

**OHIO COUNTY WATER DISTRICT**

**ANNUAL FINANCIAL REPORT**

**December 31, 2020 and 2019**

## CONTENTS

	Page
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-6
Financial Statements	
Statements of Net Position	7-8
Statements of Revenues, Expenses, and Changes in Net Position	9
Statements of Cash Flows	10-11
Notes to the Financial Statements	12-28
Required Supplementary Information	
Schedule of Proportionate Share of the Net Pension Liability	29
Schedule of Pension Contributions	29
Schedule of Proportionate Share of the Net OPEB Liability	30
Schedule of OPEB Contributions	30
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	31
Schedule of Finding and Response	32

**INDEPENDENT AUDITOR'S REPORT**

Commissioners of the Ohio County Water District  
Hartford, KY 42347

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the Ohio County Water District (the "District") as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Ohio County Water District as of December 31, 2020 and 2019, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-6 and select pension/OPEB information on pages 29-30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 5, 2021, on our consideration of the Ohio County Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Ohio County Water District's internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Ohio County Water District's internal control over financial reporting and compliance.

*Hensley & Throneberry, CPAs*

July 5, 2021

**OHIO COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2020 and 2019**

As management of the Ohio County Water District ("District"), we offer readers of the District's financial statements this narrative overview and analysis of the business-type activities for the fiscal years ended December 31, 2020 and 2019. The information contained in this Management Discussion and Analysis ("MD&A") should be considered in conjunction with the information contained in the Independent Auditor's Reports, financial statements, and supplementary information.

Financial Highlights

For the year ending December 31, 2020, total operating and non-operating revenues (including capital contributions) totaled \$3,943,099 and expenses amounted to \$5,158,487 creating a decrease in net position of \$1,215,388. At year end, net position totaled \$17,136,381 of which \$17,431,518 (net of related debt) was invested in capital assets and \$463,727 was restricted for debt service and depreciation/replacement. This left a net deficit amount of (\$758,864) of unrestricted assets.

For the year ending December 31, 2019, total operating and non-operating revenues (including capital contributions) totaled \$3,907,883 and expenses amounted to \$5,280,840 creating a decrease in net position of \$1,372,957. At year end, net position totaled \$18,351,769 of which \$17,588,092 (net of related debt) was invested in capital assets and \$944,806 was restricted for debt service and depreciation/replacement. This left a net deficit amount of (\$181,129) of unrestricted assets.

Overview of the Financial Statements

This report consists of MD&A and is intended to serve as an introduction to the financial statements. The financial statements include notes, which explain in detail some of the information included in the financial statements.

Required Financial Statements

The financial statements of the District report information using accounting methods similar to those used by private-sector companies. These statements offer short- and long-term financial information about its activities. The Statements of Net Position include all of the District's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to the District's creditors (liabilities). It also provides the basis of evaluation of the capital structure of the District and assessing the liquidity and financial flexibility of the District.

All of the current year's revenues and expenses are accounted for in the Statements of Revenues, Expenses, and Changes in Net Position. These statements measure the results of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness.

The final required financial statements are the Statements of Cash Flows. These statements report cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provide answers to such questions as how cash was received, what cash was used for, and what was the change in the cash balance during the reporting periods.

**OHIO COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2020 and 2019**

Financial Analysis of Ohio County Water District

Ohio County Water District  
Statements of Net Position-Summary  
December 31,

	2020	2019
Assets		
Total current assets	\$ 1,015,928	\$ 1,050,854
Total restricted assets	2,496,199	2,940,799
Net capital assets	<u>28,790,821</u>	<u>29,459,058</u>
Total assets	<u>\$ 32,302,948</u>	<u>\$ 33,450,711</u>
Deferred outflows		
Pension deferred outflow	\$ 506,673	\$ 586,631
OPEB deferred outflow	<u>431,675</u>	<u>260,414</u>
Total deferred outflows	<u>\$ 938,348</u>	<u>\$ 847,045</u>
Liabilities		
Total current liabilities	\$ 1,151,154	\$ 1,111,697
Total long-term liabilities	<u>14,734,037</u>	<u>14,517,524</u>
Total liabilities	<u>\$ 15,885,191</u>	<u>\$ 15,629,221</u>
Deferred inflows		
Pension deferred inflow	\$ 51,649	\$ 103,099
OPEB deferred inflow	<u>168,075</u>	<u>213,667</u>
Total deferred outflows	<u>\$ 219,724</u>	<u>\$ 316,766</u>
Net position		
Invested in capital assets, net of related debt	\$ 17,431,518	\$ 17,588,092
Restricted for debt service	312,772	326,778
Restricted for depreciation/replacement	150,955	618,028
Unrestricted	<u>(758,864)</u>	<u>(181,129)</u>
Total net position	<u>\$ 17,136,381</u>	<u>\$ 18,351,769</u>

The largest portion of the District's net position is reflected by investment in capital assets, less any related debt used to acquire those assets still outstanding. The District uses these capital assets to provide services to consumers; consequently, these assets are not available for future spending.

Restricted for debt service and depreciation/replacement represents resources that are subject to external restrictions on how they may be used.

The unrestricted net position may be used to meet the District's ongoing obligations to consumers and creditors.

**OHIO COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2020 and 2019**

Ohio County Water District  
Statements of Operations-Summary  
For the Year Ended December 31,

	2020	2019
Total operating revenues	\$ 3,739,170	\$ 3,673,955
Total operating expenses	<u>(4,636,599)</u>	<u>(4,888,928)</u>
Operating loss	(897,429)	(1,214,973)
Total non-operating revenue / (expenses)	<u>(492,267)</u>	<u>(332,291)</u>
Loss before capital contributions	(1,389,696)	(1,547,264)
Capital contributed	<u>174,308</u>	<u>174,307</u>
Change in net position	(1,215,388)	(1,372,957)
Net position, beginning of year	<u>18,351,769</u>	<u>19,724,726</u>
Net position, end of year	<u>\$ 17,136,381</u>	<u>\$ 18,351,769</u>

For the year ending December 31, 2020, net position decreased by \$1,215,388 and consisted of an operating loss of \$897,429, net non-operating expenses of \$49,267, and capital contributions of \$174,308.

For the year ending December 31, 2019, net position decreased by \$1,372,957 and consisted of an operating loss of \$1,214,973, net non-operating expenses of \$332,291, and capital contributions of \$174,307.

Capital Asset Changes

At December 31, 2020, the District had invested \$28,790,821 in capital assets, net of accumulated depreciation. This amount represents a net decrease of \$668,237 from the previous year. The net decrease consisted of additions to capital assets of \$506,873, decreases of \$7,418, and depreciation expense of \$1,167,692. The additions were financed with proceeds from capital contributions and proceeds of the District's operating revenues.

At December 31, 2019, the District had invested \$29,459,058 in capital assets, net of accumulated depreciation. This amount represents a net decrease of \$746,959 from the previous year. The net decrease consisted of additions to capital assets of \$1,106,428, decreases of \$708,259 and depreciation expense of \$1,145,128. The additions were financed with proceeds from capital contributions and proceeds of the District's operating revenues as well as loan proceeds from the Kentucky Industrial Authority.

Debt Administration

At December 31, 2020, the District had \$7,675,000 in revenue bonds outstanding and \$3,690,599 of loans payable outstanding. This represents a decrease of \$239,500 and a decrease of \$272,163 from the prior year balances of \$7,914,500 and \$3,962,762, respectively.

In January 2020, the District issued new bonds with a par amount of \$7,335,000 and associated premiums of \$191,760 to refund outstanding bonds in the amount of \$7,351,049.

**OHIO COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2020 and 2019**

Other Matters

The District serves approximately 6,000 residential and commercial customers in Breckenridge, Daviess, Grayson, and Ohio Counties, including the cities of Beaver Dam and Fordsville.

In 2006, the District began the planning process of building a new water treatment plant. The plant was started August 17<sup>th</sup>, 2009 and completed June 15<sup>th</sup>, 2011. The total cost of the 4 MGD plant was \$13,543,836. In conjunction with the water plant project, the water district also refinanced two of the existing bond issues, Series I (Series 1998) and Series II (Series 2000). Funding of the project was provided with a Rural Development Grant in the amount of \$1,500,350, an Economic Development Authority Grant in the amount of \$2,500,000, a Rural Development Loan not to exceed \$9,198,500, a KIA Coal Grant (HB608) in the amount of \$550,000, a Green River Regional Industrial Development Authority cash contribution in the amount of \$450,000, two KIA Fund F loans not to exceed a cumulative total of \$5,000,000 and the District providing \$2,000,000. The Ohio County Fiscal Court paid \$550,000 towards the amount of the project. The fiscal court agreed to cover \$3,000,000. The Rural Development Loan was structured as two separate bond issues of \$7,000,000 and \$1,200,000. Each bears a 4.125% interest rate. The KIA Fund F Loan was established at \$3,742,957 and has an interest rate of 1.00% and service fee rate of .25% and a term of (20) years.

During 2015, the remaining balance of the 2003 bond series was paid off with proceeds from the 2015 bond series.

During 2015, the District implemented GASB No. 68, *Accounting and Financial Reporting for Pensions*. This standard requires cost-sharing governments to report a net pension liability, pension expense, and pension related deferred inflows and outflows of resources based upon their proportionate share of the collective amounts for all the participants in the plan. Therefore, included in long-term liabilities is a net pension liability of \$2,818,848 for 2020 and \$2,509,039 for 2019.

During 2016, the District placed in service phase 1 of a water system upgrade costing approximately \$1,000,000. A revolving loan was obtained from KIA for the project. The loan will be repaid over a period not to exceed twenty years.

During 2018, the District retrospectively implemented GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("OPEB")*. This standard requires cost-sharing governments to report a net OPEB liability, OPEB expense, and OPEB related deferred inflows and outflows of resources based upon their proportionate share of the collective amounts for all the participants in the plan. Therefore, included in long-term liabilities is a net OPEB liability of \$887,546 for 2020 and \$599,869 for 2019.

Request for Information

This financial report is designed to provide our customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. If you have any questions about this report or need additional information, please contact the District at 124 East Washington Street, Hartford, KY 42347.



## **BASIC FINANCIAL STATEMENTS**

**OHIO COUNTY WATER DISTRICT  
STATEMENTS OF NET POSITION  
December 31, 2020 and 2019**

	2020	2019
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 192,648	\$ 244,909
Certificates of deposit	173,551	171,140
Accounts receivable - customers	311,152	314,997
Accounts receivable - other	29,972	6,257
Prepaid expenses	50,182	82,381
Unbilled revenue receivable	254,570	225,471
Interest receivable	<u>3,853</u>	<u>5,699</u>
Total Current Assets	1,015,928	1,050,854
Restricted Assets		
Cash and cash equivalents	1,586,056	1,682,165
Certificates of deposit	<u>910,143</u>	<u>1,258,634</u>
Total Restricted Assets	2,496,199	2,940,799
Property, plant, equipment, and intangibles, net of accumulated depreciation	<u>28,790,821</u>	<u>29,459,058</u>
<b>Total Assets</b>	<b>32,302,948</b>	<b>33,450,711</b>
<b>Deferred Outflows of Resources</b>		
Deferred outflows - pensions	506,673	586,631
Deferred outflows - OPEB	<u>431,675</u>	<u>260,414</u>
<b>Total Deferred Outflows of Resources</b>	<b><u>938,348</u></b>	<b><u>847,045</u></b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b><u>\$ 33,241,296</u></b>	<b><u>\$ 34,297,756</u></b>

**OHIO COUNTY WATER DISTRICT**  
**STATEMENTS OF NET POSITION (Continued)**  
**December 31, 2020 and 2019**

	2020	2019
<b>Liabilities</b>		
Current Liabilities		
Accounts payable	\$ 201,321	\$ 145,168
Accrued payroll taxes	19,255	6,758
Sales tax payable	850	764
Utility tax payable	7,959	8,369
Accrued salaries	25,775	59,986
Accrued interest	130,848	162,030
Current portion of long-term debt	525,398	505,162
Current portion of compensated absence	15,514	13,535
Accrued retirement	32,547	21,115
Customers' deposits	<u>191,687</u>	<u>188,810</u>
Total Current Liabilities	1,151,154	1,111,697
Long-term Liabilities		
Loan payable to Kentucky Infrastructure Authority F15-069	1,227,256	1,295,625
Loan payable to Kentucky Infrastructure Authority F08-08	2,187,945	2,394,974
Revenue bonds payable series 91-01 & 91-03	-0-	7,344,377
Revenue bonds payable series 2015	230,000	340,000
Revenue bonds payable series 2020A	7,382,442	-0-
Compensated absences	-0-	33,640
Net pension liability	2,818,848	2,509,039
Net OPEB liability	<u>887,546</u>	<u>599,869</u>
Total Long-term Liabilities	<u>14,734,037</u>	<u>14,517,524</u>
<b>Total Liabilities</b>	<b>15,885,191</b>	<b>15,629,221</b>
<b>Deferred Inflows of Resources</b>		
Deferred inflows - pensions	51,649	103,099
Deferred inflows - OPEB	<u>168,075</u>	<u>213,667</u>
<b>Total Deferred Inflows of Resources</b>	<b>219,724</b>	<b>316,766</b>
<b>Net Position</b>		
Invested in capital assets, net of related debt	17,431,518	17,588,092
Restricted for debt service and construction	312,772	326,778
Restricted for depreciation/replacement	150,955	618,028
Unrestricted	<u>(758,864)</u>	<u>(181,129)</u>
<b>Total Net Position</b>	<u><b>17,136,381</b></u>	<u><b>18,351,769</b></u>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 33,241,296</b>	<b>\$ 34,297,756</b>

**OHIO COUNTY WATER DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**Years Ended December 31, 2020 and 2019**

	2020	2019
<b>Operating Revenues</b>		
Water sales	\$ 3,551,833	\$ 3,500,215
Other revenues	98,714	35,068
Miscellaneous service revenue	77,804	65,213
Penalties	<u>10,819</u>	<u>73,459</u>
<b>Total Operating Revenues</b>	<b>3,739,170</b>	<b>3,673,955</b>
<b>Operating Expenses</b>		
Depreciation	1,166,024	1,143,460
Salaries and wages	905,900	933,970
Employee pension and benefits	834,155	773,185
Contractual services	776,988	860,474
Utilities	307,177	351,339
Materials and supplies	185,142	405,069
Chemicals	102,810	89,586
Miscellaneous	88,626	71,800
Insurance	78,710	75,760
Payroll tax expense	77,301	73,996
Transportation expense	43,709	46,229
Telephone expense	38,196	32,446
Bad debt expense	19,785	19,957
Regulatory commission expense	7,446	7,184
Rental of equipment	3,572	3,949
Rental of building and other real estate	<u>1,058</u>	<u>524</u>
<b>Total Operating Expenses</b>	<b>4,636,599</b>	<b>4,888,928</b>
<b>Operating Loss</b>	<b>(897,429)</b>	<b>(1,214,973)</b>
<b>Non-operating Revenues / (Expenses)</b>		
Interest income	20,930	46,971
Gain / (loss) on sale of equipment	(7,418)	(7,918)
Interest expense	(325,617)	(374,035)
KIA service fees	(9,593)	(6,682)
Bond issuance	(176,661)	-0-
Non-utility income	8,691	12,650
Non-utility expense	<u>(2,599)</u>	<u>(3,277)</u>
<b>Total Non-operating Revenues / (Expenses)</b>	<b>(492,267)</b>	<b>(332,291)</b>
<b>Loss Before Contributed Capital</b>	<b>(1,389,696)</b>	<b>(1,547,264)</b>
<b>Contributed Capital</b>		
Capital contributions from customers	35,100	34,800
Capital contributions from other governments	<u>139,208</u>	<u>139,507</u>
<b>Total Contributed Capital</b>	<b>174,308</b>	<b>174,307</b>
<b>Change in Net Position</b>	<b>(1,215,388)</b>	<b>(1,372,957)</b>
Net Position, Beginning of Year	<u>18,351,769</u>	<u>19,724,726</u>
<b>Net Position, End of Year</b>	<b>\$ 17,136,381</b>	<b>\$ 18,351,769</b>

See accompanying notes.

**OHIO COUNTY WATER DISTRICT  
STATEMENTS OF CASH FLOWS  
Years Ended December 31, 2020 and 2019**

	2020	2019
<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 3,690,201	\$ 3,717,698
Cash payment to suppliers	(1,553,358)	(2,047,176)
Cash payments to employees	(1,459,113)	(1,384,083)
Net cash provided by operating activities	677,730	286,439
<b>Cash flows from capital and related financing activities</b>		
Proceeds from notes payable	-0-	216,847
Proceeds from bond issuance	7,335,000	-0-
Proceeds from equipment sales	-0-	2,817
Proceeds from capital contributions	174,308	174,307
Principal paid on bonds and notes payable	(7,662,097)	(497,041)
Interest paid on bonds and notes payable	(356,799)	(377,341)
Bond issuance costs	(176,661)	-0-
Purchase of equipment	(506,872)	(408,904)
Net cash provided / (used) by capital and related financing activities	1,193,121	(889,315)
<b>Cash flows from investing activities</b>		
Purchase of certificates of deposit	(818,942)	(31,438)
Proceeds from maturity of certificate of deposit	1,165,022	866,054
Interest income	22,776	47,741
Other non-utility income / (expense)	(1,835)	4,358
Net cash provided by investing activities	367,021	886,715
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(148,370)</b>	<b>283,839</b>
Cash and cash equivalents, beginning of year	1,927,074	1,643,235
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,778,704</b>	<b>\$ 1,927,074</b>
<b>Reflected in the Statements of Net Position</b>		
Cash and cash equivalents	\$ 192,648	\$ 244,909
Restricted cash and cash equivalents	1,586,056	1,682,165
<b>Total cash and cash equivalents</b>	<b>\$ 1,778,704</b>	<b>\$ 1,927,074</b>

**OHIO COUNTY WATER DISTRICT**  
**STATEMENTS OF CASH FLOWS (Continued)**  
**Years Ended December 31, 2020 and 2019**

	2020	2019
<b>Reconciliation of operating income to net cash provided by operating activities</b>		
Operating loss	\$ (897,429)	\$ (1,214,973)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	1,166,024	1,143,460
(Increase) decrease in deferred outflows of resources	(91,303)	(79,891)
Increase (decrease) in deferred inflows of resources	(97,042)	37,897
Change in assets and liabilities		
(Increase) decrease in customers' receivables	3,845	(14,686)
(Increase) decrease in other receivables	(23,715)	9,184
(Increase) decrease in prepaid expenses	32,199	(63,767)
(Increase) decrease in unbilled revenue receivable	(29,099)	49,244
Increase (decrease) in accounts payable	56,153	(29,853)
Increase (decrease) in accrued taxes and retirement	23,606	3,382
Increase (decrease) in accrued salaries	(34,211)	6,557
Increase (decrease) in compensated absences	(31,661)	7,806
Increase (decrease) in customer deposits	2,877	10,578
Increase (decrease) in net pension liability	309,809	428,225
Increase (decrease) in net OPEB liability	287,677	(6,724)
<b>Net cash provided by operating activities</b>	<b><u>\$ 677,730</u></b>	<b><u>\$ 286,439</u></b>

**OHIO COUNTY WATER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020 and 2019**

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Ohio County Water District (the "District") was organized on April 2, 1962, under KRS Chapter 74 as a special district to provide water services to residential and commercial customers in Breckenridge, Daviess, Grayson, and Ohio Counties, including the cities of Beaver Dam and Fordsville.

The governing board currently consists of seven commissioners, five of whom are appointed by the Ohio County Fiscal Court and two are appointed by the Daviess County Fiscal Court.

**Basis of Accounting and Significant Accounting Policies**

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements.

The financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles. Under this method, revenues are recorded when earned, and expenses are recorded when incurred.

All activities of the District are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are: (a) financed and operated in a manner similar to private enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The accounting and financial reporting treatment applied to the District is determined by its measurement focus. The transactions of the District are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operations are included on the Statement of Net Position.

**Estimates**

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities (and disclosure of contingent assets and liabilities) at the date of the financial statements and of reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Receivables**

The District determined that all accounts receivable reported on the statements of net position at December 31, 2020 and 2019 are collectible, and therefore, no allowance for uncollectible accounts is considered necessary.

**Unbilled Revenue Receivable**

Water sold, but unmetered at the date of the financial statements, is estimated based on subsequent billing and included in current assets.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the District considers all highly liquid investments (including restricted assets) with an original maturity of three months or less to be cash equivalents.

**OHIO COUNTY WATER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020 and 2019**

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Investments**

Investments consist of certificates of deposit recorded at cost, which is believed to approximate their fair market value.

**Capital Assets**

Capital assets are defined as assets with an individual cost of more than \$2,500. Capital assets are reported at cost or the fair market value at the time of contribution to the utility. Major outlays are capitalized as projects are constructed. Interest is capitalized on fixed assets constructed with borrowed funds. The amount of interest to be capitalized is calculated by offsetting interest expense from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. Operating supplies are expensed at time of purchase. Depreciation is computed on the straight-line method over the following useful lives:

	Years
Land improvements	10-20
Pumping treatment plant and equipment	5-50
Transmission and distribution system	5-50
Other equipment	5-10

**Operating Revenues and Expenses**

Operating revenues and expenses are those generated by providing services to customers and include water sales, services revenue, penalties, and other miscellaneous operating revenues. Non-operating revenues are located in the statements of revenues and expenses after operating income (operating revenues less operating expenses). Non-operating income includes interest income and contributed capital.

**Net Position**

Net position represents the difference between assets and liabilities. Net position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt which has not been spent is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments. Unrestricted net position is the component of net position that does not meet definition of restricted or invested in capital assets net of related debt.

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

**Subsequent Events**

Management has evaluated subsequent events through July 5, 2021, the date the financial statements were available to be issued.

**Income Taxes**

The District is exempt from federal and state income taxes under Section 501 of the Internal Revenue Code.

**Deferred Outflows of Resources**

Deferred outflows of resources represent a consumption of net assets in a future period and will not be recognized as an outflow of resources (expense) until that time.



**OHIO COUNTY WATER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020 and 2019**

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Deferred Inflows of Resources**

Deferred inflows of resources represent an acquisition of net assets in a future period and will not be recognized as an inflow of resource (revenue) until that time.

**Compensated Absences**

The District permits employees to carry-forward unused vacation time from one calendar year to the next. Upon termination of employment, any unused vacation time is paid to the employee. As of December 31, 2020 and 2019, the liability for accrued compensated absences was \$15,514 and \$33,640, respectively.

**Concentration of Credit Risk**

The majority of the District's activities are with customers in and around Ohio County, Kentucky. The District extends unsecured credit to the customers within this area.

**NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS**

Under Kentucky Revised Statute 66.480, the District is allowed to invest in obligations of the U.S. Treasury and U.S. agencies, obligations of the Commonwealth of Kentucky and its agencies, insured savings and loans, and interest bearing deposits of insured national banks.

The District's deposits include cash in checking and savings accounts. The District's investments are all certificates of deposit. The District's deposits and investments at December 31, 2020 and 2019 were covered by federal depository insurance or by collateral held by the custodial banks.

At December 31, 2020, the book balance of the District's deposits and investments was \$2,862,398, and the bank balance was \$2,862,445. This does not include petty cash of \$676. At December 31, 2019, the book balance of the District's deposits and investments was \$3,356,848 and the bank balance was \$3,358,140. This does not include petty cash of \$524.

**NOTE 3. CUSTODIAL CREDIT RISKS**

Custodial credit risk is the risk that in an event of a bank failure, the District's deposits may not be returned to it. As of December 31, 2020 and 2019, the District's cash and investments exposed to custodial credit risk were \$2,607,000 and \$3,102,696. However, these balances were secured by collateral held by pledging banks or invested in obligations of the U.S. Treasury.

**NOTE 4. RESTRICTED ASSETS**

**Construction Fund**

The construction fund is restricted to paying the costs associated with the respective project. The construction fund at December 31, consisted of the following:

	2020	2019
Total cash and cash equivalents	\$ 6,296	\$ 6,296

**OHIO COUNTY WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2020 and 2019**

**NOTE 4. RESTRICTED ASSETS (Continued)**

**Debt Service Fund**

The debt service funds are required under current debt instruments. Funds are restricted for paying interest and principal of the respective long-term debt. At year end December 31, 2020 and 2019, the debt service funds were invested in savings accounts with an interest rate of 0.50%. The debt service fund at December 31, consisted of the following:

	2020	2019
Cash and cash equivalents		
Debt service fund revenue bond 2003	\$ 40,816	\$ 39,797
Debt service fund revenue bond 2020	264,091	-0-
Debt service fund rural development loan	1,868	364,203
Debt service fund KIA	95,138	82,816
Debt service fund KIA 2	31,546	13,503
Debt service water & sewer refunds account	5,444	5,444
Total cash and cash equivalents	<u>\$ 438,903</u>	<u>\$ 505,763</u>

**Depreciation Fund**

The depreciation fund was created and continued under previous revenue bond ordinances. Funds are restricted for paying the cost of unusual or extraordinary maintenance, repairs, renewals or replacements, and the cost of constructing additions and improvements to the system. The fund shall also be available for transfer to the debt service fund in order to avoid default in connection with any outstanding debt payable or to purchase outstanding debt in advance of maturity.

The depreciation fund at December 31, consisted of the following:

	2020	2019
Cash and cash equivalents	\$ 567,422	\$ 658,428
Investments (Certificates of Deposit)	806,009	1,155,946
Total	<u>\$ 1,373,431</u>	<u>\$ 1,814,374</u>

**Debt Service Reserve Fund**

The debt service reserve fund revenue bonds series 2003 was established by a resolution adopted by the Commission of the District dated October 28, 2003. The amounts on deposit in the reserve fund shall be withdrawn and used to prevent a default in making payments of principal and interest on the bonds if the amount in the debt service fund is not sufficient to make such payments. In the event of any withdrawal, the District shall restore such deficiencies monthly into the reserve fund 1/36 of the amount required to be accumulated in the reserve funds until the total required debt service reserve shall have been restored.

The debt service reserve fund at December 31, consists of the following:

	2019	2019
Total investments (Certificates of Deposit)	<u>\$ 104,135</u>	<u>\$ 102,688</u>

**Replacement Reserve Fund**

Required by new funding sources, the replacement reserve fund at December 31, consisted of the following:

	2019	2018
Total cash and cash equivalents	<u>\$ 573,434</u>	<u>\$ 511,678</u>

**OHIO COUNTY WATER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020 and 2019**

**NOTE 5. CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets for 2020 is as follows:

	Balance 01-01-20	Increases	Decreases	Balance 12-31-20
Capital assets, not being depreciated:				
Land and land rights	\$ 510,420	\$ 0	\$ 0	\$ 510,420
Capital assets being depreciated:				
Organization expense	8,245	0	0	8,245
Cost of water contracts	1,000	0	0	1,000
Land improvements	8,555,329	0	0	8,555,329
Pumping and treatment plant and equipment	7,684,954	0	0	7,684,954
Transmission and distribution system	26,910,782	334,192	(92,720)	27,152,254
Other equipment	857,566	13,431	0	870,997
Total capital assets being depreciated	<u>44,017,876</u>	<u>347,623</u>	<u>(92,720)</u>	<u>44,272,779</u>
Total capital assets	44,528,296	347,623	(92,720)	44,783,199
Less: accumulated depreciation				
Organization expense	(8,245)	0	0	(8,245)
Cost of water contracts	(1,000)	0	0	(1,000)
Land improvements	(2,038,611)	(237,068)	0	(2,275,679)
Pumping and treatment plant and equipment	(2,805,085)	(284,751)	0	(3,089,836)
Transmission and distribution system	(10,004,469)	(571,631)	85,302	(10,490,798)
Other equipment	(389,107)	(74,242)	0	(463,349)
Total accumulated depreciation	<u>(15,246,517)</u>	<u>(1,167,692)</u>	<u>85,302</u>	<u>(16,328,907)</u>
Construction in process	<u>177,279</u>	<u>159,250</u>	<u>0</u>	<u>336,529</u>
Net capital assets	<u>\$29,459,058</u>	<u>\$ (660,819)</u>	<u>\$ (7,418)</u>	<u>\$ 28,790,821</u>

Construction in process at December 31, 2020 was as follows:

Materials and supplies	\$ 336,528
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Depreciation expense of \$1,167,692 is reported in the statement of revenue and expenses in two separate amounts as depreciation expense in operating expenses of \$1,166,024 and \$1,668 as non-utility expense included in the non-operating revenues / expenses section.

**OHIO COUNTY WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2020 and 2019**

**NOTE 5. CHANGES IN CAPITAL ASSETS (Continued)**

A summary of changes in capital assets for 2019 is as follows:

	Balance 01-01-19	Increases	Decreases	Balance 12-31-19
Capital assets, not being depreciated:				
Land and land rights	\$ 510,420	\$ 0	\$ 0	\$ 510,420
Capital assets being depreciated:				
Organization expense	8,245	0	0	8,245
Cost of water contracts	1,000	0	0	1,000
Land improvements	8,555,329	0	0	8,555,329
Pumping and treatment plant and equipment	7,657,788	27,166	0	7,684,954
Transmission and distribution system	26,320,608	697,524	(107,350)	26,910,782
Other equipment	<u>833,291</u>	<u>24,275</u>	<u>0</u>	<u>857,566</u>
Total capital assets being depreciated	<u>43,376,261</u>	<u>748,965</u>	<u>(107,350)</u>	<u>44,017,876</u>
Total capital assets	43,886,681	748,965	(107,350)	44,528,296
Less: accumulated depreciation				
Organization expense	(8,245)	0	0	(8,245)
Cost of water contracts	(1,000)	0	0	(1,000)
Land improvements	(1,801,422)	(237,189)	0	(2,038,611)
Pumping and treatment plant and equipment	(2,520,878)	(284,207)	0	(2,805,085)
Transmission and distribution system	(9,550,424)	(550,660)	96,615	(10,004,469)
Other equipment	<u>(316,035)</u>	<u>(73,072)</u>	<u>0</u>	<u>(389,107)</u>
Total accumulated depreciation	<u>(14,198,004)</u>	<u>(1,145,128)</u>	<u>96,615</u>	<u>(15,246,517)</u>
Construction in process	<u>517,340</u>	<u>357,463</u>	<u>(697,524)</u>	<u>177,279</u>
Net capital assets	<u>\$30,206,017</u>	<u>\$ (38,700)</u>	<u>\$ (708,259)</u>	<u>\$ 29,459,058</u>

Construction in process at December 31, 2019 was as follows:

Materials and supplies	\$ 177,279
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Depreciation expense of \$1,145,128 is reported in the statement of revenue and expenses in two separate amounts as depreciation expense in operating expenses of \$1,143,460 and \$1,668 as non-utility expense included in the non-operating revenues / expenses section.

**OHIO COUNTY WATER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020 and 2019**

**NOTE 6. LONG-TERM DEBT**

Changes in long-term debt for the year ended December 31, 2020 were as follows:

	Balance 01-01-2020	Increases	Decreases	Balance 12-31-2020	Current Portion
Loan Payable KIA F08-08 (a)	\$ 2,599,948	\$ -0-	\$ (204,974)	\$ 2,394,974	\$ 207,029
Revenue Bonds Series 91-01 (b)	6,372,000	-0-	(6,372,000)	-0-	-0-
Revenue Bonds Series 91-03 (b)	1,092,500	-0-	(1,092,500)	-0-	-0-
Revenue Bonds Series 2015 (c)	450,000	-0-	(110,000)	340,000	110,000
Loan Payable KIA F15-069 (c)	1,362,813	-0-	(67,188)	1,295,625	68,370
Revenue Bonds Series 2020 (e)	-0-	7,335,000	-0-	7,335,000	140,000
Total	<u>\$ 11,877,261</u>	<u>\$ 7,335,000</u>	<u>\$ (7,846,662)</u>	<u>\$ 11,365,599</u>	<u>\$ 525,399</u>

The long-term debt at December 31, 2020, consisted of the following:

**(a) Loan Payable Kentucky Infrastructure Authority (KIA) F08-08:**

In 2011, the District began drawing loan proceeds from KIA for the construction of the new water treatment plant. The amount, not to exceed \$5,000,000, was completed for \$3,742,957. Repayment of the loan commenced after the project was completed and requires semi-annual payments on the dates established by the schedule of payments. The loan bears an interest rate of 1% and an administrative fee of 0.25% over a term of 20 years.

**(b) Revenue Bonds Series 91-01 and 91-03:**

The District issued \$8,200,000 of Water works Revenue Bonds to provide construction funds for the new water treatment plant. The total amount of bonds issued are made up of two separate series of bonds, with \$7,000,000 from Series A and \$1,200,000 from Series B. Payments are due January 1<sup>st</sup> of each year for a term of 40 years. Both bonds have an interest rate of 4.125%. The bonds are fully registered and insured as to the principal and interest.

**(c) Revenue Bonds Series 2015:**

The District issued \$960,000 of Water works Revenue Bonds Series 2015 to provide for the refunding of the outstanding Series 2003 bonds. The bonds are fully registered and insured as to principal and interest. Interest is payable semi-annually on February 1 and August 1 of each year commencing August 1, 2015. Principal is payable annually on August 1. The bonds are not subject to optional redemption prior to their stated maturities.

**(d) Loan Payable Kentucky Infrastructure Authority (KIA) F15-069:**

In 2015, the District was approved for a revolving loan not to exceed \$1,630,000 to replace approximately 17,500 linear feet of eight and ten inch lines with a sixteen inch line. The loan is to be repaid commencing one year after completion of the project over a period not to exceed twenty years. It is anticipated that any portion of the loan not currently used may be drawn down or transferred to another project. Principal and interest are payable semi-annually.

**(e) Revenue Bonds Series 2020:**

The District issued \$7,335,000 of Water works Revenue Bonds Series 2020A to provide for the refunding of the outstanding Series 91-01 and 91-03 bonds. The bonds are fully registered and insured as to principal and interest. Interest is payable semi-annually on January 1 and July 1 of each year commencing July 1, 2020. Principal is payable annually on January 1 of each year commencing January 1, 2021. The bonds are not subject to optional redemption prior to their stated maturities.

**OHIO COUNTY WATER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020 and 2019**

**NOTE 6. LONG-TERM DEBT (Continued)**

A schedule of the principal due on loans and bonds at December 31, 2020 is as follows:

Year	KIA Loan F08-08	KIA Loan F15-069	Bonds Series 2015	Bonds Series 2020A	Total
2021	\$ 207,029	\$ 68,370	\$ 110,000	\$ 140,000	\$ 525,399
2022	209,105	69,571	115,000	150,000	543,676
2023	211,201	70,794	115,000	155,000	551,995
2024	213,318	72,038	-0-	160,000	445,356
2025	215,457	73,304	-0-	170,000	458,761
2026-2030	1,110,119	386,307	-0-	985,000	2,481,426
2031-2035	228,745	421,472	-0-	1,125,000	1,775,217
2036-2040	-0-	133,769	-0-	1,270,000	1,403,769
2041-2045	-0-	-0-	-0-	1,475,000	1,475,000
2046-2050	-0-	-0-	-0-	1,705,000	1,705,000
Total	2,394,974	1,295,625	340,000	7,335,000	11,365,599
Current Portion	<u>(207,029)</u>	<u>(68,370)</u>	<u>(110,000)</u>	<u>(140,000)</u>	<u>(525,399)</u>
Long-term Portion	<u>\$ 2,187,945</u>	<u>\$ 1,227,255</u>	<u>\$ 230,000</u>	<u>\$ 7,195,000</u>	<u>\$ 10,840,200</u>

All long-term debt (loans and bonds) is secured solely by a pledge of and payable from the gross revenues derived from the operations of the District. Each obligation ranks on a parity basis as to security and source of payment with the other obligations.

The annual requirements to amortize long-term debt outstanding as of December 31, 2020, including interest payments, are as follows:

Year	KIA Loan F08-08	KIA Loan F15-069	Bonds Series 2015	Bonds Series 2020A	Total
2021	\$ 236,321	\$ 93,805	\$ 117,375	\$ 384,543	\$ 832,044
2022	235,802	93,641	120,175	387,003	836,621
2023	235,278	93,474	117,588	384,073	830,413
2024	234,749	93,303	-0-	380,883	708,935
2025	234,214	93,130	-0-	382,303	709,647
2026-2030	1,165,561	462,945	-0-	1,912,638	3,541,144
2031-2035	230,892	458,135	-0-	1,902,231	2,591,258
2036-2040	-0-	136,439	-0-	1,880,949	2,017,388
2041-2045	-0-	-0-	-0-	1,871,250	1,871,250
2046-2050	-0-	-0-	-0-	1,847,170	1,847,170
Total	<u>\$ 2,572,817</u>	<u>\$ 1,524,872</u>	<u>\$ 355,138</u>	<u>\$ 11,333,043</u>	<u>\$ 15,785,869</u>

**OHIO COUNTY WATER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020 and 2019**

**NOTE 7. COUNTY EMPLOYEES' RETIREMENT SYSTEM – PENSION PLAN**

The District is a participating employer of the County Employees' Retirement System ("CERS"). Under the provisions of Kentucky Revised Statute 61.645, the Board of Trustees of Kentucky Retirement Systems administers the CERS. The plan issues publicly available financial statements which may be downloaded from the Kentucky Retirement Systems website at <http://kyret.ky.gov/>.

**Plan Description**

The District is a participating employer of the County Employees' Retirement System ("CERS"). CERS is a cost-sharing, multiple-employer defined benefit pension plan that covers substantially all regular full-time employees (members) employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in the plan. Under the provisions of Kentucky Revised Statute 61.645, the Board of Trustees of Kentucky Retirement Systems ("KRS") administers the CERS. The plan issues publicly available financial statements on the KRS website at <http://kyret.ky.gov/>.

The Plan is divided into both a pension plan and a health insurance fund plan (OPEB), and each plan is further subdivided based on non-hazardous and hazardous duty covered employee classifications. The District has only non-hazardous employees.

**Benefits Provided**

CERS provides for retirement, disability, and death benefits to plan members. Members are vested in the plan after five years' service credit. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Cost-of-living adjustments ("COLA") are provided at the discretion of state legislature. Senate Bill 2 of 2013 eliminated all future COLAs unless state legislature so authorizes on a biennial basis and either (i) the system is over 100% funded or (ii) the state legislature appropriates sufficient funds to pay the increased liability for the COLA. For retirement purposes, employees are grouped into three tiers based on hire date. Tier 1 includes plan members whose participation began before September 1, 2008, Tier 2 includes plan members whose participation began on or after September 1, 2008 but before January 1, 2014, and Tier 3 includes plan members whose participation began on or after January 1, 2014.

Tier 1 non-hazardous members are eligible to retire with an unreduced retirement benefit at age 65 with four years of service credit or after 27 years of service credit regardless of age. Benefits are determined by a benefit formula calculation based on final compensation multiplied by a benefit factor multiplied by years of service. Tier 1 final compensation is the average of the five highest years' earnings, the benefit factor is 2.20% for members participating prior to August 1, 2004 and 2.00% for members participating on or after August 1, 2004 and before September 1, 2008. Reduced benefits for early retirement are available at age 55 with five years' service credit or at age 57 based on the Rule of 87 – sum of service years plus age equal to 87. Final compensation for Tier 2 benefit formula calculation is the average of the last complete five years' earnings, and the benefit factor is an increasing percentage based on service at retirement plus 2.00% for each year of service over 30. Reduced benefits for early retirement are available at age 60 with 10 years of service. Tier 3 non-hazardous members are eligible to retire with an unreduced retirement benefit at age 65 with five years' service credit or at age 57 based on the Rule of 87. Tier 3 members are not eligible for reduced retirement benefits. Tier 3 is a hybrid cash balance plan. When a member is eligible to retire, the benefit is calculated based on the member's accumulated account balance. A member earns service credit for each month contributing to the plan. Upon retirement, the hypothetical account, which includes member contributions, employer contributions, and interest credits, can be withdrawn in a lump sum or annuitized into a single life annuity option.



**OHIO COUNTY WATER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020 and 2019**

**NOTE 7. COUNTY EMPLOYEES' RETIREMENT SYSTEM – PENSION PLAN *(Continued)***

Death benefits are provided for both death after retirement and death prior to retirement. Members receiving a monthly benefit based on at least four years of creditable service are eligible for a \$5,000 death benefit. Beneficiaries of deceased members are eligible for a monthly benefit if the member was (i) eligible for retirement at the time of death or, (ii) under the age of 55 with at least 60 months of service credit and currently working for a participating agency at the time of death or, (iii) no longer working for a participating agency but at the time of death had at least 144 months of service credit. If the beneficiary of a deceased active member is not eligible for a monthly benefit, the beneficiary will receive a lump sum payment of the member's contributions and any accumulated interest.

Members participating before August 1, 2004 may retire on account of disability provided the member has at least 60 months of service credit and is not eligible for an unreduced benefit. Additional service credit may be added for computation of benefits under the benefit formula. Members participating on or after August 1, 2004 but before January 1, 2014 may retire on account of disability provided the member has at least 60 months of service credit. Benefits are computed as the higher of 20% of the final rate of pay or the amount calculated under the benefit formula based upon actual service. Members participating on or after January 1, 2014 may retire on account of disability provided the member has at least 60 months of service credit.

The hypothetical account, which includes member contributions, employer contributions, and interest credits, can be withdrawn as a lump sum or an annuity equal to the larger of 20% of the member's monthly final rate of pay or the annuitized hypothetical account into a single life annuity option. Members disabled as a result of a single duty-related injury or act of violence related to their job may be eligible for special benefits.

**CERS Contributions**

Employee contribution rates are set by statutes governing the KRS and may only be changed by the Kentucky General Assembly. Participating employers are required to contribute at an actuarially determined rate. Per Kentucky Revised Statutes Section 61.565(3), normal contribution and actuarially accrued liability contribution rates shall be determined by the Board of Trustees on the basis of annual actuarial valuation last preceding the July 1 of a new biennium. The Board may amend contribution rates as of July of the second year of a biennium if it determines on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with the actuarial basis adopted by the Board. The normal contribution rate (the percentage computed of employee creditable compensation) shall be determined by the entry age normal cost funding method. The actuarially accrued liability shall be determined by actuarial method consistent with the methods prescribed for determining the normal contribution rate. The actuarially accrued liability contribution shall be computed by amortizing the total unfunded actuarially accrued liability over a period of 30 years using the level-percentage-of-payroll amortization method. Administrative costs of CERS are financed through employer contributions and investment earnings.

Plan members with non-hazardous duty positions participating in CERS on or before August 31, 2008 (Tier 1) were required to contribute 5% of their annual creditable compensation. For plan members with non-hazardous duty positions who began participating on or after September 1, 2008 but before January 1, 2014 (Tier 2), contribution rates were 6% of annual creditable compensation. The additional 1% is deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (Kentucky Administrative Regulation 105 KAR 1:420E). Plan members with non-hazardous duty positions participating in CERS on or after January 1, 2014 (Tier 3) were required to contribute to the hybrid cash balance plan. Plan members and employers contribute a set percentage of creditable compensation into the member's account. Non-hazardous members contribute 5% of their annual creditable compensation and 1% to the health insurance fund, which is not credited to the members' account and is not refundable. Employers contribute 4% of non-hazardous creditable compensation into member's hypothetical account.



**OHIO COUNTY WATER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020 and 2019**

**NOTE 7. COUNTY EMPLOYEES' RETIREMENT SYSTEM – PENSION PLAN (Continued)**

For the year ended December 31, 2020, the District contributed 24.06% (19.30% for the pension fund and 4.76% for the OPEB) of each employee's wages. The District made all required contributions for the year ended December 31, 2019, which totaled \$188,255 for the pension fund.

**Pension Liabilities, Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources**

At December 31, 2020, the District reported a liability of \$2,818,848 as its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 and rolled-forward using generally accepted actuarial principles. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. At December 31, 2020, the District's proportionate share was 0.036752% while at December 31, 2018, the proportionate share was 0.035675%.

For the year ended December 31, 2020, the District recognized pension expense of \$386,711 in addition to its pension fund contributions of \$188,255. At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 70,293	\$ -0-
Changes of assumptions	110,071	-0-
Difference between projected and actual earnings on plan investments	122,188	51,649
Changes in proportion and differences between employer contributions and proportionate share of contributions	109,121	-0-
Company contributions subsequent to the measurement date	<u>95,000</u>	<u>-0-</u>
	<b><u>\$ 506,673</u></b>	<b><u>\$ 51,649</u></b>

The \$95,000 of deferred outflows of resources resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending December 31,	
2021	\$ 185,328
2022	108,911
2023	37,454
2024	<u>28,331</u>
	<b><u>\$ 360,024</u></b>

In the table above, positive amounts will increase pension expense, and negative amounts will decrease pension expense.

**OHIO COUNTY WATER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020 and 2019**

**NOTE 7. COUNTY EMPLOYEES' RETIREMENT SYSTEM – PENSION PLAN (Continued)**

**Actuarial Assumptions**

The total pension liability, net pension liability, and sensitivity information as of June 30, 2020 were based on an actuarial valuation date of June 30, 2019. The total pension liability was rolled-forward from the valuation date (June 30, 2019) to the measurement period ending June 30, 2020, using generally accepted actuarial principles. The following actuarial assumptions were used in performing the actuarial valuation as of June 30, 2019.

Inflation	2.30%
Salary increases	3.30%, average, including inflation
Discount rate	6.25%
Investment rate of return	6.25%, net of pension plan expense, including inflation

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (1-year set-back for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates, and that margin will be reviewed again when the next experience investigation is conducted.

Assumptions and funding policies are reviewed against actual plan experience at least once every five years through the completion of an actuarial experience study. The actuarial assumptions used in the June 30, 2019 valuation were based on the results of the most recent actuarial experience study for the period July 1, 2013 – June 30, 2018.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
U.S. equity	18.75%	4.30%
International equity	18.75%	4.80%
Private equity	10.00%	6.65%
Specialty credit/high yield	15.00%	2.60%
Core bonds	13.50%	1.35%
Cash equivalent	1.00%	2.00%
Real estate	5.00%	4.85%
Opportunistic	3.00%	2.97%
Real return	15.00%	4.10%
	<b>100.00%</b>	

**OHIO COUNTY WATER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020 and 2019**

**NOTE 7. COUNTY EMPLOYEES' RETIREMENT SYSTEM – PENSION PLAN (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 6.25% for the year ended June 30, 2019. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the District will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the KRS Board of Trustees as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.25%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	Discount Rate	Proportionate Share of Net Pension Liability
1% decrease	5.25%	\$ 3,476,253
Current discount rate	6.25%	\$ 2,818,848
1% increase	7.25%	\$ 2,274,492

**NOTE 8. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**Plan Description**

Employees of the District are provided hospital and medical insurance through the Kentucky Retirement Systems' Insurance Fund (Insurance Fund), a cost-sharing, multiple-employer defined benefit OPEB plan. The Insurance Fund is administered by the Board of Trustees of the Kentucky Retirement Systems (KRS), pursuant to Kentucky Revised Statute Section 61.645 and covers substantially all regular full-time Service employees (members). All of the District's employees are employed in non-hazardous duty positions. KRS issues publicly available financial statements on the KRS website at <http://kyret.ky.gov/>.

**Benefits Provided**

The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. As a result of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits are calculated differently for members who began participating on or after July 1, 2003. Once members reach a minimum vesting period of 10 years, non-hazardous employees whose participation began on or after July 1, 2003 earn \$10 per month for insurance benefits at retirement for year of earned service without regard to a maximum dollar amount.

**OHIO COUNTY WATER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020 and 2019**

**NOTE 8. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

**Contributions**

Contribution requirements of the participating employers are established and may be amended by the KRS Board of Trustees. For the year ended December 31, 2020, the District contributed 4.76% of each employee's wages. The District made all required contributions for the year ended December 31, 2019, which totaled \$46,430.

Employees that entered the plan prior to September 1, 2008 are not required to contribute to the Insurance Fund. Employees that entered the plan after September 1, 2008 are required to contribute 1% of their annual creditable compensation, which is deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative Regulation 105 KAR 1:420E).

**Net OPEB Liability**

The District's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The District's proportion of the collective net OPEB liability and OPEB expense was determined using the employers' actual contributions for fiscal year 2019. This method is expected to be reflective of the employers' long-term contribution effort. At June 30, 2020, the District's proportion was 0.036756%.

**Actuarial Assumptions**

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.30%
Payroll growth rate	2.00%
Salary increases	3.05%, average
Investment rate of return	6.25%, net of pension plan expense, including inflation
Healthcare cost trend rates (Pre-65)	Initial trend starting at 7.25% at January 1, 2019 and gradually decreasing to ultimate trend rate of 4.05% over a period of 13 years.
Healthcare cost trend rates (Post-65)	Initial trend starting at 5.10% at January 1, 2019 and gradually decreasing to ultimate trend rate of 4.05% over a period of 11 years.

Mortality rates were based on the RP-2000 Combined Mortality Table projected to 2013 with Scale BB (set back 1 year for females). The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period of July 1, 2013 through June 30, 2018.

The long-term expected rate of return on plan assets is reviewed as part to the regular experience study prepared every five years for KRS. The most recent analysis was performed for the period covering fiscal years 2013 through 2018. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce a long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10 year horizon and may not be useful in setting the long-term rate of return for funding pension plans which cover a longer time frame. The assumptions are intended to be long-term assumptions and are not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

**OHIO COUNTY WATER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020 and 2019**

**NOTE 8. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
U.S. equity	18.75%	4.30%
International equity	18.75%	4.80%
Private equity	10.00%	6.65%
Specialty credit/high yield	15.00%	2.60%
Core bonds	13.50%	1.35%
Cash equivalent	1.00%	2.00%
Real estate	5.00%	4.85%
Opportunistic	3.00%	2.97%
Real return	15.00%	4.10%
	<b>100.00%</b>	

**Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

The discount rate used to measure the total OPEB liability was 5.34%. The following presents the District's proportionate share of the collective net OPEB liability calculated using the discount rate of 5.34%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.34%) or 1-percentage-point higher (6.34%) than the current rate:

	<b>Discount Rate</b>	<b>Proportionate Share of Net OPEB Liability</b>
1% decrease	4.34%	\$ 1,140,236
Current discount rate	5.34%	887,546
1% increase	6.34%	680,003

**Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the District's proportionate share of the collective net OPEB liability as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<b>Proportionate Share of Net OPEB Liability</b>
1% decrease	\$ 687,182
Current discount rate	887,546
1% increase	1,130,691

**OHIO COUNTY WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2020 and 2019**

**NOTE 8. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

**OPEB Expense, Deferred Outflows of Resources - OPEB, and Deferred Inflows of Resources - OPEB**

For the year ended December 31, 2020, the District recognized OPEB expense of \$23,430 in addition to its Insurance Fund contributions of \$46,430. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 148,290	\$ 148,406
Changes of assumptions	154,380	939
Difference between projected and actual earnings on plan investments	47,610	18,110
Changes in proportion and differences between employer contributions and proportionate share of contributions	57,965	620
Company contributions subsequent to the measurement date	<u>23,430</u>	<u>-0-</u>
	<b><u>\$ 431,675</u></b>	<b><u>\$ 168,075</u></b>

The \$23,430 of deferred outflows of resources resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ending December 31,	
2021	\$ 64,180
2022	72,910
2023	56,151
2024	48,046
2025	<u>(1,117)</u>
	<b><u>\$ 240,170</u></b>

In the table above, positive amounts will increase OPEB expense, and negative amounts will decrease OPEB expense.

**NOTE 9. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In addition to its general liability insurance, the District also carries commercial insurance for all other risks of loss such as worker's compensation and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past four fiscal years.

**OHIO COUNTY WATER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020 and 2019**

**NOTE 10. CONTINGENT LOSS**

In December 2020, the Kentucky Public Service Commission ("KPSC") filed an order in the Franklin Circuit Court regarding the legality of assessment and collection of late payments from December 2005 through December 2020. This order is disputed by the District and is ongoing as of July 5, 2021. There is a reasonable possibility of an adverse outcome, which is estimated to be between \$200,000 and \$990,000.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**OHIO COUNTY WATER DISTRICT  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Proportion of net pension liability	.036752%	.035675%	.034166%	.030751%	.031447%	.027397%				
Proportionate share of the net pension liability (asset)	\$ 2,818,848	\$ 2,509,039	\$ 2,080,814	\$ 1,799,951	\$ 1,548,342	\$ 1,177,927				
Covered employee payroll in year of measurement	\$ 975,414	\$ 911,939	\$ 887,015	\$ 815,778	\$ 822,561	\$ 746,634				
Share of the net pension liability (asset) as a % of its covered payroll	288.99%	275.13%	234.59%	220.64%	188.23%	157.76%				
Plan fiduciary net position as a % of total pension liability	48.10%	50.45%	53.54%	53.30%	55.50%	59.97%				

**SCHEDULE OF PENSION CONTRIBUTIONS**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 188,255	\$ 162,034	\$ 136,220	\$ 115,961	\$ 110,171					
Actual contribution	188,255	162,034	136,220	115,961	110,171					
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-					
Covered employee payroll	\$ 975,414	\$ 911,939	\$ 887,015	\$ 815,778	\$ 822,561					
Contributions as a % of covered employee payroll	19.30%	17.77%	15.36%	14.21%	13.39%					

**Notes:**

- These schedules are intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.
- The amounts presented for each fiscal year were determined (measured) as of June 30 of the fiscal year presented.

**OHIO COUNTY WATER DISTRICT  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Proportion of net OPEB liability	.036756%	.035665%	.034165%							
Proportionate share of the net OPEB liability (asset)	\$ 887,546	\$ 599,869	\$ 606,593							
Covered employee payroll in year of measurement	\$ 975,414	\$ 911,939	\$ 887,015							
Share of the net OPEB liability (asset) as a % of its covered payroll	90.99%	66.66%	71.43%							
Plan fiduciary net position as a % of total OPEB liability	76.11%	60.44%	57.62%							

**SCHEDULE OF OPEB CONTRIBUTIONS**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 46,430	\$ 45,676	\$ 44,194							
Actual contribution	46,430	45,676	44,194							
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-							
Covered employee payroll	\$ 975,414	\$ 911,939	\$ 887,015							
Contributions as a % of covered employee payroll	4.76%	5.01%	4.98%							

**Notes:**

- These schedules are intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.
- The amounts presented for each fiscal year were determined (measured) as of June 30 of the fiscal year presented.

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*

To the Commissioners  
Ohio County Water District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Ohio County Water District as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the Ohio County Water District's basic financial statements, and have issued our report thereon dated July 5, 2021.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of finding and response as item 2020-01, that we consider to be significant deficiency.

**Compliance and Other Matters**

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

**Ohio County Water District's Response to Finding**

The Ohio County Water District's response to the finding identified in our audit is described in the accompanying schedule of finding and response. The Ohio County Water District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

*Hensley & Throneberry, CPAs*  
July 5, 2021

**OHIO COUNTY WATER DISTRICT  
SCHEDULE OF FINDING AND RESPONSE  
Year Ended December 31, 2020**

**FINDING – FINANCIAL STATEMENT AUDIT**

**SIGNIFICANT DEFICIENCY**

**2020-01 Segregation of Duties**

**Criteria**

The objectives of internal control are to provide reasonable, but not absolute, assurance that assets are safeguarded, and financial statements are reliable. The segregation of accounting duties is an essential element of effective internal control, involving the separation of the custody of assets from the related recording of those transactions.

**Condition**

As is common with small organizations, segregation of conflicting duties within the District is difficult because of the limited number of personnel. Delegation of duties with a limited number of personnel cannot adequately provide the separation of the custody of assets from the related recording and monitoring of those transactions.

**Effect**

Material misstatements in the financial statements or material misappropriations of assets due to error or fraud could occur and not be prevented or detected in a timely manner.

**Cause**

Duties in various transaction cycles are not adequately segregated.

**Recommendation**

While the District has implemented mitigating controls to compensate for some segregation of duties issues, we encourage you to limit, to the extent possible, performance of incompatible duties by individuals in the District.

**Response**

The District will continue to evaluate the cost versus the benefit of hiring additional personnel and further implementing compensating controls to mitigate the risk that internal control objectives will not be achieved.

MUTUAL OF OMAHA  
MONTHLY DISABILITY WITHHOLDING REPORT  
MONTH 07/2021

REPORT: GFS32221  
RUN DATE: 08/03/2021  
PAGE: 7767

POLICYHOLDER NAME: CAVELAND ENVIRONMENTAL AUTHORITY  
REPORTING ENTITY: CAVELAND ENVIRONMENTAL AUTHORITY  
PRODUCT DESCRIPTION: SHORT TERM DISABILITY

GROUP ID: G000AXY6  
BILLING ENTITY: GUG0AXY6  
LEGACY POLICY: GUG-0AXY6

RESPONSIBILITIES:  
EMPLOYER MATCH DEPOSIT: CAVELAND ENVIRONMENTAL AUTHORITY  
W2 PREPARATION: UNITED OF OMAHA

						MONTHLY TOTALS		YTD	
SUBGROUP	CLASS	CLAIMANT NAME	SSN	DATE OF DISABILITY	PRIOR PERIOD ADJUSTMENTS	AMOUNT DESCRIPTION	AMOUNT	TAXABLE AMOUNT	TAXABLE AMOUNT
0001	01	CLINE, JOHN	***-**-0326	02/08/2021		GROSS	0.00	0.00	739.66
						INCOME TAX	0.00	0.00	0.00
						EMPLOYEE SS	0.00	0.00	45.86
						EMPLOYEE MEDI	0.00	0.00	10.72
						EMPLOYER SS	0.00	0.00	45.86
						EMPLOYER MEDI	0.00	0.00	10.72
POLICY SUBTOTAL: GUG-0AXY6						GROSS	0.00	0.00	739.66
						INCOME TAX	0.00	0.00	0.00
						EMPLOYEE SS	0.00	0.00	45.86
						EMPLOYEE MEDI	0.00	0.00	10.72
						EMPLOYER SS	0.00	0.00	45.86
						EMPLOYER MEDI	0.00	0.00	10.72

