



Warren County Water District

**Component Unit of
Warren County, Kentucky**

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

December 31, 2024 and 2023



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REPORT





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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Warren County Water District
Bowling Green, Kentucky

Opinion

We have audited the accompanying financial statements of Warren County Water District (the "District"), a component unit of Warren County, Kentucky, as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the 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 financial position of Warren County Water District as of December 31, 2024 and 2023, and the changes in financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, 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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility 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 opinion. 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 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 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 on pages 5 through 11, and select pension/OPEB information on pages 44 through 47 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 an opinion on the financial statements that collectively comprise the District's basic financial statements. The schedule of budgetary comparison, statement of net position by division, and statement of revenues, expenses, and changes in net position by division are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 budgetary comparison, statement of net position by division, and statement of revenues, expenses, and changes in net position by division are 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 April 14, 2025 on our consideration of the 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 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 the District's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, L.L.C.
Bowling Green, Kentucky
April 14, 2025



FINANCIAL STATEMENTS



Warren County Water District Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Warren County Water District's annual financial report presents an analysis of the District's financial performance during the fiscal years ended December 31, 2024, and 2023. This information is presented in conjunction with the audited basic financial statements, which follow this section.

Financial Highlights

The following are highlights of Warren County Water District for year ending December 31, 2024:

- Total Net Position increased by \$34,976,640 or 19.4% to \$215,366,096 from \$180,389,456 reflecting several residential developments and capacity upgrade projects placed into service or under construction. In year 2023, Total Net Position increased by \$16,178,332 or 9.9% to \$180,389,456 from \$164,211,124 reflecting several residential developments and various construction projects placed into service.
- Operating Revenues increased by \$1,312,634 or 5.8% to \$23,931,000 compared to \$22,618,366 in 2023 due to increases metered revenue driven by customer demand. In 2023, Operating Revenues increased by \$1,096,690 or 5.1% to \$22,618,366 compared to \$21,521,676 in 2022 due to increases in retail rates (partial year) and customer demand.
- Operating Expenses increased by \$2,091,991 or 9.0% to \$25,425,351 compared to \$23,333,360 in 2023 due to increases in wages & benefits, purchased water, sewer disposal, and depreciation expense. In 2023, Operating Expenses increased by \$1,096,087 or 4.9% to \$23,333,360 compared to \$22,237,273 in 2022 due to increases in wages & benefits, supplier wholesale rates (partial year), customer demand, and expense.
- A Net Loss Before Contributions of \$1,074,259 was recorded compared to a net loss of \$419,009 in 2023. The continued loss reflects increases in operating costs. In year 2023, a Net Loss Before Contributions of \$419,009 was recorded compared to a net loss of \$883,875 in 2022. The net loss reflects increased operating costs and interest expense related to the RWFA, Series 2022D.
- Utility Plant increased by \$34,005,231 or 18.8%, net of depreciation, to \$214,760,316 from \$180,755,085 in 2023 reflecting several residential developments and capacity upgrade projects placed into service or under construction. In 2023, Utility Plant increased by \$17,751,529 or 10.9%, net of depreciation, to \$180,755,085 from \$163,003,556 in 2022 due to water & sewer line extensions from developers and a large project placed into service.
- Total water sold and billed to the District's customers during the year amounted to 3.16 billion gallons compared to 3.05 billion gallons in the prior year, an increase of 3.6%. Total sewer service billed to customers totaled 1.49 billion gallons compared to 1.41 billion gallons in the prior year, an increase of 5.7%.
- The peak water demand month was September with 356 million gallons pumped and the peak demand day was August 28th with 13.4 million gallons pumped.
- The water division added 929 customers, and the sewer division added 688 customers throughout the year. The number of customers at the end of the year for the water and sewer divisions was 34,802 and 10,929, respectively.

Warren County Water District Management's Discussion and Analysis

- Average metered water revenue billed to customers was \$27.16 per residential customer and \$197.02 per commercial customer. Average sewer revenue was \$23.95 per residential customer and \$332.97 per commercial customer.
- The water division has a total of 1,219 miles of water main serving an average of 29 customers per mile. The sewer division has 234 miles of collection mains serving an average of 47 customers per mile.

Overview of the Financial Statements

This annual report includes the District's management discussion and analysis report (MD&A), the independent auditor's report, and the basic financial statements of Warren County Water District. The basic financial statements also include notes that explain in more detail some of the information presented in the financial statements.

Financial Analysis

Budgetary Analysis for the Year Ended December 31, 2024

Total Revenues exceeded budget by \$166,300 due to higher than anticipated customer demand during the fall months. *Forfeited Discounts* (late charges) were near budgeted amounts and *Miscellaneous Service Revenue* (connection fees, collection fees, and meter tampering fees) were less than budgeted.

Operating Expenses related to providing water and sewer service and maintaining the District's distribution and collection system were under budget by \$317,999. *Operating Expenses* that were under budget included purchased water cost of \$111,502; wages & benefits, \$54,533, depreciation, \$42,319; contractual services, \$22,243, equipment, \$20,242; and the net amount of various other expenses totaling \$67,160. *Non-Operating Revenues (Expenses)* were over budget by \$29,812 due to project financing that was budgeted and not obtained during the year.

The District recorded a Net Loss of \$1,074,259 and *Contribution in Aid of Construction* exceeded budget by \$5,050,899 reflecting a greater number of line extensions transferred from developers than budgeted. *Net Change in Net Position* totaled \$34,976,640 and exceeded budget by \$5,565,010.

Table 1
TABLE OF BUDGETARY COMPARISON

	Budget Year 2024	Actual Year 2024	Variances Favorable \ (Unfavorable)
Revenues			
Metered Water Revenue	\$16,614,500	\$16,744,185	\$129,685
Metered Sewer Revenue	6,506,700	6,554,128	47,428
Forfeited Discounts	324,800	326,191	1,391
Miscellaneous Service Revenue	317,500	305,296	(12,204)
Other Revenue	1,200	1,200	0
Total Revenues	23,764,700	23,931,000	166,300
Operating Expenses	25,743,350	25,425,351	317,999
Non-Operating Revenues (Expenses)			
Interest Income	943,500	917,323	(26,177)
Rental Income	130,400	135,374	4,974
Non-Utility Income	90,400	91,867	1,467
Gain on Investments	27,500	40,388	12,888

Warren County Water District Management's Discussion and Analysis

(Loss) Gain on Disposal of Assets	50,700	49,646	(1,054)
Debt Issuance Costs	(122,700)	(78,845)	43,855
Interest Expense	(729,520)	(735,661)	(6,141)
Total Non-Operating Revenues (Expenses)	390,280	420,092	29,812
(Loss) Income Before Capital Contributions	(1,588,370)	(1,074,259)	514,111
Contribution in Aid of Construction	31,000,000	36,050,899	5,050,899
Net Change in Net Position	\$29,411,630	\$34,976,640	\$5,565,010

Budgetary Analysis for the Year Ended December 31, 2023

Total Revenues were under budget by \$325,834 due to lower than anticipated customer demand during the winter months. The following were near budgeted amounts: *Forfeited Discounts* (late charges), *Miscellaneous Service Revenue* (connection fees, collection fees, and meter tampering fees),

Operating Expenses are related to providing water and sewer service and maintaining the District's distribution and collection system. These expenses were under budget by \$356,140 consisting of: purchased water and sewage disposal costs that were lower than budget by \$181,891 and \$26,385 respectively due to customer demand; depreciation that was under budget by \$113,675 due to some assets not placed into service when budgeted; and the net amount of various assets totaling \$34,189.

The District recorded a Net Loss of \$419,009 and *Contribution in Aid of Construction* was below budget by \$4,178,383 due to grant funds that were not received when budgeted. *Net Change in Net Position* totaled \$16,178,332 and was less than budget by \$4,097,692.

Table 2
TABLE OF BUDGETARY COMPARISON

	Budget Year 2023	Actual Year 2023	Variances Favorable \ (Unfavorable)
Revenues			
Metered Water Revenue	\$16,173,100	\$15,925,793	(\$247,307)
Metered Sewer Revenue	6,181,100	6,097,839	(83,261)
Forfeited Discounts	284,500	292,126	7,626
Miscellaneous Service Revenue	304,300	301,408	(2,892)
Other Revenue	1,200	1,200	0
Total Revenues	22,944,200	22,618,366	(325,834)
Operating Expenses	23,689,500	23,333,360	356,140
Non-Operating Revenues (Expenses)			
Interest Income	704,000	691,429	(12,571)
Rental Income	127,000	121,949	(5,051)
Non-Utility Income	79,600	81,544	1,944
Gain on Investments	0	35,716	35,716
(Loss) Gain on Disposal of Assets	32,500	32,445	(55)
Debt Issuance Costs	(4,100)	9,433	13,533
Interest Expense	(693,400)	(676,531)	16,869
Total Non-Operating Revenues (Expenses)	245,600	295,985	50,385
(Loss) Income Before Capital Contributions	(499,700)	(419,009)	80,691
Contribution in Aid of Construction	20,775,724	16,597,341	(4,178,383)
Net Change in Net Position	\$20,276,024	\$16,178,332	(\$4,097,692)

Warren County Water District Management's Discussion and Analysis

Statement of Net Position

A summary of the District's Net Position is presented below in Table 3. The District's assets exceeded liabilities by \$215,366,096 for the year.

Current & Non-Current Assets totaled \$38,773,954, an increase of \$6,212,528 from last year reflecting increases in cash & investments totaling \$2,886,452 and receivable for reimbursement on the Transpark III project totaling \$3,295,231. *Utility Plant* is the largest portion of the District's assets and includes land, water distribution mains, sewer mains, pump stations, lift stations, storage tanks, vehicles, and equipment. In year 2024, utility plant totaled \$214,760,316 net of depreciation, reflecting an increase of \$34,005,231 over the prior year. The increase in utility plant includes the Transpark II and Transpark III projects totaling \$5,071,090 and \$18,833,352, respectively. The Transpark II project is completed and the Transpark III project is currently under construction. Both projects are expanding water and sewer capacity to industries and residential customers in north Warren county. *Deferred Outflows of Resources* is the prepayment of the District's defined benefit retirement plan amortized over ten years through 2027. *Current and Non-Current Liabilities* totaled \$30,278,266 and increased \$5,837,365 consisting of a large contractor payment of \$3,238,391 payable at the end of the year. *Net Long-Term Debt* totaled \$8,381,248, a decrease of \$757,650 reflecting principal payments during the year.

The District's *Total Net Position* totaled \$215,366,096 and increased by \$34,976,640 comparatively over the prior year. *Total Liabilities & Net Position* totaled \$254,025,610 for year 2024, an increase of \$40,056,355, or 18.7%.

Table 3
CONDENSED STATEMENT OF NET POSITION
December 31, 2024

Assets	Year 2024	Year 2023	Increase (Decrease)	
Current & Non-Current Assets	\$38,773,954	\$32,561,426	\$6,212,528	19.1%
Utility Plant	214,760,316	180,755,085	34,005,231	18.8%
Total Assets	253,534,270	213,316,511	40,217,759	18.9%
Deferred Outflows of Resources				
Deferred Outflows - Retirement Plan	491,340	652,744	(161,404)	-24.7%
Total Assets & Deferred Outflows	254,025,610	213,969,255	40,056,355	18.7%
Liabilities				
Current & Non-Current Liabilities	30,278,266	24,440,901	5,837,365	23.9%
Net Long-Term Debt	8,381,248	9,138,898	(757,650)	-8.3%
Total Liabilities	38,659,514	33,579,799	5,079,715	15.1%
Net Position				
Net Investment in Capital Assets	195,018,984	168,273,787	26,745,197	15.9%
Restricted for Depreciation Reserves	1,651,938	3,829,608	(2,177,670)	-56.9%
Unrestricted	18,695,174	8,286,061	10,409,113	125.6%
Total Net Position	215,366,096	180,389,456	34,976,640	19.4%
Total Liabilities & Net Position	\$254,025,610	\$213,969,255	\$40,056,355	18.7%

Statement of Revenues, Expenses, and Changes in Net Position

This statement identifies various revenue and expense items, which impact the change in net position. A summary of this statement is presented in Table 4 below.

Table 4

Warren County Water District Management's Discussion and Analysis

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION For the Year Ended December 31, 2024

	Year 2024	Year 2023	Increase (Decrease)	
Operating Revenues				
Metered Water Revenue	16,744,185	\$15,925,793	\$818,392	5.1%
Metered Sewer Revenue	6,554,128	6,097,839	456,289	7.5%
Forfeited Discounts	326,191	292,126	34,065	11.7%
Miscellaneous Service Revenue	306,496	302,608	3,888	1.3%
Total Operating Revenues	23,931,000	22,618,366	1,312,634	5.8%
Operating Expenses				
Wages & Benefits	4,008,415	3,296,602	711,813	21.6%
Commissioner Fees	30,000	30,000	-	0.0%
Purchased Water	8,304,798	8,149,609	155,189	1.9%
Sewage Disposal	3,641,606	3,374,015	267,591	7.9%
Purchased Power	749,068	700,400	48,668	6.9%
Materials & Chemicals	543,822	437,859	105,963	24.2%
Contractual Services	1,153,407	1,050,139	103,268	9.8%
Rental of Building	56,917	57,450	(533)	-0.9%
Equipment	365,758	334,501	31,257	9.3%
Depreciation	6,372,281	5,681,625	690,656	12.2%
Other Operating Expenses	199,279	221,160	(21,881)	-9.9%
Total Operating Expenses	25,425,351	23,333,360	2,091,991	9.0%
Non-Operating Revenues (Expenses)				
Interest Income	917,323	691,429	225,894	32.7%
Rental Income	135,374	121,949	13,425	11.0%
Non-Utility Income	91,867	81,544	10,323	12.7%
Gain (Loss) on Investments	40,388	35,716	4,672	13.1%
Gain (Loss) on Disposals	49,646	32,445	17,201	53.0%
Debt Issuance Cost	(78,845)	9,433	(88,278)	-935.8%
Interest Expense	(735,661)	(676,531)	(59,130)	8.7%
Total Non-Operating Revenues (Expenses)	420,092	295,985	124,107	41.9%
(Loss) Income Before Capital Contributions	(1,074,259)	(419,009)	(655,250)	156.4%
Capital Contributions	36,050,899	16,597,341	19,453,558	117.2%
Change in Net Position	34,976,640	16,178,332	18,798,308	116.2%
Net Position, Beginning of Year	180,389,456	164,211,124	16,178,332	9.9%
Total Net Position, End of Year	215,366,096	180,389,456	\$34,976,640	19.4%

Total Operating Revenue increased by \$1,312,634 or 5.8% compared to the prior year. *Metered Water Revenue* and *Metered Sewer Revenue* increased by \$818,392 and \$456,289, respectively, reflecting an increase in customer demand over the prior year. Overall, the volume of water sold during the year totaled 3.16 billion gallons versus 3.05 billion gallons in the prior year, a 3.6% increase. The volume of sewer revenue billed totaled 1.49 billion gallons versus 1.41 billion gallons last year, a 5.7% increase. The District continues to experience significant growth with the water division adding 929 customers for a total of 34,802, and the sewer division adding 688 customers for a total of 10,929 customers. *Forfeited Discounts* which are late charges, increased by \$34,065 and *Miscellaneous Service Revenue* which includes connection fees, collection fees, and meter tampering fees increased slightly by \$3,888 compared to the prior year.

Warren County Water District Management's Discussion and Analysis

Total Operating Expenses increased by \$2,091,991, a 9.0% increase when compared to the prior year. *Wages & Benefits* increased by \$711,813 reflecting addition of new employees to support the expanding water and sewer system. *Purchased Water* and *Sewage Disposal* costs increased by \$155,189 and \$267,591 respectively, due to increases in customer demand and *Depreciation* expense increased by \$690,656 depreciation on assets placed into service, including the Transpark II project and developer line extensions.

Loss Before Capital Contributions was \$1,074,259, reflecting increased operating costs. *Capital Contributions* of \$36,050,899 recorded during the year included the following: contributions from the Inter-Modal Transportation Authority (ITA) for Transpark II & Transpark III of \$20,482,388; line extensions from developers, \$11,166,222; new meter installation fees, \$1,580,716; new sewer tap fees, \$494,780; and various other contributions totaling \$1,252,534.

Changes in Utility Plant

The largest portion of the District's assets are invested in the water distribution and sewer collection system amounting to \$214,760,316 net of depreciation, as of December 31, 2024. Table 4 details changes in capital assets.

Table 5
CHANGES IN UTILITY PLANT
(Net of Depreciation)

	December 31, 2024	December 31, 2023	Increase (Decrease)	
WATER DIVISION				
Land	\$1,379,353	\$1,323,353	\$56,000	4.2%
Structures	5,335,394	5,328,669	6,725	0.1%
Pumping Equipment	1,298,655	1,439,678	-141,023	-9.8%
Storage Tanks	7,225,548	7,584,074	-358,526	-4.7%
Distribution Mains	65,891,660	56,459,462	9,432,198	16.7%
Meters	22,117,914	21,342,441	775,473	3.6%
Hydrants	5,173,719	4,360,729	812,990	18.6%
Hardware & Software	923,864	940,896	-17,032	-1.8%
Vehicles and Equipment	1,651,607	851,410	800,197	94.0%
Other	107,395	617,418	-510,023	-82.6%
Construction In Progress	20,237,119	11,862,886	8,374,233	70.6%
Subtotal - Water Division	131,342,228	112,111,016	19,231,212	17.2%
SEWER DIVISION				
Land	\$1,275,304	\$1,325,112	-\$49,808	-3.8%
Structures	12,975,598	13,146,065	-170,467	-1.3%
Pumping Equipment	388,594	508,126	-119,532	-23.5%
Collection Mains	47,751,641	42,803,012	4,948,629	11.6%
Taps	10,995,955	8,736,140	2,259,815	25.9%
Hardware & Software	124,542	151,827	-27,285	-18.0%
Other	1,277,843	179,307	1,098,536	612.7%
Construction In Progress	8,628,611	1,794,480	6,834,131	380.8%
Subtotal - Sewer Division	83,418,088	68,644,069	14,774,019	21.5%
TOTAL - WATER & SEWER	\$214,760,316	\$180,755,085	\$34,005,231	18.8%

Total utility plant net of depreciation increased by \$34,005,231 or 18.8%, compared to the prior year. The increase in utility plant consisted of the following: (1) water and sewer line extensions from developers,

Warren County Water District Management's Discussion and Analysis

\$3,997,245 and \$8,632,062 respectively; (2) Transpark II, \$5,071,090; (3) meters and sewer taps, \$2,340,432 and \$2,622,093, respectively; (4) SCADA communication replacement, \$1,168,693; (5) other asset additions, \$1,358,615; (6) an increase in construction in progress, \$15,208,364; and (7) a reduction of \$6,393,363 for accumulated depreciation.

Long-Term Debt

The District's debt obligations include United States Department of Agriculture (USDA) bonds, Rural Water Finance Agency (RWFA) loans, and Kentucky Infrastructure Authority (KIA) loans. In July 2024, the District issued the RWFA, Series 2024D bond anticipation note totaling \$11,880,000 and maturing on August 2025. Series 2024D loan proceeds refunded the previous RWFA, Series 2022D bond anticipation note and provided funding for various water and sewer projects. On December 31, 2024, the District had \$20,887,179 in outstanding principal compared to \$21,207,492 in the previous year, a decrease of \$320,313.

Factors Affecting Next Year's Budget

- On July 31, 2024, the District filed an application with the Kentucky Public Service Commission (PSC) for a water and sewer retail rate increase of 13.34% and 13.88%, respectively. PSC approval of the rate increase was budgeted in July 2025 generating revenue for the water and sewer divisions of \$1,206,400 and \$485,200, respectively.
- The District continues to expand its workforce and will add six new positions to support growth within its service area.
- The District has outgrown its current office complex and has entered into a contract to construct a new office building and warehouse. The budgeted cost to construct the complex is \$14,430,670 and will be funded with a bond anticipation note through Rural Water Financing Agency (RWFA) and internal funds. The estimated completion date is April 2026.
- A bond anticipation note totaling \$29M is budgeted for issuance on August 1, 2025, to fund the new office complex and various infrastructure projects.

The District's board of commissioners adopted the budget for 2025 at its meeting held in November 2024. Metered water sales and metered sewer revenue combined are budgeted to increase by 9.1%. Total revenue is budgeted to increase by 7.6% and total expenses are budgeted to increase by 9.3% from year 2024. A net loss before contributions of \$1,644,600 is budgeted. Debt service payments are expected to total \$1,974,500 for both divisions with a reduction in outstanding debt of \$858,100. The capital budget totaled \$89,765,400 with contributions from customers and governmental agencies totaling \$52,310,200, funds from financing totaling \$27,313,600, and from in-house funds totaling \$10,141,600.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the General Manager, Warren County Water District, P.O. Box 10180, Bowling Green, KY 42102-4780. General information regarding the District can be found on our website located at www.warrenwater.com.

Warren County Water District Statements of Net Position

<i>December 31,</i>	2024	2023
Assets		
Current assets		
Cash and cash equivalents	\$ 7,569,045	\$ 6,775,441
Accounts receivable:		
Customer accounts receivable, net of allowance for uncollectibles of \$492,632 and \$476,497, respectively	2,579,474	2,170,422
Accounts receivable – Butler County Water System	111,746	137,963
Accounts receivable – Simpson County Water District	93,061	97,334
Other accounts receivable	3,900,068	1,945,174
Interest receivable	53,658	73,908
Materials and supplies inventory	3,422,666	2,716,268
Prepaid expenses	119,406	111,996
Total current assets	17,849,124	14,028,506
Non-current assets		
Utility Plant		
Utility plant in service	268,110,995	242,920,765
Construction in progress	28,865,730	13,657,366
Less accumulated depreciation	(82,216,409)	(75,823,046)
Total utility plant, net	214,760,316	180,755,085
Right-to-use lease assets	32,163	32,163
Restricted cash and equivalents	10,432,232	5,246,965
Restricted investments	1,232,306	9,150,149
Investments	8,586,775	3,761,351
Accounts receivable:		
Accounts receivable – Butler County Water System	131,326	129,688
Accounts receivable – Simpson County Water District	92,101	90,924
Other assets	417,927	121,680
Total non-current assets	235,685,146	199,288,005
Total assets	253,534,270	213,316,511
Deferred outflows of resources		
Deferred outflows related to retirement security plan	491,340	652,744
Total deferred outflows of resources	491,340	652,744

-Continued-

The accompanying notes are an integral part of these consolidated financial statements.

Warren County Water District
Statements of Net Position
(Continued)

<i>December 31,</i>	2024	2023
Liabilities		
Current liabilities		
Accounts payable	7,526,028	3,488,597
Accounts payable – Butler County Water System	4,759	4,122
Accounts payable – Simpson County Water District	21,129	13,300
Accrued expenses	1,976,428	1,507,767
Contractor advances for construction	135,417	115,202
Lease Liability	32,163	32,163
Current portion of long-term debt	12,736,793	12,200,312
Total current liabilities	22,432,717	17,361,463
Non-current liabilities		
Long-term debt		
Bonds and loans payable	1,516,000	1,551,000
Notes payable	19,371,179	19,656,492
Less: Net unamortized bond premium	230,862	131,718
Less: Current portion of long-term debt	(12,736,793)	(12,200,312)
Net long-term debt	8,381,248	9,138,898
Customer meter deposits	1,743,736	1,674,101
Rebates payable	4,414,981	3,672,997
Unearned revenue for cellular leases	530,542	593,112
Other post employment benefit obligation	1,156,290	1,139,228
Total non-current liabilities	16,226,797	16,218,336
Total liabilities	38,659,514	33,579,799
Net Position		
Net investment in capital assets	195,018,984	168,331,443
Restricted	1,651,938	3,829,081
Unrestricted	18,695,174	8,228,932
Total net position	\$ 215,366,096	\$ 180,389,456

The accompanying notes are an integral part of these consolidated financial statements.

Warren County Water District

Statements of Revenues, Expenses, and Changes in Net Position

<i>For the years ended December 31,</i>	2024	2023
Operating Revenues		
Metered sales		
Residential	\$ 13,219,711	\$ 12,606,071
Industrial	5,946,660	5,662,263
Commercial	4,131,942	3,755,298
Total metered sales	23,298,313	22,023,632
Forfeited discounts	326,191	292,126
Miscellaneous service revenue	306,496	302,608
Total operating revenues	23,931,000	22,618,366
Operating Expenses		
Source of supply expense		
Purchased water	8,304,798	8,149,609
Sewage disposal	3,641,606	3,374,015
Total source of supply expense	11,946,404	11,523,624
Pumping plant expense		
Power purchased	735,716	687,882
Chemicals	38,144	31,064
Contractual services	11,200	7,134
Rental expense	4,879	4,924
Insurance	18,366	17,311
Total pumping plant expense	808,305	748,315
Transmission and distribution expense		
Salaries and benefits	1,698,389	1,389,916
Power purchased	13,352	12,518
Contractual services	306,536	332,121
Rental expense	18,701	18,877
Transportation	278,835	244,654
Insurance	56,162	52,512
Materials and supplies	442,686	350,778
Total transmission and distribution expense	2,814,661	2,401,376

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The accompanying notes are an integral part of these consolidated financial statements.

Warren County Water District
Statements of Revenues, Expenses, and Changes in Net Position
(Continued)

<i>For the years ended December 31,</i>	2024	2023
Operating Expenses		
Customer accounts expense		
Salaries and benefits	1,111,633	960,133
Contractual services	327,744	295,803
(Recovery) uncollectible accounts - net	16,859	25,423
Rental expense	28,458	28,725
Transportation	77,013	79,837
Insurance	9,674	9,128
Miscellaneous	4,324	5,243
Materials and supplies	24,888	17,968
Total customer accounts expense	1,600,593	1,422,260
Administrative and general expense		
Salaries and benefits	1,198,393	946,553
Office supplies	38,104	38,130
Commissioner fees	30,000	30,000
Contractual services	507,927	415,081
Insurance	14,764	14,516
Rental expense	4,879	4,924
Regulatory commission expense	31,782	28,986
Miscellaneous	47,348	68,041
Transportation	9,910	9,929
Total administrative and general expense	1,883,107	1,556,160
Depreciation	6,372,281	5,681,625
Total operating expenses	25,425,351	23,333,360
Operating (loss) income	(1,494,351)	(714,994)
Non-Operating Revenues (Expenses)		
Interest income	917,323	691,429
Rental income (expense)	135,374	121,949
Non-utility income	91,867	81,544
Gain on investments	40,388	35,716
Gain (loss) on disposal of assets	49,646	32,445
Debt issuance cost	(78,845)	9,433
Interest expense	(735,661)	(676,531)
Total non-operating revenues (expenses) - net	420,092	295,985

-continued-

The accompanying notes are an integral part of these consolidated financial statements.

Warren County Water District
Statements of Revenues, Expenses, and Changes in Net Position
(Continued)

<i>For the years ended December 31,</i>	2024	2023
(Loss) income before capital contributions	(1,074,259)	(419,009)
Capital contributions	36,050,899	16,597,341
Change in net position	34,976,640	16,178,332
Total net position – beginning of year	180,389,456	164,211,124
Total net position – end of year	\$ 215,366,096	\$ 180,389,456

The accompanying notes are an integral part of these consolidated financial statements.

Warren County Water District Statements of Cash Flows

<i>For the years ended December 31,</i>	2024	2023
Operating Activities		
Receipts from customers and users	\$ 23,521,948	\$ 22,947,058
Receipts from rental and non-utility income	267,629	239,209
Payments to suppliers for goods and services	(13,664,235)	(15,230,558)
Payments to employees	(2,535,758)	(2,099,842)
Net cash provided by (used in) operating activities	7,589,584	5,855,867
Noncapital Financing Activities		
Interest paid on customer deposits	(52,836)	(19,931)
Net cash provided by (used in) noncapital financing activities	(52,836)	(19,931)
Capital and Related Financing Activities		
Proceeds from short-term debt	11,880,000	-
Principal repayment on long-term debt	(12,200,313)	(808,474)
Proceeds from sale of assets	53,990	5,738
Interest paid on long-term debt	(676,613)	(607,325)
Payment of debt issuance cost	(450)	-
Acquisition and construction of capital assets	(4,618,210)	(7,110,293)
Net cash provided by (used in) capital and related financing activities	(5,561,596)	(8,520,354)
Investing Activities		
Maturity of short-term investments	3,066,146	7,118,672
Purchase of short-term investments	-	(6,419,578)
Interest income	937,573	673,535
Net cash provided by (used in) investing activities	4,003,719	1,372,629
Net decrease in cash and cash equivalents	5,978,871	(1,311,789)
Balances – beginning of year	12,022,406	13,334,195
Balances – end of year	\$ 18,001,277	\$ 12,022,406

The accompanying notes are an integral part of these consolidated financial statements.

Warren County Water District Statements of Cash Flows

For the years ended December 31,

2024

2023

Reconciliation of Operating (Loss) Income to Net Cash Provided By Operating Activities

Operating (loss) income	\$ (1,494,351)	\$ (714,994)
Adjustments to reconcile net operating (loss) income to net cash provided by operating activities:		
Depreciation expense	6,662,387	5,916,676
Amortization of debt premium / discount	(11,363)	31,135
Rental and non-utility income	227,241	203,493
Loss (gain) on disposal of assets	(49,646)	(32,445)
Changes in assets and liabilities:		
Net (increase) decrease in accounts receivable	(409,052)	328,692
Net (increase) decrease in other receivables	(1,813,319)	(1,163,457)
Net (increase) decrease in prepaid expenses	(7,410)	(8,611)
Net (increase) decrease in materials and supplies inventory	(706,398)	(1,195,368)
Net (increase) decrease in retirement security plan costs	161,404	161,405
Net (increase) decrease in other assets	(296,247)	25,193
Net increase (decrease) in accounts payable	4,045,897	1,253,411
Net increase (decrease) in accrued liabilities	394,971	445,294
Net increase (decrease) in contractor advances	20,215	(58,226)
Net increase (decrease) in customer deposits	69,635	72,904
Net (increase) decrease in unamortized bond premium - net	99,144	(17,332)
Net increase (decrease) in rebates payable	741,984	15,824
Net increase (decrease) in other liabilities	(62,570)	516,273
Net increase (decrease) in other post employment benefit obligation	17,062	76,000
Net cash provided by operating activities	\$ 7,589,584	\$ 5,855,867

Non-Cash Capital and Financing Activities

Contributed constructed water and sewer lines at cost	\$ 36,050,899	\$ 16,597,341
Total non-cash capital and financing activities	\$ 36,050,899	\$ 16,597,341

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Warren County Water District ("District") is a tax-exempt division of Warren County, Kentucky organized under KRS 74.010. The District operates water and sewer services for the residents of Warren County, Kentucky and surrounding areas.

The District is governed by a five-member board of commissioners (the "Board"). The criteria for determining the District as a component unit of Warren County, Kentucky, the primary government, is financial accountability. In accordance with Section 2100; *Defining the Financial Reporting Entity* of the Governmental Accounting Standards Board (GASB) Codification, a primary government is financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and it is able to impose its will on that organization. The commissioners of the Board are appointed by the Warren County Judge Executive. Warren County is able to impose its will on the District through the ability to remove appointed members of the Board at will.

Measuring Focus, Basis of Accounting, and Financial Statement Presentation

The District's financial statements are presented on the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The accounting policies of the District conform to applicable generally accepted accounting principles as defined in the pronouncements of GASB. The District's basic financial statements include only proprietary fund financial statements because the District engages only in a single business-type activity. The financial statements of the District include the accounts of the Water Division and the Sewer Division after elimination of all significant inter-division accounts and transactions.

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from the estimates. Estimates that are particularly susceptible to significant change in the near term are related to OPEB obligations.

Cash and Cash Equivalents

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Customer accounts receivable result from unpaid billings for service to customers and from unpaid billings related to work performed or materials sold to certain entities. All customer accounts receivable are shown net of an allowance for uncollectible accounts. The allowance for uncollectible customer accounts recorded by the District is based on past history of uncollectible accounts and management's analysis of current accounts. Customer accounts receivable also contains an estimate of services rendered, but not yet billed as of the end of the year. The receivable is derived from the cycle billings generated subsequent to year end and prorated for usage in December.

Materials and Supplies

All materials and supplies inventories are valued using the weighted average cost method.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items is recorded as expenses when consumed rather than when purchased.

Restricted Assets

Certain proceeds of the bond issues and certain resources set aside for their repayment along with reserves for depreciation of plant are classified as restricted assets on the statement of net position because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

Investments

Investments consist primarily of non-participating non-negotiable certificates of deposit and are recorded at cost. KRS 66.480 permits the District to invest in U.S. Treasury obligations, certain federal instruments, repurchase agreements, commercial bank certificates of deposit and the Commonwealth of Kentucky investment pool, which are utilized by the District in limited smaller levels of investments.

Utility Plant

Utility plant, which include property, plant, equipment, and construction in progress, are recorded at historical cost or estimated historical cost if purchased, constructed, or contributed. Original cost includes materials, labor, transportation, and such other indirect costs as engineering, supervision, and employee fringe benefits.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest cost incurred during a construction period is recognized as an expense.

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

Warren County Water District Notes to Financial Statements

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Utility Plant (Continued)

Buildings & Improvements	35 - 37.5 years
Mains - Water Distribution	62.5 years
Mains - Sewer Collection	52.5 years
Meters	10 - 20 years
Service Lines	40 years
Storage Tanks	45 years
Trucks	7 years
Hydrants	50 years
Pumps	20 years
Furniture & Fixtures	22.5 years
Equipment	10 - 12.5 years

Deferred Outflows of Resources

In addition to assets, the statement of financial 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 a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

The District has one item that qualifies for reporting as deferred outflows of resources, the deferred amount of prepayments to the District's retirement security plan. See retirement security plan note below.

Long Term Debt

Debt is a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

Compensated Absences

The District's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the statement of net position. Accumulated sick leave lapses when employees leave the employment of the District and, accordingly upon separation from service, no monetary obligation exists.

Retirement Security Plan

Employees of the District are provided with a defined benefit retirement plan through the Retirement Security Plan ("RS Plan") administered by the National Rural Electric Cooperative Association ("NRECA"), which is a cost sharing multiple-employer plan that has the characteristics described in paragraph 2 of GASB Statement No. 78. Note 8 provides further detail on the RS Plan.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement Security Plan (continued)

In prior years, the District was given the opportunity to lower the retirement age of their employees to sixty two. The cost of reducing the retirement age of the District's retirement plan has been recognized as a deferred outflow of resources and is being amortized using the straight-line method over a thirty-year period as allowed by the agreement with the retirement group.

In prior years, the District made a prepayment as a deferred outflow of resources of \$1,556,940 to the District's retirement plan in order to achieve a lower annual required contribution ("ARC") requirement along with making various modifications to the District's retirement plan. The payment will lower the ARC over a ten-year period ending in 2027; therefore, the payment will be amortized over a ten-year period as a component of the District's pension costs.

Other Post-Employment Benefits (OPEB) Liability

For purposes of measuring the total OPEB liability and OPEB expense, information about the District's employees and contributions made have been determined on the same basis as they are reported to the District's actuary. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Note 9 provides further detail on the total OPEB liability.

For defined benefit OPEB, GASB Statement No. 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

Rebates Payable

Rebates payable are amounts paid by contractors to improve property by adding water and/or sewer connections which are eligible to be refunded to the contractor either entirely or in part, dependent upon the number of future residents attaching to the water and/or sewer connections. Amounts not refunded are transferred to capital contributions after the ten-year eligibility period has lapsed or when it is highly unlikely that the rebate will be requested by contractors.

Bond Discount and Premiums

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Unamortized amounts are reflected in the long term obligations in the financial statements.

Capital Contributions

The donor cost of contributed property and equipment is included in capital contributions. Contributions are recognized in the statements of revenues, expenses, and changes in net position when earned. Contributions may include connect fees; developer contributed utility systems; capital grants and other supplemental support by other utilities and industrial customers; and federal, state, and local grants in support of system improvements. Assets acquired through contributions from developers or other customers are capitalized at donor cost at the date of donations.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

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

Net investment in capital assets - This component of net position represents the District's total investment in capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

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

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

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

Concentration of Credit Risk

The majority of the District's business activity is with customers located within Warren County, Kentucky. The District extends credit to all citizens who live within the geographic location of the District and who utilize the utility system. Credit losses are usually minimal and are generally within management's expectations.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 14, 2025, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement. The implementation of this Statement was not significant to the District.

GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). There were no significant impacts of implementing this Statement.

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. There were no significant impacts of implementing this Statement.

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Deposits and Certificates of Deposit

At December 31, 2024 and 2023 the District's deposits and certificates of deposit consisted of the following:

<i>December 31,</i>	2024	2023
Cash and cash equivalents	\$ 7,569,045	\$ 6,775,441
Restricted cash and cash equivalents	10,432,232	5,246,965
Investments	8,586,775	3,761,351
Restricted investments	1,232,306	9,150,149
	\$ 27,820,358	\$ 24,933,906

The District maintains its deposits and certificates of deposit with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2024 and 2023 the carrying amount of the District's deposits and certificates of deposit totaled \$27,820,358 and \$24,933,906, respectively, and the bank balances totaled \$28,090,170 and \$26,025,392 respectively. Of the bank balances, \$28,090,170 and \$26,025,392, were covered by FDIC insurance or by collateral held by an institution for the pledging bank in the District's name.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's formal deposit policy for custodial credit risk requires deposits in banks which are in excess of the FDIC insurance coverage to be secured by the bank pledging securities in direct obligations of the United States of America or by approved security bonds. As of December 31, 2024 and 2023, none of the District's deposits and certificates of deposit were exposed to custodial credit risk.

Credit Risk

Under Kentucky Revised Statutes Section 66.480, the District is authorized to invest in obligations of the United States and its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or of its agencies, obligations of any corporation of the United States government, certificates of deposit, commercial paper rated in one of the three highest categories by nationally recognized rating agencies and securities in mutual funds shall be eligible investments pursuant to this section. However, the District's bond agreement further limits its investment choices.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. At December 31, 2024 and 2023, there are no investments in any one issuer that represents 5% or more of the total investments.

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Interest Rate Risk

The District's investment policy limits investment maturities of less than three years as a means of managing its exposure to fair value losses arising from increasing interest rates.

Fair Value

GASB Codification Section 3100: *Fair Value Measurements* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under the codification are described as follows:

Level 1 (L1): Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

Level 2 (L2): Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 (L3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the District's assets at fair value as of December 31, 2024:

As of December 31, 2024	Level 1	Level 2	Level 3	Total
Restricted Investments				
United States Treasuries	\$ 3,707,834	\$ -	\$ -	\$ 3,707,834
Debt securities - US government obligations	-	8,050,532	-	8,050,532
Total restricted investments	\$ 3,707,834	\$ 8,050,532	\$ -	\$ 11,758,366

Warren County Water District

Notes to Financial Statements

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Fair Value (Continued)

The following table sets forth by level, within the fair value hierarchy, the District's assets at fair value as of December 31, 2023:

As of December 31, 2023	Level 1	Level 2	Level 3	Total
Restricted Investments				
United States Treasuries	\$ 2,410,151	\$ -	\$ -	\$ 2,410,151
Debt securities - US government obligations	-	7,082,172	-	7,082,172
Total restricted investments	\$ 2,410,151	\$ 7,082,172	\$ -	\$ 9,492,323

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2024.

Debt and equity securities – Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using quoted market prices for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique based on the price or yield of similar debt securities.

Restricted Cash and Cash Equivalents and Investments

Restricted cash and cash equivalents and investments consisted of the following at December 31, 2024 and 2023:

<i>December 31,</i>	2024	2023
Construction funds	\$ 7,458,692	\$ 8,299,977
Sinking funds	1,431,691	1,207,229
Depreciation funds	994,034	3,179,786
Customer deposits	1,780,121	1,710,122
	\$ 11,664,538	\$ 14,397,114

The construction funds contain unspent debt proceeds which are available for paying the cost of construction of projects related to the District's water and sewer system.

The sinking funds and debt service reserve funds are restricted to the payment of principal and interest on long-term debt.

The depreciation funds are restricted to payment for improvements and approved repairs.

The customer deposits fund is restricted to hold customer deposits until service is terminated.

Warren County Water District Notes to Financial Statements

NOTE 3: CUSTOMER ACCOUNTS RECEIVABLE

For the water and sewer systems, operating revenues are generally recognized on the basis of cycle billings rendered monthly. The amount of services delivered for the period from the last billing date to December 31, 2024 (unbilled receivable), is estimated and accrued at year end. If the District deems any amounts uncollectible an allowance for doubtful accounts is established. If payments are not received from customers, services are shut off and deposits are applied against negative balances.

At December 31, 2024 and 2023, customer accounts receivable consist of the following:

<i>December 31,</i>	2024	2023
Billed	\$ 1,456,512	\$ 1,213,490
Unbilled	1,615,594	1,433,429
Total	3,072,106	2,646,919
Less allowance for uncollectibles	(492,632)	(476,497)
Customer accounts receivable - net	\$ 2,579,474	\$ 2,170,422

Warren County Water District
Notes to Financial Statements

NOTE 4: UTILITY PLANT

Utility plant activity for the year ended December 31, 2024 is as follows:

Description	Beginning Balance	Additions	Disposals	Ending Balance
Utility plant, not being depreciated				
Land and land rights	\$ 2,648,464	\$ 56,000	\$ 49,808	\$ 2,654,656
Construction in progress	13,657,366	27,273,654	12,065,290	28,865,730
Total utility plant, not being depreciated	16,305,830	27,329,654	12,115,098	31,520,386
Utility plant, being depreciated				
Buildings and improvements	24,983,046	652,494	-	25,635,540
Mains and pumping	158,578,931	17,935,703	5,251	176,509,383
Meters and hydrants	49,472,045	5,956,479	51,685	55,376,839
Office furniture and equipment	3,850,493	275,978	-	4,126,471
Equipment	3,387,786	633,886	213,566	3,808,106
Total utility plant, being depreciated	240,272,301	25,454,540	270,502	265,456,339
Less accumulated depreciation	75,823,046	6,662,387	269,024	82,216,409
Total utility plant, being depreciated, net	164,449,255	18,792,153	1,478	183,239,930
Total utility plant, net	\$ 180,755,085	\$ 46,121,807	\$ 12,116,576	\$ 214,760,316

Warren County Water District
Notes to Financial Statements

NOTE 4: UTILITY PLANT (Continued)

Utility plant activity for the year ended December 31, 2023 is as follows:

Description	Beginning Balance	Additions	Disposals	Ending Balance
Utility plant, not being depreciated				
Land and land rights	\$ 2,648,464	\$ -	\$ -	\$ 2,648,464
Construction in progress	5,993,016	18,351,698	10,687,348	13,657,366
Total utility plant, not being depreciated	8,641,480	18,351,698	10,687,348	16,305,830
Utility plant, being depreciated				
Buildings and improvements	23,336,158	1,646,888	-	24,983,046
Mains and pumping	150,678,916	9,921,063	2,021,048	158,578,931
Meters and hydrants	46,224,810	3,247,235	-	49,472,045
Office furniture and equipment	3,357,043	716,586	223,136	3,850,493
Equipment	3,304,837	472,127	389,178	3,387,786
Total utility plant, being depreciated	226,901,764	16,003,899	2,633,362	240,272,301
Less accumulated depreciation	72,539,688	5,916,676	2,633,318	75,823,046
Total utility plant, being depreciated, net	154,362,076	10,087,223	44	164,449,255
Total utility plant, net	\$ 163,003,556	\$ 28,438,921	\$ 10,687,392	\$ 180,755,085

Warren County Water District

Notes to Financial Statements

NOTE 5: LONG-TERM DEBT

Long-term debt consists of the following:

<i>December 31,</i>	2024	2023
Revenue bonds, U.S. Department of Agriculture Series 2005A, with a 4.25% interest rate, payable semiannually. Principal payments are due annually every January 1, and vary until payoff on January 1, 2045.	\$ 901,000	\$ 928,000
Note payable/direct borrowing, Kentucky Infrastructure Association Loan C11-02, with a 3.00% interest rate, payable monthly. Principal payments are due monthly until payoff June 1, 2033.	410,942	452,763
Revenue bonds, Kentucky Rural Water Finance Corporation Series 2013B, with varying interest rates commencing at 2.30% and increasing to 3.30% over the life of the loan, payable semiannually. Principal payments are due annually every February 1, and vary until payoff on February 1, 2028.	470,000	625,000
Refunding revenue bonds, Kentucky Rural Water Finance Corporation Series 2016B, with varying interest rates between 2.25% and 3.25% over the life of the loan, payable semiannually. Principal payments are due annually every January 1, and vary until payoff on January 1, 2030.	1,085,000	1,250,000
Note payable/direct borrowing, Kentucky Infrastructure Association Loan B19-006, with a 2.00% interest rate, payable semiannually. Principal payments are due semiannually every December 1 and June 1, until payoff December 1, 2040.	1,689,214	1,770,415
Note payable/direct borrowing, Kentucky Infrastructure Association Loan C19-002, with a 3.00% interest rate, payable semiannually. Principal payments are due semiannually every December 1 and June 1, until payoff December 1, 2040.	1,661,023	1,748,314
Revenue bonds, U.S. Department of Agriculture Series 2019, with a 2.375% interest rate, payable semiannually. Principal payments are due annually every January 1, and vary until payoff on January 1, 2060.	615,000	623,000
Revenue bonds, Kentucky Rural Water Finance Corporation Series 2021A, with a 4.00% to 4.30% interest rate, payable semiannually. Principal payments are due annually every January 1, and vary until payoff on January 1, 2039.	2,175,000	2,440,000

Warren County Water District Notes to Financial Statements

NOTE 5: LONG-TERM DEBT (CONTINUED)

<i>December 31,</i>	2024	2023
Revenue bonds, Kentucky Rural Water Finance Corporation Series 2022D, with a 3.50% interest rate, payable semiannually. Principal payment is due on August 1, 2024.	-	11,370,000
Revenue bonds, Kentucky Rural Water Finance Corporation Series 2024D, with a 5.0% interest rate, payable semiannually. Principal payment is due on August 1, 2025.	11,880,000	-
Total bonds and notes payable/direct borrowings	20,887,179	21,207,492
Less unamortized premium (discount) on bonds - net	230,862	131,718
Less current portion of bonds and notes payable	(12,736,793)	(12,200,312)
Net long-term debt	\$ 8,381,248	\$ 9,138,898

On June 8, 2021, the District issued \$2,930,000 in Refunding Revenue Bonds with an interest rate of 4.0 to 4.3 percent to refund \$400,000 of outstanding 1993 Series bonds with an interest rate of 4.5 percent, to refund \$530,000 of outstanding 2004 Series bonds with an interest rate of 4.3 and 4.5 percent, to refund \$1,380,000 of outstanding 2012 Series bonds with an interest rate of 3.2 to 4.2 percent, and to pay \$898,037 of an outstanding loan payable to the Kentucky Infrastructure Authority with an interest rate of 3.0 percent. The net proceeds of \$3,249,401, net of \$102,268 in underwriting fees, insurance, and other issuance costs. An additional \$211,326 of Series 1993, 2004, and 2012 sinking fund monies and original issuance premium of \$210,342 were used to refund the 1993, 2004, and 2012 Series bonds.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$42,364. This difference is being charged to operations through the year 2048 using the effective-interest method. The District completed the refunding to reduce its total debt service payments over the next 18 years by \$457,120 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$339,362.

On July 30, 2024, the District issued \$11,880,000 in Revenue Bonds with an interest rate of 5.0 percent to finance extensions, additions, and improvements to the District's water and sewer system.

The District has various financial and non-financial debt covenants and restrictions as set forth in the bond and loan agreements. Failure to fulfill any of the debt covenants and restrictions, or failure to cure any such failure within 30 days, constitute an event of default. In the event of default, the respective owners of the bonds may enforce and compel the duties and obligations set forth within the bond agreement.

The District's outstanding notes from direct borrowings contain an event of default that changes the timing of repayment of outstanding amounts to become immediately due if the District is unable to make a payment at the times specified in the agreement.

Unamortized net premiums and (discounts) on the debt issuances totaled \$230,862 and \$131,718 as of December 31, 2024 and 2023, respectively. Related amortization income/(expenses) for the years ended December 31, 2024 and 2023 totaled \$104,242 and 21,702 respectively.

Warren County Water District Notes to Financial Statements

NOTE 5: LONG-TERM DEBT (CONTINUED)

The following is a summary of long-term debt transactions for the year ended December 31, 2024:

Description	Beginning Balance	Increases	Decreases	Ending Balance	Due in Less than 1 Year
USDA Series 2005A	\$ 928,000	\$ -	\$ 27,000	\$ 901,000	\$ 28,000
KIA C11-02	452,763	-	41,821	410,942	43,093
KRWFC 2013B	625,000	-	155,000	470,000	155,000
KRWFC 2016B	1,250,000	-	165,000	1,085,000	165,000
KIA B19-006	1,748,314	-	87,291	1,661,023	89,045
KIA C19-002	1,770,415	-	81,201	1,689,214	83,655
USDA Series 2019	623,000	-	8,000	615,000	8,000
KRWFC 2021A	2,440,000	-	265,000	2,175,000	285,000
KRWFC 2022D	11,370,000	-	11,370,000	-	-
KRWFC 2024D	-	11,880,000	-	11,880,000	11,880,000
	<u>\$ 21,207,492</u>	<u>\$ 11,880,000</u>	<u>\$ 12,200,313</u>	<u>\$ 20,887,179</u>	<u>\$ 12,736,793</u>

The following is a summary of long-term debt transactions for the year ended December 31, 2023:

Description	Beginning Balance	Increases	Decreases	Ending Balance	Due in Less than 1 Year
USDA Series 2005A	\$ 954,000	\$ -	\$ 26,000	\$ 928,000	\$ 27,000
KIA C11-02	493,349	-	40,586	452,763	41,822
KRWFC 2013B	775,000	-	150,000	625,000	155,000
KRWFC 2016B	1,415,000	-	165,000	1,250,000	165,000
KIA B19-006	1,833,884	-	85,570	1,748,314	87,290
KIA C19-002	1,849,233	-	78,818	1,770,415	81,200
USDA Series 2019	630,500	-	7,500	623,000	8,000
KRWFC 2021A	2,695,000	-	255,000	2,440,000	265,000
KRWFC 2022D	11,370,000	-	-	11,370,000	11,370,000
	<u>\$ 22,015,966</u>	<u>-</u>	<u>\$ 808,474</u>	<u>\$ 21,207,492</u>	<u>\$ 12,200,312</u>

Warren County Water District Notes to Financial Statements

NOTE 5: LONG-TERM DEBT (CONTINUED)

The annual debt service requirements to maturity, including principal and interest, as of December 31, 2024 are as follows:

Year(s)	Principal	Interest	Total
2025	\$ 12,736,793	\$ 846,619	\$ 13,583,412
2026	713,922	224,879	938,801
2027	736,203	201,734	937,937
2028	644,141	179,752	823,893
2029-2033	2,667,971	637,186	3,305,157
2034-2038	1,978,794	342,577	2,321,371
2039-2043	907,355	120,794	1,028,149
2044-2048	201,000	45,679	246,679
2049-2053	110,000	29,403	139,403
2054-2058	132,500	15,052	147,552
2059-2060	58,500	1,283	59,783
Total	\$ 20,887,179	\$ 2,644,958	\$ 23,532,137

The District has pledged future water customer revenues, net of specified operating expenses, to repay \$20,887,179 in water system long-term debt. Proceeds from the borrowings provided financing for the construction of the utility plant. The bonds are payable solely from water customer net revenues and are payable through 2060. The total principal and interest remaining to be paid on the bonds is \$23,532,137. Principal and interest paid for the current year and total customer net revenues were \$12,876,926 and \$23,931,000 respectively.

NOTE 6: RELATED PARTIES

The District provides management, engineering, and repair and maintenance services to both, the Butler County Water System and Simpson County Water District as defined in the "Joint Operations Agreement" dated February 14, 2019. In the ordinary course of business, the District has and expects to continue to have transactions with Butler County Water System and Simpson County Water District.

In the opinion of management, such transactions were on substantially the same terms as those prevailing at the time of comparable transactions with other persons and did not involve more than a normal risk of collectability or present any other unfavorable features to the District.

Warren County Water District
Notes to Financial Statements

NOTE 6: RELATED PARTIES (Continued)

The following related party amounts were included in accounts receivable and accounts payable at December 31, 2024:

	Accounts Receivable	Accounts Payable
Butler County Water System	\$ 243,072	\$ 4,759
Simpson County Water District	\$ 185,162	\$ 21,129

The following related party amounts were included in accounts receivable and accounts payable at December 31, 2023:

	Accounts Receivable	Accounts Payable
Butler County Water System	\$ 267,651	\$ 4,122
Simpson County Water District	\$ 188,258	\$ 13,300

For the year ended December 31, 2024, the District allocated expenses to related parties as follows:

Description	Butler County Water System	Simpson County Water District
Wages and benefits:		
Operation	\$ 603,444	\$ 334,120
Administrative:		
Supervision and administration	157,721	113,362
Accounting	53,498	38,452
Customer service	96,770	51,448
Engineering	3,166	10,157
Operations - other	413,054	231,561
Additions to plant	284,496	391,570
Special projects	3,533	15,941
Totals	\$ 1,615,682	\$ 1,186,611

Warren County Water District Notes to Financial Statements

NOTE 6: RELATED PARTIES (Continued)

For the year ended December 31, 2023, the District allocated expenses to related parties as follows:

Description	Butler County Water System	Simpson County Water District
Wages and benefits:		
Operation	\$ 536,477	\$ 254,688
Administrative:		
Supervision and administration	143,792	103,124
Accounting	48,203	34,570
Customer service	110,524	73,989
Engineering	12,827	28,296
Operations - other	341,277	224,545
Additions to plant	645,300	503,363
Special projects	4,412	18,211
Totals	\$ 1,842,812	\$ 1,240,786

NOTE 7: MAJOR SUPPLIER

The District purchases all water and sewer services from the Bowling Green Municipal Utilities ("BGMU"). The agreement was renewed on December 4, 2018 for an additional forty-five years. Any rate adjustments are approved by BGMU, the District, and the Kentucky Public Service Commission.

NOTE 8: EMPLOYEE RETIREMENT PLAN

Plan Description

Employees of the District are provided with a defined benefit retirement plan through the Retirement Security Plan ("RS Plan") administered by the National Rural Electric Cooperative Association ("NRECA"), which is a cost sharing multiple-employer plan that has the characteristics described in paragraph 2 of GASB Statement No. 78.

Financial Information

The RS Plan publishes a financial statement and a copy can be obtained by writing or calling the Plan Administrator, NRECA, PO Box 6007, Lincoln, NE, 68506; telephone number 866-NRECA99. The RS Plan must file annual reports with the U.S. Department of Labor (Form 5500) that include a copy of the RS annual financial statements. An electronic copy of Form 5500, and the plan's annual financial statements, can be obtained by going to www.efast.dol.gov and using the search tool (EIN 530116145; PN 333).

NOTE 8: EMPLOYEE RETIREMENT PLAN (Continued)

Benefits Provided

The District had 65 and 68 employees participating in the RS Plan on December 31, 2024 and 2023, respectively. Upon retirement at the normal age of sixty-two, the annual estimated benefit is calculated as: Benefit Level (1.6% eligible service years from January 1, 1976 to April 1, 1999, 1.85% for service years from April 1, 1999 to January 1, 2018, and 1% for service years after January 1, 2018) multiplied by the number of continuous years in the plan multiplied by the average of the highest five salary years. Other plans were in effect prior to January 1, 1976 and benefit calculations will vary in accordance with an employee's hire date. The District decreased the normal retirement age to sixty-two and increased the benefit level. The District's Board of Commissioners has the authority to amend certain terms of the RS Plan, including benefit levels provided for each year of service, normal retirement age, eligibility for participation, and required employee contributions to the plan. Other terms such as vesting periods, forms of payment, and factors used to reduce benefits for early retirement and conversion of benefits to optional forms of payment, are governed at the overall plan level and cannot be adjusted by the District. Each employer in the RS plan elects to participate in the plan.

Contribution Requirements

The total annual contribution is determined actuarially to be sufficient in funding the benefits of the RS Plan as a level percentage of covered payrolls over the average expected remaining working lifetime of its participants. The amount is determined annually. This total annual contribution is allocated based on each employer's RS Plan provisions and participant demographics (in particular, the average age of participants and each participant's pay level). The District must contribute annually in accordance with the terms of the RS Plan. The District's Board of Commissioners may amend certain benefit provisions, changing the corresponding contribution level after the effective date of the amendment. The District's contribution rate for Year 2024 was 12.40% and for Year 2023 was 12.75% of employees' base pay for those employees who have been employed with the District for over one year and have worked the number of hours to qualify.

Contribution Requirements (Continued)

The District can choose to withdraw from the RS Plan, subject to plan provisions that require the District to fully fund its share of the RS Plan liabilities before withdrawing.

NOTE 9: POST EMPLOYMENT HEALTHCARE PLAN

Plan Description

The District administers an Other Postemployment Benefits (OPEB) plan providing medical, prescription drug, and dental benefits to retired District employees and their dependents under certain conditions. A summary of retiree medical, prescription drug and dental insurance benefits are in the District's Operating Policy NO. 109, paragraph J. This Operating Policy may be obtained by writing to Jacob Cuarta, General Manager, Warren County Water District, P.O. Box 10180, Bowling Green, KY 42102-4780. The District does not issue a separate report that includes financial statements and required supplementary information for the OPEB plan.

NOTE 9: POST EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Benefits Provided

Individuals who are employed by the District and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement after reaching age 60 and meeting a combined age plus years of service of at least 75. Coverage during retirement continues in the group health plans. Employees covered by the plan make contributions toward the plan premiums.

Plan Membership

Plan membership consisted of the following:

<i>December 31,</i>	2024	2023
Inactive members currently receiving benefits	5	4
Active members	78	72
Total	83	76

Investment Policy

The District's obligation is unfunded at December 31, 2024 and 2023. There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Contributions

The contribution requirements of retired employees are established and may be amended by the District's Board of Commissioners. If an employee retires at a minimum age of 60 and their age plus years of service equals 75, the District will pay 70 percent of the premium for employee and spouse coverage for a period not to exceed 5 years. All retirees and their spouses may be allowed to retain the coverage as set forth with 100 percent of the premium being paid by the retiree. For fiscal years 2024 and 2023 respectively, the District contributed \$42,194 and \$40,572 towards the healthcare plan.

Warren County Water District

Notes to Financial Statements

NOTE 9: POST EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

2024 Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2024. The following actuarial assumptions were applied to all periods in the measurement, unless otherwise specified:

Actuarial Cost Method	Alternative Measurement Method (AMM)
Measurement Date	December 31, 2024
Valuation Date	December 31, 2024
Reporting Date	December 31, 2024
Measurement Period	January 1, 2024 to December 31, 2024
Discount Rate	4.08%
As an unfunded plan, the discount rate reflects the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date. The index rate used to measure the total OPEB liability was 4.08% as of December 31, 2024.	
General Inflation	3.00% per year
Salary Increases	2.50% per year
Health Care Cost Trend Rates	4% - all years
Mortality	2020 United States Life Tables

This AMM valuation reflects the following changes in assumptions from the prior actuarial valuation. The discount rate was changed from 3.72% to 4.08%.

2024 Discount Rate

The discount rate used to measure the OPEB liability was 4.08% for the plan. No assets have been accumulated in an irrevocable trust, so the municipal rate has been applied to all periods. The discount rate changed from the prior measurement date.

Total OPEB Liability

	As of December 31, 2024
Actuarial Present Value of Future Benefits	
Retired - Employees/Spouses	\$ 92,597
Actives - Employees/Spouses	2,409,371
Total	<u>\$ 2,501,968</u>
Total OPEB Liability	
Retired - Employees/Spouses	\$ 92,597
Actives - Employees/Spouses	1,063,693
Total	<u>\$ 1,156,290</u>

Warren County Water District Notes to Financial Statements

NOTE 9: POST EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Total OPEB Liability (Continued)

As of December 31, 2024 and 2023, there are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, so the Net Fiduciary Position is \$0 and the Net OPEB Liability would be equal to the Total OPEB Liability.

Changes in the Total OPEB Liability

<i>December 31,</i>	2024	2023
Balance Forward - beginning of year	\$ 1,139,228	\$ 1,063,228
Changes for the year:		
Service cost	76,865	74,990
Interest in the total OPEB liability	44,453	41,582
Changes in benefits	-	-
Difference between expected and actual experience	(31,001)	-
Changes in assumptions	(31,061)	-
Benefit payments, including employee refunds	(42,194)	(40,572)
Net changes	17,062	76,000
Balance, end of year	\$ 1,156,290	\$ 1,139,228

OPEB Expense

	Year Ended December 31, 2024	Year Ended December 31, 2023
Service Cost	\$ 76,865	\$ 74,990
Interest on Total OPEB Liability	44,453	41,582
Effect of Plan Changes	-	-
Economic/Demographic (Gains)/Losses	(31,001)	-
Assumption Changes	(31,061)	-
OPEB Expense	\$ 59,256	\$ 116,572

Expected Remaining Service Lives

Under GASB 75, gains and losses which are amortized over future years are referred to as deferred inflows or gains, and deferred outflows or losses. Economic and demographic gains and losses and changes in the total OPEB liability due to changes in assumptions are recognized over a closed period equal to the average expected remaining service lives of all covered active and inactive members,

NOTE 9: POST EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Expected Remaining Service Lives (Continued)

determined as of the beginning of the measurement period. The amortization period is calculated as the weighted average of expected remaining service lives assuming zero years for all inactive members. However, if using AMM procedures, changes of assumptions and the difference between expected and actual experience with regard to economic and demographic factors are immediately recognized in OPEB expense.

2024 Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate 1-percentage-point lower (3.08%) and 1-percentage-point higher (5.08%) than the current discount rate:

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
District's total OPEB liability	\$ 1,242,053	\$ 1,156,290	\$ 1,066,549

2024 Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rates 1-percentage-point lower (3.00%) and 1-percentage-point higher (5.00%) than the current healthcare cost trend rates:

	1% Decrease (3.0%)	Current Healthcare Cost Trend Rate (4.0%)	1% Increase (5.0%)
District's total OPEB liability	\$ 1,019,549	\$ 1,156,290	\$ 1,319,663

NOTE 10: OTHER EMPLOYEE BENEFITS

The District currently participates in 401(a) and 457(b) retirement plans through Transamerica Retirement Solutions Corporation. Full-time employees meeting certain eligibility requirements can participate in the plan to the extent allowed under Internal Revenue Service rules. The District's contribution to the plan is limited to employees who have been employed for over one year and consists of a 3% contribution and a 100% matching contribution of up to 4% of the employee's base salary. For the year ended December 31, 2024 and 2023, respectively, the District contributed \$299,664 and \$294,535 to the 401(a) plan.

NOTE 10: OTHER EMPLOYEE BENEFITS (CONTINUED)

Employees with less than twenty-five years of continuous service shall accrue annual leave at the rate of fifteen days per year. Employees with more than twenty-five years of continuous service accrue annual leave at the rate of twenty days per year. Unused annual leave in excess of ten days accumulate at the end of the year and are payable upon request to employees with more than 240 accumulated annual leave days. All accumulated annual leave is payable to employees upon termination. At December 31, 2024 and 2023, the District's accrued compensated absences for annual leave totaled \$468,719 and \$472,626, respectively.

Employees accrue sick days at the rate of one sick day per month worked. The sick pay accumulation is unlimited and is payable upon retirement for all sick leave in excess of 800 hours at the rate of one day's pay for each 100 hours or fraction thereof. At December 31, 2024 and 2023, the District's accrued compensated absences for sick leave totaled \$44,136 and \$48,139, respectively.

NOTE 11: RISKS OF LOSS

The District's risks of loss are addressed by the purchase of commercial insurance. These areas include employee dishonesty bonds, property coverage, vehicle coverage and a public entity liability policy which includes errors and omission. Coverage is reviewed for adequacy by management and agents on an annual basis.

NOTE 12: COMMITMENTS

New Office Complex. The District has outgrown its current office complex located on US Highway 31W Bypass and has entered into a contract to construct a new office complex located on Russellville Road. The office complex includes an administrative office of approximately 32,000 square feet and a maintenance building consisting of a fleet garage, meter testing laboratory, and inventory warehouse of approximately 20,000 square feet. The guaranteed maximum cost of \$14,430,670 will be funded with a bond anticipation note through Rural Water Financing Agency (RWFA) and internal funds. The estimated completion date is April 2026, and total construction costs incurred through December 31, 2024 totaled \$256,515.

City-County Phase 3 Water & Sewer Extension. The District has entered into a contract with the Intermodal Transportation Authority (ITA) to extend water and sewer service into the 3rd phase of the joint City-County development as well as improve water and sewer accessibility to the Sunnyside-Gott area. The anticipated expenditure for this contract is \$66,000,000 with \$46,000,000 currently secured. During the 2024 Kentucky Legislative Session an additional \$20,000,000 was allocated to the ITA for the remaining funding requirement. The City-County development will reimburse the District for all design and construction and total costs incurred through December 31, 2024 totaled \$17,200,333.

SCADA System Upgrade. The District has committed to an upgrade of its system-wide SCADA (supervisory control and data acquisition) system. The system consists of RTU's (remote terminal unit) which provide telemetry, control, and alarming for 111 pump stations, lift stations, storage tanks and metering sites. The estimated cost of the project is \$3,108,800 and is funded with a bond anticipation note through RWFA. The total cost incurred through December 31, 2024, is \$2,565,136.

NOTE 12: COMMITMENTS (CONTINUED)

CWP Water & Sewer Improvements. In 2021 and 2022 the District received grants for water and wastewater system improvements from the Commonwealth of Kentucky through Kentucky's Cleaner Water Program (CWP). Both grant awards are provided through the American Rescue Plan Act of 2021. The grants were awarded in two rounds CWP Round 1 and CWP Round 2. Grants awarded through CWP Round 1 total: \$2,440,372 and grants awarded through CWP Round 2 total: \$4,086,720. In addition, a grant was received directly from the County of Warren for water and wastewater system improvements in the amount of \$3,811,000. Through December 31, 2024, total costs incurred totaled \$1,185,615.

WCPS Sewer Extension. The District has entered into a connection agreement with Warren County Public Schools (WCPS) to design and construct a sanitary sewer extension to serve a new elementary school currently under construction. Costs for the sewer extension will be paid by WCPS and reimbursed to the District. The current estimated cost of construction is \$1,112,000. Construction began in November 2024. Through December 31, 2024, total costs totaled \$116,145.

Warren County Water District
Schedule of Employer Required Contributions

RETIREMENT SECURITY PLAN

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 518,013	\$ 528,608	\$ 407,968	\$ 376,320	\$ 371,285	\$ 343,827	\$ 335,398	\$ 782,066	\$ 785,396	\$ 674,876

NOTE: This schedule is intended to present a ten-year trend per GASB 78.

Warren County Water District Notes to the Schedule of Employer Required Contributions

The table below summarized the District's contribution rates, contractually required contribution amounts, and factors significantly affecting contribution rates for the RS Plan.

Year	Contribution Rate	Contribution Amount Required and Paid	Average Age	Factors Significantly Affecting Contribution Rate
2014	26.37%	\$ 658,698	44	Increase in the average age of District participants.
2015	25.89%	\$ 674,879	43	Decrease in the average age of District participants.
2016	27.17%	\$ 785,396	44	Increase in the average age of District participants and lower than assumed 7.75% expected annual return.
2017	27.55%	\$ 782,066	45	Increase in the average age of District participants.
2018	11.86%	\$ 335,398	45	Decrease in the contribution rate due to prepayment of unfunded balance and reduction of benefits.
2019	11.55%	\$ 343,827	43	Decrease in the average age of District participants.
2020	11.56%	\$ 371,285	42	Decrease in the average age of District participants.
2021	12.13%	\$ 376,320	43	Increase in the average age of District participants.
2022	12.83%	\$ 407,968	45	Increase in the average age of District participants.
2023	12.75%	\$ 528,608	43	Decrease in the average age of District participants.
2024	12.40%	\$ 518,013	41	Decrease in the average age of District participants.

Warren County Water District

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service cost	\$ 76,865	\$ 74,990	\$ 116,586	\$ 113,742	\$ 88,789	\$ 86,623	\$ 54,508
Interest	44,453	41,582	33,438	31,305	64,112	61,497	35,620
Changes of benefit terms	-	-	-	-	-	-	406,050
Difference between expected and actual experience	(31,001)	-	(398,737)	-	(209,922)	-	136,938
Changes of assumptions	(31,061)	-	(124,920)	-	9,064	-	(24,914)
Benefit payments	(42,194)	(40,572)	(47,581)	(47,085)	(81,011)	(91,962)	(73,479)
Net change in total OPEB liability	17,062	76,000	(421,214)	97,962	(128,968)	56,158	534,723
Total OPEB liability - beginning	1,139,228	1,063,228	1,484,442	1,386,480	1,515,448	1,459,290	924,567
Total OPEB liability - ending	\$ 1,156,290	\$ 1,139,228	\$ 1,063,228	\$ 1,484,442	\$ 1,386,480	\$ 1,515,448	\$ 1,459,290
Covered-employee payroll	\$ 5,547,651	\$ 4,794,062	\$ 4,677,134	\$ 4,007,172	\$ 3,909,436	\$ 3,409,453	\$ 3,326,296
District total OPEB liability as a percentage of covered-employee payroll	20.84%	23.76%	22.73%	37.04%	35.46%	44.45%	43.87%

NOTE: GASB codification P20 requires information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for only the years for which information is available.

Warren County Water District Schedule of Changes in the District's Total OPEB Liability and Related Ratios

Notes to Schedule

Changes of Benefit Terms

In 2018 there was a change in the benefit terms which expands the allowed coverage period from three years to five years. The retirement age assumption was changed from age 63 to age 62 in reflection of this change. There was no change in the benefit terms for 2019, 2020, 2021, 2022, 2023 or 2024.

Changes of Assumptions

In 2018, the discount rate was increased from 3.78% to 4.10%. There was no change in assumptions for 2019.

In 2020, the discount rate was decreased from 4.10% to 2.12%. Future health care cost trend rates were adjusted from 5% to 4%. There was no change in assumptions for 2021.

In 2022, the discount rate was increased from 2.12% to 3.72%. There was no change in assumptions for 2023.

In 2024, the discount rate was increased from 3.72% to 4.08%.

Warren County Water District Schedule of Budgetary Comparison

For the year ended December 31, 2024

	Budgeted Amounts			Variances Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
Revenues				
Metered water revenue	\$ 16,614,500	\$ 16,614,500	\$ 16,744,185	\$ 129,685
Metered sewer revenue	6,531,700	6,506,700	6,554,128	47,428
Forfeited discounts	298,800	324,800	326,191	1,391
Miscellaneous service revenue	317,500	317,500	305,296	(12,204)
Other water revenue	600	600	600	-
Other sewer revenue	600	600	600	-
Total revenues	23,763,700	23,764,700	23,931,000	166,300
Expenses				
Salaries and wages	2,500,400	2,582,400	2,549,554	32,846
Commissioner fees	30,000	30,000	30,000	-
Fringe benefits	1,443,000	1,508,200	1,458,861	49,339
Purchased water	8,516,300	8,416,300	8,304,798	111,502
Sewage disposal	3,593,100	3,637,100	3,641,606	(4,506)
Purchased power	733,700	760,700	749,068	11,632
Chemicals	38,600	40,600	38,144	2,456
Materials and supplies	414,200	519,200	505,678	13,522
Contractual services - accounting	47,000	46,000	44,798	1,202
Contractual services - legal	35,850	34,850	32,470	2,380
Contractual services - other	1,166,800	1,094,800	1,076,139	18,661
Rental of building / property	77,100	59,500	56,917	2,583
Equipment expense	407,000	386,000	365,758	20,242
Insurance - general liability	92,600	95,600	93,876	1,724
Insurance - other	5,100	5,100	5,090	10
Regulatory expense	30,200	33,200	31,782	1,418
Bad debt expense	36,300	22,300	16,859	5,441
Miscellaneous expense	64,900	56,900	51,672	5,228
Depreciation	6,350,600	6,414,600	6,372,281	42,319
Total expenses	25,582,750	25,743,350	25,425,351	317,999

Warren County Water District Schedule of Budgetary Comparison

	Budgeted Amounts			Variances Favorable (Unfavorable) Final to Actual
	Original	Final	Actual	
Other (Revenues) and Expenses				
Interest income	(733,500)	(943,500)	(917,323)	(26,177)
Rental income - utility property	(122,400)	(130,400)	(135,374)	4,974
Miscellaneous non-operating income	(82,400)	(90,400)	(91,867)	1,467
(Gain) loss on Investments	-	(27,500)	(40,388)	12,888
Disposition (gain) loss - net	-	(50,700)	(49,646)	(1,054)
Unamortized debt expense	232,700	122,700	78,845	43,855
Interest expense	865,520	729,520	735,661	(6,141)
Total other (revenues) expenses	159,920	(390,280)	(420,092)	29,812
Total expenses	25,742,670	25,353,070	25,005,259	347,811
Income (loss) before capital contributions	(1,978,970)	(1,588,370)	(1,074,259)	514,111
Capital contributions	29,446,924	31,000,000	36,050,899	5,050,899
Change in net position	\$ 27,467,954	\$ 29,411,630	\$ 34,976,640	\$ 5,565,010

Warren County Water District
Statement of Net Position by Division

<i>December 31, 2024</i>	Water Division	Sewer Division	Eliminating Entries	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 5,990,997	\$ 1,578,048	\$ -	\$ 7,569,045
Accounts receivable:				
Customer accounts receivable, net of allowance for uncollectibles	1,807,554	771,920	-	2,579,474
Accounts receivable – Butler County Water System	111,746	-	-	111,746
Accounts receivable – Simpson County Water District	92,730	331	-	93,061
Accounts receivable – Water Division	-	637,732	(637,732)	-
Accounts receivable – Sewer Division	150,057	-	(150,057)	-
Other accounts receivable	3,768,461	131,607	-	3,900,068
Interest receivable	17,788	35,870	-	53,658
Materials and supplies inventory	3,422,666	-	-	3,422,666
Prepaid expenses	103,798	15,608	-	119,406
Total current assets	15,465,797	3,171,116	(787,789)	17,849,124
Non-current assets				
Utility Plant				
Utility plant in service	170,649,585	97,461,410	-	268,110,995
Construction in progress	20,237,119	8,628,611	-	28,865,730
Less accumulated depreciation	(59,544,476)	(22,671,933)	-	(82,216,409)
Total utility plant, net	131,342,228	83,418,088	-	214,760,316

Warren County Water District
Statement of Net Position by Division

<i>December 31, 2024</i>	Water Division	Sewer Division	Eliminating Entries	Total
Non-current assets				
Right-to-use lease asset	32,163	-	-	32,163
Restricted cash and equivalents	3,087,513	7,344,719	-	10,432,232
Restricted investments	646,548	585,758	-	1,232,306
Investments	133,982	8,452,793	-	8,586,775
Accounts receivable:				
Accounts receivable – Butler County Water System	131,326	-	-	131,326
Accounts receivable – Simpson County Water District	92,101	-	-	92,101
Accounts receivable – Sewer Division	166,895	-	(166,895)	-
Other assets	234,431	183,496	-	417,927
Total non-current assets	135,867,187	99,984,854	(166,895)	235,685,146
Total assets	151,332,984	103,155,970	(954,684)	253,534,270
Deferred outflows of resources				
Deferred outflows related to retirement security plan	491,340	-	-	491,340
Total deferred outflows of resources	491,340	-	-	491,340

Warren County Water District
Statement of Net Position by Division

<i>December 31, 2024</i>	Water Division	Sewer Division	Eliminating Entries	Total
Liabilities				
Current liabilities				
Accounts payable	6,782,983	743,045	-	7,526,028
Accounts payable – Butler County Water System	4,759	-	-	4,759
Accounts payable – Simpson County Water District	21,129	-	-	21,129
Accounts payable – Water Division	-	316,952	(316,952)	-
Accounts payable – Sewer Division	637,732	-	(637,732)	-
Accrued expenses	1,373,969	602,459	-	1,976,428
Contractor advances for construction	98,644	36,773	-	135,417
Lease liability	32,163	-	-	32,163
Current portion of long-term debt	4,489,393	8,247,400	-	12,736,793
Total current liabilities	13,440,772	9,946,629	(954,684)	22,432,717
Non-current liabilities				
Long-term Obligations				
Bonds and loans payable	901,000	615,000	-	1,516,000
Notes payable	8,200,832	11,170,347	-	19,371,179
Less: Net unamortized bond premium (discount)	93,007	137,855	-	230,862
Less: Current portion of long-term debt	(4,489,393)	(8,247,400)	-	(12,736,793)
Net long-term obligations	4,705,446	3,675,802	-	8,381,248
Customer meter deposits	1,299,764	443,972	-	1,743,736
Rebates payable	2,665,659	1,749,322	-	4,414,981
Unearned revenue for cellular leases	530,542	-	-	530,542
Other post employment benefit obligation	1,156,290	-	-	1,156,290
Total non-current liabilities	10,357,701	5,869,096	-	16,226,797
Total liabilities	23,798,473	15,815,725	(954,684)	38,659,514

**Warren County Water District
Statement of Net Position by Division**

<i>December 31, 2024</i>	Water Division	Sewer Division	Eliminating Entries	Total
Net Position				
Net investment in capital assets	123,234,274	71,784,710	-	195,018,984
Restricted for depreciation reserves	921,580	368,761	-	1,290,341
Restricted for KCED Agreement	361,597	-	-	361,597
Unrestricted	3,508,400	15,186,774	-	18,695,174
Total net position	\$ 128,025,851	\$ 87,340,245	\$ -	\$ 215,366,096

Warren County Water District
Statement of Revenues, Expenses, and Changes in Net Position by Division

<i>For the year ended December 31, 2024</i>	Water Division	Sewer Division	Eliminating Entries	Total
Operating Revenues				
Metered sales				
Residential	\$ 10,414,461	\$ 2,805,250	\$ -	\$ 13,219,711
Industrial	3,112,148	2,834,512	-	5,946,660
Commercial	3,217,576	914,366	-	4,131,942
Total metered sales	16,744,185	6,554,128	-	23,298,313
Forfeited discounts	225,331	100,860	-	326,191
Miscellaneous service revenue	269,138	37,358	-	306,496
Total operating revenues	17,238,654	6,692,346	-	23,931,000
Operating Expenses				
Source of supply expense				
Purchased water	8,304,798	-	-	8,304,798
Sewage disposal	-	3,641,606	-	3,641,606
Total source of supply expense	8,304,798	3,641,606	-	11,946,404
Pumping plant expense				
Power purchased	564,568	171,148	-	735,716
Chemicals	-	38,144	-	38,144
Contractual services	5,496	5,704	-	11,200
Rental expense	4,879	-	-	4,879
Insurance	12,397	5,969	-	18,366
Total pumping plant expense	587,340	220,965	-	808,305

Warren County Water District
Statement of Revenues, Expenses, and Changes in Net Position by Division

<i>For the year ended December 31, 2024</i>	Water Division	Sewer Division	Eliminating Entries	Total
Operating Expenses (Continued)				
Transmission and distribution expense				
Salaries and benefits	1,485,561	212,828	-	1,698,389
Power purchased	13,352	-	-	13,352
Contractual services	242,437	64,099	-	306,536
Rental expense	18,701	-	-	18,701
Transportation	244,349	34,486	-	278,835
Insurance	52,686	3,476	-	56,162
Materials and supplies	403,971	38,715	-	442,686
Total transmission and distribution expense	2,461,057	353,604	-	2,814,661
Customer accounts expense				
Salaries and benefits	938,580	173,053	-	1,111,633
Contractual services	252,194	75,550	-	327,744
(Recovery) uncollectible accounts - net	14,817	2,042	-	16,859
Rental expense	28,458	-	-	28,458
Transportation	76,903	110	-	77,013
Insurance	6,198	3,476	-	9,674
Miscellaneous	4,324	-	-	4,324
Materials and supplies	24,760	128	-	24,888
Total customer accounts expense	1,346,234	254,359	-	1,600,593

Warren County Water District
Statement of Revenues, Expenses, and Changes in Net Position by Division

<i>For the year ended December 31, 2024</i>	Water Division	Sewer Division	Eliminating Entries	Total
Administrative and general expense				
Salaries and benefits	973,218	225,175	-	1,198,393
Office supplies	28,523	9,581	-	38,104
Commissioner fees	15,000	15,000	-	30,000
Contractual services	409,312	98,615	-	507,927
Insurance	8,743	6,021	-	14,764
Rental expense	4,879	-	-	4,879
Regulatory commission expense	23,086	8,696	-	31,782
Miscellaneous	33,845	13,503	-	47,348
Transportation	9,635	275	-	9,910
Total administrative and general expense	1,506,241	376,866	-	1,883,107
Depreciation	4,094,156	2,278,125	-	6,372,281
Total operating expenses	18,299,826	7,125,525	-	25,425,351
Operating loss	(1,061,172)	(433,179)	-	(1,494,351)
Non-Operating Revenues (Expenses)				
Interest income	337,269	580,054	-	917,323
Rental income (expense)	141,578	(6,204)	-	135,374
Non-utility income	91,867	-	-	91,867
Gain (loss) on investments	2,093	38,295	-	40,388
Gain (loss) on disposal of assets	50,330	(684)	-	49,646
Debt issuance cost	-	(78,845)	-	(78,845)
Interest expense	(359,382)	(376,279)	-	(735,661)
Total non-operating revenues (expenses) - net	263,755	156,337	-	420,092

Warren County Water District
Statement of Revenues, Expenses, and Changes in Net Position by Division

<i>For the year ended December 31, 2024</i>	Water Division	Sewer Division	Eliminating Entries	Total
Loss before capital contributions	(797,417)	(276,842)	-	(1,074,259)
Capital contributions	20,595,610	15,455,289	-	36,050,899
Change in net position	19,798,193	15,178,447	-	34,976,640
Total net position – beginning of year	108,227,658	72,161,798	-	180,389,456
Total net position – end of year	\$ 128,025,851	\$ 87,340,245	\$ -	\$ 215,366,096



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**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 Commissioners
Warren County Water District
Bowling Green, 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 Warren County Water District (the "District"), a component unit of Warren County, Kentucky, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 14, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

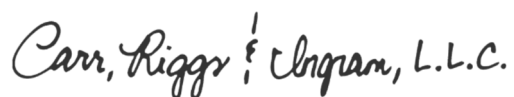
any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." with a stylized flourish at the end.

CARR, RIGGS & INGRAM, LLC
Bowling Green, Kentucky
April 14, 2025



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CRI's CEO ACTION FOR DIVERSITY AND INCLUSION

Carr, Riggs & Ingram is committed to fostering an inclusive and diverse place for all employees to work in and engage. When our managing partner and chairman, Bill Carr, signed the CEO Action for Diversity & Inclusion™ pledge, he made a public commitment to building a productive, diverse, and inclusive workplace. [Learn more about CRI's commitment to Diversity and Inclusion.](#)