progress	159,899	664,511	(143,614)	680,796
Total Non-Depreciable Capital Assets	961,241	672,011	(143,614)	1,489,638
Capital Assets being depreciated				
Structures and Improvements	4,683,115	39,000	-	4,722,115
Lake, River, and Other Intakes	751,570	-	-	751,570
Supply Mains	257,198	-	-	257,198
Collections Sewers Force/Gravity	1,372,243	-	-	1,372,243
Pumping Equipment	2,087,924	181,266	-	2,269,190
Water Treatment Equipment	1,777,746	35,560	-	1,813,306
Franchise	10,262	-	-	10,262
Distribution Reservoirs	6,057,332	-	-	6,057,332
Transmission and Distribution Mains	20,908,701	472	-	20,909,173
Services	1,586,814	62,590	-	1,649,404
Meters and Installations	3,410,156	365,361	(144,538)	3,630,979
Other Plant	208,508	-	-	208,508
Furniture and Equipment	643,422	87,180	-	730,602
Transportation Equipment	663,229	207,268	(11,078)	859,419
Communication Equipment	445,859	8,516	-	454,375
Power Operated Equipment	352,709	-	-	352,709
Total Depreciable Capital Assets	45,216,788	987,213	(155,616)	46,048,385
Less: Accumulated Depreciation and Amortization	21,367,068	932,753	(134,941)	22,164,880
Total Net Capital Assets	$ 24,810,961			$ 25,373,143

Construction in progress as of December 31, 2025 consisted of various projects such as SCADA system developments, zone metering, ongoing pump station, intakes, laboratory, chemical feed equipment renovations and rehabilitation, mechanical systems at the treatment plants, GIS, and Software implementation.

Note 3 – Long-Term Debt

Long-term debt consists of the following at December 31, 2025 and 2024:

	2025	2024
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.	$ 2,185,000	$ 2,288,000
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.	2,880,000	2,980,000
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.	951,000	972,000
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.	434,000	446,000
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.	533,000	548,000
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.	455,000	595,000
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.	1,435,000	1,575,000

Note 3 – Long-Term Debt, Continued

	2025	2024
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.	418,000	428,500
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.	137,500	140,500
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.	71,200	73,400
Total debt	$ 9,499,700	$ 10,046,400

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

	Principal	Interest	Total
2026	$ 565,800	$ 263,128	$ 828,928
2027	586,400	242,928	829,328
2028	610,500	221,501	832,001
2029	466,100	200,924	667,024
2030	481,700	186,938	668,638
2028-2032	2,321,100	707,633	3,028,733
2033-2037	1,934,200	408,215	2,342,415
2038-2042	1,303,400	191,487	1,494,887
2043-2047	809,500	68,148	877,648
2048-2052	256,000	21,889	277,889
2053-2057	165,000	6,146	171,146
	$ 9,499,700	$ 2,518,937	$ 12,018,637

Note 3 – Long-Term Debt, Concluded

Long-term debt activities for the year ended December 31, 2025 and 2024 are as follows:

	For the Year Ended December 31, 2025				
	Beginning Balance	Additions	Debt Payments and Reductions	Ending Balance	Amount due within One Year
RD Series 2001 A	$ 2,288,000	$ -	$ (103,000)	$ 2,185,000	$ 106,000
RD Series 2010	446,000	-	(12,000)	434,000	12,500
RD Series 2010 B	548,000	-	(15,000)	533,000	15,500
KRWFC 2012 D	1,575,000	-	(140,000)	1,435,000	145,000
RD Series 2013 A	428,500	-	(10,500)	418,000	10,500
RD Series 2013 B	140,500	-	(3,000)	137,500	3,000
KRWFC 2013 B	595,000	-	(140,000)	455,000	145,000
KRWFC 2020 C	2,980,000	-	(100,000)	2,880,000	105,000
RD Series 2019	972,000	-	(21,000)	951,000	21,000
RD Series 2005	73,400	-	(2,200)	71,200	2,300
	$ 10,046,400	$ -	$ (546,700)	$ 9,499,700	$ 565,800
Bond premiums/discounts	85,471	-	(7,801)	77,670	7,341
Total bonds, net with premiuim	$ 10,131,871	$ -	$ (554,501)	$ 9,577,370	$ 573,141

	For the Year Ended December 31, 2024				
	Beginning Balance	Additions	Debt Payments and Reductions	Ending Balance	Amount due within One Year
RD Series 2001 A	$ 2,288,000	$ -	$ -	$ 2,288,000	$ 103,000
RD Series 2010	446,000	-	-	446,000	12,000
RD Series 2010 B	548,000	-	-	548,000	15,000
KRWFC 2012 D	1,710,000	-	(135,000)	1,575,000	140,000
RD Series 2013 A	428,500	-	-	428,500	10,500
RD Series 2013 B	140,500	-	-	140,500	3,000
KRWFC 2013 B	735,000	-	(140,000)	595,000	140,000
KRWFC 2020 C	3,070,000	-	(90,000)	2,980,000	100,000
RD Series 2019	972,000	-	-	972,000	21,000
RD Series 2005	73,400	-	-	73,400	2,200
	$ 10,411,400	$ -	$ (365,000)	$ 10,046,400	$ 546,700
Bond premiums/discounts	93,714	-	(8,243)	85,471	7,801
Total bonds, net with premiuim	$ 10,505,114	$ -	$ (373,243)	$ 10,131,871	$ 554,501

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, 2025 and 2024, respectively and does not expect to incur a liability.

Note 4 – Cash and Investments

The carrying amount of the District's cash deposits was $5,466,912 and $4,441,087 for the years ending December 31, 2025 and 2024, respectively and the bank balances, were $5,534,836 and $4,555,673. 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 four certificates of deposit totaling approximately $1,252,530 and $1,177,530 for 2025 and 2024 that matured annually. Interest rates at December 31, 2025 ranged from 0.90-3.65% while December 31, 2024 rates ranged from 0.90-3.65%. 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, 2025 and 2024 employer contributions were $90,335 and $99,966, respectively and employee contributions were $46,205 and $46,600. Covered payroll was approximately $1,129,192 and $1,249,343 for the years ended December 31, 2025 and 2024, 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, 2025.

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, 2025 and 2024 were $0 and $0. Employer contributions were $0 and $0 for the year ended December 31, 2025 and 2024.

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.

Note 6 – Other Postemployment Benefits (OPEB), Concluded

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

Net OPEB liability	12/31/2025	12/31/2024
Benefit obligation at end of year	$ 368,360	$ 344,311
Fair value of plan assets at end of year	-	-
Over/(under) funded status at end of year	$ (368,360)	$ (344,311)

The District reported a total net OPEB liability of $368,360 and $344,311 at December 31, 2025 and 2024, respectively. The District recognized $24,049 and ($7,759) in OPEB (income) expense as of December 31, 2025 and 2024, 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 2025 and 2024:

Change in Net OPEB liability	12/31/2025	12/31/2024
Net OPEB liability at beginning of year	$ 344,311	$ 352,071
Service cost	40,283	68,580
Payments to employees	(5,974)	(8,083)
Forfeited benefits	(10,260)	(68,257)
Net OPEB liability at end of year	$ 368,360	$ 344,311
Plan Assets Beginning of year	$ -	$ 354,064
Employer contributions	-	-
Payments to employees	-	(8,083)
Asset income	-	5,294
Employer withdrawals	-	(351,275)
Plan assets end of year	$ -	$ -

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, 2025, the District has two inactive employees receiving benefits, and twenty-seven active employees eligible to receive benefits once they meet plan requirements. During 2024, the District reallocated funds that had been previously restricted to fund the OPEB liability. The liability is still fully funded, but funds are no longer held in a separate bank account.

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 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 $396,860 and $433,018 on December 31, 2025 and 2024 respectively for savings on bonds. This amount is net of amortization in the amount of $234,275 and $198,117 for the years ended December 31, 2025 and 2024.

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 March 20, 2026, 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.

Note 10 – Commitments

The District has received various grants and funding allocations for specific purposes. As a part of House Bill 1, the District received $2,000,000 in January 2025 to improve system infrastructure with the requirement to match $1,000,000. As of December 31, 2025, the District has not spent the allocated funds, however, projects are underway and the matching funds are being spent first.

In January 2025, the District also received ARPA funds in the amount of $650,000 allocated by Edmonson County Fiscal Court to be spent on improvements to the water system. As of December 31, 2025, all but $170,038 of these funds had been spent on system improvements. As result, the remaining funds are included in deferred revenue.

Supplemental Information

EDMONSON COUNTY WATER DISTRICT
Statement of Revenues, Expenses and Change in Net Position – Budget and Actual
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:				
Water sales	$ 4,900,575	$ 4,101,406	$ 4,101,406	$ -
Sewer sales	31,614	31,614	54,418	22,804
Consumers' forfeited discounts	74,550	62,433	63,023	590
Service fees	15,950	73,884	73,888	4
Total operating revenues	5,022,689	4,269,337	4,292,735	23,398
Operating expenses:				
Salaries	1,766,255	1,697,185	1,716,883	(19,698)
Employee benefits	493,622	441,346	364,504	76,842
Purchased power	365,948	402,340	420,696	(18,356)
Chemicals	210,000	307,376	307,378	(2)
Materials and supplies	196,121	375,966	426,691	(50,725)
Depreciation	917,310	917,310	1,035,002	(117,692)
Transportation	114,967	113,843	113,844	(1)
Taxes other than income	148,441	133,734	144,261	(10,527)
Contractual services	246,100	401,149	406,346	(5,197)
Advertising	8,310	2,528	2,715	(187)
Miscellaneous	56,900	91,111	92,044	(933)
Insurance	81,000	100,478	89,352	11,126
Bad debts	9,500	13,950	13,951	(1)
Total operating expenses	4,614,474	4,998,316	5,133,667	(135,351)
Operating income	408,215	(728,979)	(840,932)	(111,953)
Non-operating revenue (expenses):				
Interest income	143,500	146,782	170,002	23,220
Interest expense	(271,709)	(175,096)	(326,338)	(151,242)
Grant revenue	5,043,101	4,325,648	2,876,852	(1,448,796)
Miscellaneous income	11,801	465,059	361,677	(103,382)
Miscellaneous expenses	-	-	(56,674)	(56,674)
Amortization	-	-	(28,357)	(28,357)
Total non-operating revenue (expenses)	4,926,693	4,762,393	2,997,162	(1,765,231)
Income (loss) before capital contributions	5,334,908	4,033,414	2,156,230	(1,877,184)
Capital contributions				
Tap fees	175,000	175,000	184,773	9,773
Total capital contributions	175,000	175,000	184,773	9,773
Increase (decrease) in net position	5,509,908	4,208,414	2,341,003	(1,867,411)
Net position:				
Beginning of year	19,925,248	19,925,248	19,925,248	-
End of year	$ 25,435,156	$ 24,133,662	$ 22,266,251	$ (1,867,411)

EDMONSON COUNTY WATER DISTRICT
Statements of Net Position - Water
December 31, 2025 and 2024

Assets	2025	2024
Current Assets		
Cash	$ 940,904	$ 747,969
Accounts receivable	70,053	121,383
Grant receivable	453,184	143,706
Inventory	444,168	656,592
Prepaid expenses	60,151	45,536
Total Current Assets	1,968,460	1,715,186
Non-Current Assets		
Restricted Assets		
Cash - Depreciation fund	3,435,417	2,231,853
Cash - Membership fund	-	432,478
Cash - Bond and interest redemption fund	798,631	769,017
Total Restricted Assets	4,234,048	3,433,348
Capital Assets		
Utility plant in service	48,957,858	45,144,795
Construction in progress	958,076	680,796
Accumulated depreciation and amortization	(22,412,024)	(21,455,911)
Net Capital Assets	27,503,910	24,369,680
Total Non-Current Assets	31,737,958	27,803,028
Total Assets	$ 33,706,418	$ 29,518,214
Deferred Outflows of Resources		
Deferred Outflows of Resources, net	$ 396,860	$ 433,018

EDMONSON COUNTY WATER DISTRICT
Statements of Net Position – Water, Concluded
December 31, 2025 and 2024

Liabilities	2025	2024
Current Liabilities		
Accounts payable	$ 580,287	$ 162,569
Compensated absences	88,319	117,080
Accrued liabilities	14,301	17,052
Deferred revenue	2,170,038	78,488
Total Current Liabilities	2,852,945	375,189
Liabilities Payable from Restricted Assets		
Current maturities of long-term debt (net)	563,500	552,301
Customer deposits	163,200	296,500
Accrued interest	133,011	139,530
Total Liabilities Payable from Restricted Assets	859,711	988,331
Long-Term Liabilities		
Long-term debt, less current maturities (net)	8,942,670	9,506,170
Retiree health payable	368,360	344,311
Total Long-Term Liabilities	9,311,030	9,850,481
Total Liabilities	13,023,686	11,214,001
Net Position		
Net Position		
Invested in capital assets, net of related debt	17,997,740	14,311,209
Restricted for equipment replacement	3,435,417	2,231,853
Restricted for membership deposits	163,200	296,500
Restricted for debt retirement	665,620	629,487
Restricted for health trust	368,360	344,311
Unrestricted	(1,550,745)	923,871
Total Net Position	$ 21,079,592	$ 18,737,231

EDMONSON COUNTY WATER DISTRICT
Statements of Revenues, Expenses and Changes in Net Position - Water
For the Years Ended December 31, 2025 and 2024

	2025	2024
Operating revenues:		
Water sales	$ 4,101,406	$ 4,241,448
Consumers' forfeited discounts	62,434	65,973
Service fees	73,888	26,843
Total operating revenues	4,237,728	4,334,264
Operating expenses:		
Water treatment	1,298,405	1,489,269
Transmission and distribution	1,648,887	1,601,335
Customer accounts	229,309	309,902
General and administrative	755,846	690,861
Depreciation	998,867	896,618
Taxes other than income	143,856	143,157
Total operating expenses	5,075,170	5,131,142
Operating income	(837,442)	(796,878)
Non-operating revenue (expenses):		
Interest income	161,330	161,092
Interest expense	(323,265)	(280,505)
Grant revenue	2,876,852	306,455
Gain/(loss) on disposal of fixed assets	-	1,356
Miscellaneous income	365,144	106,364
Miscellaneous expenses	(56,674)	(1,318)
Amortization	(28,357)	(29,171)
Total non-operating revenue (expenses)	2,995,030	264,273
Income (loss) before capital contributions	2,157,588	(532,605)
Capital contributions		
Tap fees	184,773	246,241
Total capital contributions	184,773	246,241
Increase (decrease) in net position	2,342,361	(286,364)
Net position:		
Beginning of year	18,737,231	19,023,595
End of year	$ 21,079,592	$ 18,737,231

EDMONSON COUNTY WATER DISTRICT
Statements of Operating Expenses- Water
For the Years Ended December 31, 2025 and 2024

	2025	2024
Water Treatment		
Salaries	$ 450,919	$ 490,894
Employee benefits	81,090	101,745
Purchased power	270,552	257,605
Chemicals	307,378	275,549
Materials and supplies	56,273	113,545
Contractual services	107,298	201,189
Transportation	6,459	11,603
Miscellaneous	18,436	37,139
	$ 1,298,405	$ 1,489,269
Transmission and Distribution		
Salaries	$ 804,972	$ 738,754
Employee benefits	207,361	176,497
Purchased power	140,493	113,780
Materials and supplies	303,651	173,565
Contractual services	87,544	297,449
Transportation	95,276	88,245
Miscellaneous	9,590	13,045
	$ 1,648,887	$ 1,601,335
Customer Accounts		
Salaries	$ 124,111	$ 175,153
Employee benefits	36,050	55,230
Materials and supplies	42,027	56,532
Bad debts	13,951	10,960
Miscellaneous	13,170	12,027
	$ 229,309	$ 309,902
Administrative and General		
Salaries	$ 317,186	$ 324,867
Employee benefits	40,003	58,269
Purchased power	7,389	5,234
Materials and supplies	24,740	38,452
Contractual services	211,504	132,922
Transportation	12,109	4,319
Insurance	89,352	74,520
Advertising	2,715	11,288
Miscellaneous	50,848	40,990
	$ 755,846	$ 690,861

EDMONSON COUNTY WATER DISTRICT
Statements of Net Position – Sewer
December 31, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash	$ 280,302	$ 248,530
Accounts receivable	1,488	2,250
Inventory	458	458
Prepaid expenses	1,350	1,350
Total Current Assets	283,598	252,588
Non-Current Assets		
Restricted Assets		
Cash - Depreciation fund	7,017	6,810
Cash - Bond and interest redemption fund	4,641	4,430
Total Restricted Assets	11,658	11,240
Capital Assets		
Utility plant in service	1,712,432	1,712,432
Accumulated depreciation and amortization	(745,105)	(708,969)
Net Capital Assets	967,327	1,003,463
Total Non-Current Assets	978,985	1,014,703
Total Assets	$ 1,262,583	$ 1,267,291
Liabilities		
Current Liabilities		
Accounts payable	$ 4,724	$ 5,874
Total Current Liabilities	4,724	5,874
Liabilities Payable from Restricted Assets		
Current maturities of long-term debt (net)	2,300	2,200
Total Liabilities Payable from Restricted Assets	2,300	2,200
Long-Term Liabilities		
Long-term debt, less current maturities (net)	68,900	71,200
Total Long-Term Liabilities	68,900	71,200
Total Liabilities	75,924	79,274
Net Position		
Net Position		
Invested in capital assets, net of related debt	896,127	930,063
Restricted for equipment replacement	7,017	6,810
Restricted for debt retirement	4,641	4,430
Unrestricted	278,874	246,714
Total Net Position	$ 1,186,659	$ 1,188,017

EDMONSON COUNTY WATER DISTRICT
Statements of Revenues, Expenses and Changes in Net Position - Sewer
For the Year Ended December 31, 2025 and 2024

	2025	2024
Operating revenues:		
Sewer sales	$ 54,418	$ 48,868
Consumers' forfeited discounts	589	675
Total operating revenues	55,007	49,543
Operating expenses:		
Labor	19,695	13,986
Purchased power	2,262	1,641
Taxes other than income	405	254
Depreciation	36,135	36,135
Total operating expenses	58,497	52,016
Operating income	(3,490)	(2,473)
Non-operating revenue (expenses):		
Interest income	8,672	7,503
Interest expense	(3,073)	(1,560)
Miscellaneous revenues (expenses)	(3,467)	153
Total non-operating revenue (expenses)	2,132	6,096
Increase (decrease) in net position	(1,358)	3,623
Net position:		
Beginning of year	1,188,017	1,184,394
End of year	$ 1,186,659	$ 1,188,017

Required Supplemental Information

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

	December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
District's net OPEB liability	$ 368,360	$ 344,311	$ 352,071	$ 342,314	$ 338,569	$ 337,859	$ 330,931
District's covered-employee payroll	$ 1,129,192	$ 1,249,343	$ 1,107,156	$ 1,017,353	$ 886,019	$ 823,115	$ 795,900
District's share of the net OPEB liability as a percentage of its covered-employee payroll	32.62%	27.56%	31.80%	33.65%	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

	December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-
	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Company's covered-employee payroll	$ 1,129,192	$ 1,249,343	$ 1,107,156	$ 1,017,353	$ 886,019	$ 823,115	$ 795,900
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	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.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

EDMONSON COUNTY WATER DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

Federal Grantor/Program or Cluster Title	Federal Assistance Listing Number	Name of Grant - Grant ID No.	Federal Expenditures ($)
Other Programs (Treated individually for major program determination)			
Department of the Interior			
Fish and Aquatic Conservation - Aquatic Invasive Species			
Fish and Aquatic Conservation - Aquatic Invasive Species	15.608	202504_ECWD	$ 100,000
Total Fish and Aquatic Conservation - Aquatic Invasive Species			100,000
Total Department of the Interior			100,000
Department of the Treasury			
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS			
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	21CWW080	229,023
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	21CWW051	425,828
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	22CWW056	60,995
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	22CWW060	684,604
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	22CWW315	278,774
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	21CWW242	237,060
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	ARPA-Edmonson County	479,962
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	ARPA-Grayson County	78,488
Total CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS			2,474,734
Total Department of the Treasury			2,474,734
Department of Homeland Security			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		13,189
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)			13,189
Hazard Mitigation Grant			13,189
Hazard Mitigation Grant	97.039	4860	286,820
Total Hazard Mitigation Grant			286,820
Total Department of Homeland Security			300,009
Total Other Programs			2,874,743
Total Expenditures of Federal Awards			$ 2,874,743

EDMONSON COUNTY WATER DISTRICT
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

1. Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Edmonson County Water District under programs of the federal government for the year ended December 31, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Edmonson County Water District, it is not intended to and does not present the financial position, changes in net position or cash flows of the Edmonson County Water District.

2. Summary of Significant Accounting Policies:

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. Indirect Cost Rate:

The District has elected not to use the de minimis 10% or 15% indirect cost rate as allowed by Uniform Guidance.

4. Subrecipients:

Of the federal expenditures presented on the schedule, Edmonson County Water District did not provide federal awards to any subrecipients.

EDMONSON COUNTY WATER DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2025

I. SUMMARY OF AUDITORS RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified:

Internal Control over financial reporting:

- Material weakness(es) identified? _______ Yes ___X__ No
- Significant deficiencies identified that are not considered to be material weaknesses? _______ Yes ___X___ None Reported
- Noncompliance material to financial Statements noted? _______ Yes ___X___ No

Federal Awards

Type of auditor's report issued on compliance for major programs: Unmodified

Internal Control over major programs:

- Material weakness(es) identified? ________ Yes ___X__ No
- Significant deficiencies identified that are not considered to be material weaknesses? ________ Yes ___X__ None Reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _______ Yes ____X__ No

Dollar threshold used to distinguish Between type A and type B programs: $1,000,000

Auditee qualified as low-risk auditee? _______ Yes ____X__ No

Identification of Major Programs:

Federal Grantor/Program Title	Assistance Listing Number
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027

II. FINANCIAL STATEMENTS FINDINGS

Current Year Findings

A. None Reported

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Current Year Findings

A. None Reported

R. Brent Billingsley, CPA ▪ Jenna B. Glass, CPA ▪ Lane S. Norris, CPA ▪ Ryan A. Mosier, CPA
Jordan T. Constant, CPA ▪ Cindy L. Greer, CPA ▪ L. Joe Rutledge, CPA

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*

Board of Directors
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 Edmonson County Water District, as of and for the years ended December 31, 2025 and 2024 and the related notes to the financial statements, which collectively comprise Edmonson County Water District's basic financial statements, and have issued our report thereon dated March 20, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 Edmonson County Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 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.

Campbell, Myers & Rutledge, PLLC

Glasgow, Kentucky
March 20, 2026

C·M·R
CAMPBELL, MYERS AND RUTLEDGE, PLLC

R. Brent Billingsley, CPA ▪ Jenna B. Glass, CPA ▪ Lane S. Norris, CPA ▪ Ryan A. Mosier, CPA

Jordan T. Constant, CPA ▪ Cindy L. Greer, CPA ▪ L. Joe Rutledge, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Edmonson County Water District
Brownsville, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Edmonson County Water District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Edmonson County Water District's major federal programs for the year ended December 31, 2025. Edmonson County Water District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Edmonson County Water District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Edmonson County Water District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Edmonson County Water District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Edmonson County Water District's federal programs.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Edmonson County Water District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Edmonson County Water District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Edmonson County Water District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Edmonson County Water District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Edmonson County Water District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Campbell, Myers & Rutledge, PLLC

Glasgow, Kentucky

March 20, 2026

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