

SHARPSBURG WATER DISTRICT
Sharpsburg, Kentucky

Audited Financial Statements
For the year ended December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board Members
Sharpsburg Water District
Sharpsburg, Kentucky

We have audited the accompanying financial statements of the business-type activities of the Sharpsburg Water District as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Sharpsburg Water District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Sharpsburg Water District, as of December 31, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Sharpsburg Water District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 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, 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 Sharpsburg Water District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sharpsburg Water District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic and historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Sharpsburg Water District's basic financial statements. The comparative statement of revenues and expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements.

As discussed in the notes to the financial statements, accounting principles generally accepted in the United States of America require the Company to record leases in accordance with requirements primarily codified in FASB Accounting Standards Codification section 842 which generally require that all leases are classified as either an operating or financing type lease and that a right of use asset and lease liability is recorded on the balance sheet. Management has not applied this principle of lease classification and, therefore, information about the nature, amount, timing and uncertainty of leases, right-of-use assets and lease liabilities, and cash flows arising from leases may be misstated. The effects of this departure from accounting principles generally accepted in the United States of America on financial position, results of operations, and cash flows have not been determined.

The comparative statement of revenues and expenses is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the comparative statement of revenues and expenses and the schedule of expenditures of federal awards 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 March 07, 2024, on our consideration of the Sharpsburg Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral

part of an audit performed in accordance with *Government Auditing Standards* in considering the Sharpsburg Water District's internal control over financial reporting and compliance.

Lane & Company LLC

Mount Sterling, Kentucky

March 07, 2024

This report contains 16 pages.

SHARPSBURG WATER DISTRICT
Statement of Net Position
Proprietary Fund
December 31, 2023

ASSETS	
Current Assets	
Cash and cash equivalents - unrestricted	\$ 321,354
Cash and cash equivalents - restricted (note 7)	239,803
Accounts receivable - net of allowance for doubtful accounts (note 1)	103,902
Prepaid expenses	230
Total Current Assets	665,289
Noncurrent Assets	
Capital assets: (note 1)	
Plant, equipment and lines	7,207,492
Less accumulated depreciation	(3,331,209)
Total Noncurrent Assets	3,876,283
Total Assets	\$ 4,541,572
LIABILITIES	
Current Liabilities	
Accrued expenses	\$ 57,354
Bonds payable	55,400
Payable from restricted assets	58,288
Total Current Liabilities	171,042
Noncurrent Liabilities	
Bonds payable	925,300
Total Liabilities	1,096,342
NET POSITION	
Net investment in capital assets	2,895,583
Restricted	181,515
Unrestricted	368,132
Total Net Position	\$ 3,445,230

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

SHARPSBURG WATER DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the year ended December 31, 2023

Revenues	
User fees	\$ 1,039,591
Utility tax income	29,618
Other income	<u>16,868</u>
Total Revenues	<u>1,086,077</u>
Expenses	
Water purchased	407,340
Salaries	232,171
Employee benefits	44,592
Office expense	45,268
Insurance	1,726
Taxes	51,050
Utilities	23,090
Miscellaneous	49,423
Contractual services	9,334
Depreciation	132,109
Supplies & repairs	<u>66,353</u>
Total Operating Expenses	<u>1,062,456</u>
Operating Income (Loss)	<u>23,621</u>
Nonoperating Revenues (Expenses)	
Tap fees	26,480
Interest expense	(32,814)
Interest income	<u>491</u>
Net Nonoperating Revenues (Expenses)	<u>(5,843)</u>
Change in Net Position	17,778
Total Net Position - beginning	<u>3,427,452</u>
Total Net Position - ending	<u><u>\$ 3,445,230</u></u>

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

SHARPSBURG WATER DISTRICT
Statement of Cash Flows
Proprietary Fund
For the year ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:	
Operating revenues	\$ 1,065,333
Cash paid to employees	(232,171)
Cash paid for general and administrative expenses	<u>(699,880)</u>
Net Cash provided / (used) by operating activities	<u>133,282</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest earned	491
Interest paid	(32,814)
Customer deposits	<u>1,705</u>
Net Cash provided / (used) by investing activities	<u>(30,618)</u>
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES:	
Tap fees	26,480
Bond payments	<u>(52,500)</u>
Net cash provided / (used) in capital and financing activities	<u>(26,020)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	76,644
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>484,513</u>
CASH AND CASH EQUIVALENTS - END OF THE YEAR	<u><u>\$ 561,157</u></u>
RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Change in Net Position	\$ 23,621
Adjustments to Reconcile Change in Net Position to Net Cash Provided by Operating Activities:	
depreciation	132,109
(increase) / decrease in accounts receivable	(20,744)
increase / (decrease) in accounts payable	<u>(1,704)</u>
Net cash provided / (used) by operating activities	<u><u>\$ 133,282</u></u>

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

SHARPSBURG WATER DISTRICT
Notes to the Financial Statements
December 31, 2023

The Sharpsburg Water District is a water utility which services areas of Bath County including Sharpsburg, Bethel, Reynoldsville and parts of Nicholas County. Its sales are primarily to residential customers. The District is a corporate body set forth in Kentucky Revised Statutes (KRS) 74.070 which was created in November 1961. The District began operations in 1963. The District is subject to the regulatory authority of the Kentucky Public Service Commission pursuant to KRS 278.040.

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies.

The Reporting Entity

The District, for financial purposes, includes all of the funds relevant to the operations of the District. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Sharpsburg Water District.

The financial statements of the District would include those of separately administered organizations that are controlled by or dependent on the District. Control or dependence is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, accountability of fiscal matters, scope of public service, and financing relations.

Based on the foregoing criteria there are no other organizations included in these financial statements.

Depreciation Reserve Fund - Monthly transfers are required to be made into this fund in the amount of \$120. Only expenditures for capital improvements or extraordinary expenses are permitted to be paid from this fund. The required balance of the fund on December 31, 2023 was \$67,755. The District had set aside \$93,605 into this fund on December 31, 2023.

Bond and Interest Sinking Fund - Monthly transfers are required to be made into this account in an amount equal to one-sixth (1/6) of the interest becoming due on the next succeeding interest due date for all outstanding bonds and one-twelfth (1/12) of the principal of all such bonds maturing on the next succeeding due date. The required balance of the fund on December 31, 2023 was \$-0-. The District had set aside \$86,924.

Enterprise Funds

An enterprise fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are operating grants and tenant rental revenue. Operating expenses of the Authority include the cost of producing the revenue and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (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 and all liabilities associated with the operations are included on the balance sheet. Net position (i.e., total assets net of total liabilities) are segmented into invested in capital assets, net of related debt, restricted and unrestricted components. 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 they are needed.

Basis of Accounting

The records of the District are maintained, and the budgetary process is based on the cash basis method of accounting. Adjustments have been made to conform to the accrual basis of accounting.

Inventory

The cost of inventory is recorded as a disbursement at the time of payment for the purchase.

Cash

For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of one year or less to be cash equivalents. On December 31, 2023, the carrying amount of the District's deposits was \$561,157 and the bank balance was \$566,620. Of the bank balance 100% was covered by federal deposit insurance or collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

Capital Assets

Capital assets purchased are capitalized at the time of purchase. Such assets are recorded at cost. Donated assets are recorded at fair market value at the date of donation.

Depreciation of property and equipment is computed by the straight-line method based upon the estimated useful lives of the assets as follows:

<u>Class</u>	<u>Life</u>
Lines and tanks	50 years
Equipment	5-10 years
Computers	3 years
Meters	15 years

The District's capitalization policy is as follows: expenditures costing more than \$1,000 with an estimated useful life greater than one year are capitalized: all others are expensed.

Net Position

Net position represents the difference between assets and liabilities. Invested in capital assets- net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net position is recorded as restricted when there are limitations imposed on their use by external restrictions.

Accounts Receivable

The receivable reflected in the statements in the amount of \$103,902 is net of allowance for uncollectible in the amount of \$9,836.

Use of Estimates

The preparation of 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 at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Leases

The entity has obligations as a lessee for office space, computers, and other office equipment with initial noncancelable terms in excess of one year. The entity classified these leases as operating leases. These leases generally contain renewal options for periods ranging from two to five years. Because the entity is not reasonably certain to exercise these renewal options, the optional periods are not included in determining the lease term, and associated payments under these renewal options are excluded from lease payments. The entity's leases do not include termination options for either party to the lease or restrictive financial or other covenants. Payments due under the lease contracts include fixed payments plus, for many of the entity's leases, variable payments.

Note 2 - Notes Payable

The amount shown in the accompanying financial statements as notes payable represents the District's future obligation to make loan payments from future revenues. On December 31, 2023, five separate loans had outstanding balances. Details of each of these issues are summarized as follows:

Note A

Lender – Rural Development
Original loan amount - \$171,000

Balance of loan - \$25,000
 Rate – 7.125%
 Principal due January 1
 Interest due January and July 1
 Prepayment provision - subject to payment prior to its stated maturity without penalty or premium, at any time upon ten (10) days notice.

Maturities			Total
	Principal	Interest	Payment
2024	\$ 13,000	\$ 463	\$ 13,463

Note B
 Lender – Rural Development
 Original Loan Amount – 335,000
 Balance of loan - \$114,000
 Rate - 5%
 Principal due January 1
 Interest due January and July 1
 Prepayment provision - subject to payment prior to its stated maturity without penalty or premium, at any time upon ten (10) days notice.

Maturities			Total
	Principal	Interest	Payment
2024	\$ 14,000	\$ 6,025	\$ 20,025
2025	15,000	5,350	20,350
2026	15,000	4,625	19,625
2027	16,000	3,875	19,875
2028	17,000	2,275	19,275
2029-2030	37,000	1,875	38,875
Total	\$ 114,000	\$ 24,025	\$ 138,025

Note C
 Lender – Rural Development
 Original loan amount - \$289,000
 Balance of loan - \$146,200
 Rate – 4.5%
 Principal due January 1
 Interest due January 1 and July 1
 Prepayment provision - subject to payment prior to its stated maturity without penalty or premium, at any time upon ten (10) days notice.

Maturities			Total
	Principal	Interest	Payment
2024	\$ 9,400	\$ 6,368	\$ 15,768
2025	9,900	5,933	15,833
2026	10,300	5,479	15,779
2027	10,800	5,004	15,804
2028	11,200	4,509	15,709
2029-2033	64,300	14,299	78,599
2034-2035	30,300	1,384	31,684
Total	\$ 146,200	\$ 42,976	\$ 189,176

Note D

Lender – Rural Development

Original loan amount - \$258,000

Balance of loan - \$197,000

Rate – 4.125%

Principal due January 1

Interest due January 1 and July 1

Prepayment provision - subject to payment prior to its stated maturity without penalty or premium, at any time upon ten (10) days notice.

Maturities			
	Principal	Interest	Total Payment
2024	\$ 5,500	\$ 8,013	\$ 13,513
2025	5,500	7,786	13,286
2026	6,000	7,549	13,549
2027	6,000	7,301	13,301
2028	6,500	7,043	13,543
2029-2033	37,000	30,834	67,834
2034-2038	46,000	22,316	68,316
2039-2043	57,500	11,705	69,205
2044-2045	27,000	1,134	28,134
Total	\$ 197,000	\$ 103,681	\$ 300,681

Note E

Lender – Rural Development

Original loan amount - \$642,000

Balance of loan - \$510,500

Rate – 2.250%

Principal due January 1

Interest due January 1 and July 1

Prepayment provision - subject to payment prior to its stated maturity without penalty or premium, at any time upon ten (10) days notice.

Maturities			
	Principal	Interest	Total Payment
2024	\$ 13,500	\$ 11,334	\$ 24,834
2025	14,000	11,025	25,025
2026	14,500	10,704	25,204
2027	14,500	10,378	24,878
2028	15,000	10,046	25,046
2029-2033	81,000	44,910	125,910
2034-2038	91,000	35,235	126,235
2039-2043	102,500	24,384	126,884
2044-2048	115,000	12,150	127,150
2049-2050	49,500	1,119	50,619
Total	\$ 510,500	\$ 171,285	\$ 681,785

The following is a summary of changes in long-term obligations for the year:

	Outstanding 1/1/2023	Issued	Retired	Outstanding 12/31/2023	Due Within One Year
Rural Development	\$ 1,033,200	\$ -	\$ 52,500	\$ 980,700	\$ 55,400

Total interest paid during the year on long-term debt totaled \$32,814.

Note 3 - Pension Plan

The District’s employees are not covered by a retirement plan.

Note 4 - Leave Policies

Annual and Sick Leave

All full-time employees shall be entitled to sick leave with pay at a rate of twelve days per year. Maximum accumulation is 60 days. No pay upon termination.

All full-time employees are entitled to vacation time as follows:

- Completion of one year – 1 week
- Completion of ten years – 2 weeks
- Completion of 15 years – 3 weeks
- Completion of 20+ years – 4 weeks

Note 5 - Changes in Capital Assets

The following is a summary of changes in capital assets for the year:

	Balance 1/1/2023	Transfers/ Additions	Deletions	Balance 12/31/2023
Utility plant and equipment	\$ 7,207,492	\$ -	\$ -	\$ 7,207,492
Accumulated depreciation	\$ 3,199,100	\$ 132,109	\$ -	\$ 3,331,209
Capital assets, net of accumulated depreciation	\$ 4,008,392			\$ 3,876,283

Note 6 - Revenue Bonds

Water and Revenue Bonds constitute special obligations of the District solely secured by a lien on and pledge of the net revenues of the water system. The revenue bonds are collateralized by the revenue of the water system and the various special funds established by the bond ordinances. The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the revenue bond funds. Any remaining revenues may then be used for any lawful purpose. The ordinances also contain certain provisions, which require the District to maintain pledged revenues. The District must transfer monthly 1/6 of the next succeeding interest payment and 1/12 of the next succeeding principal payment from the operations and maintenance account into the bond and interest sinking account.

Note 7 - Restricted Cash

Restricted cash is composed of the following:

Depreciation reserve fund	\$ 93,605
Sinking fund	86,924
Water Meter	<u>74</u>
	\$ 180,603

Note 8 – Contingencies

The District is subject to possible examinations made by Federal and State authorities who determine compliance with terms, conditions, laws, and regulations governing other grants given to the District in the current and prior years. There were no examinations for the year ended December 31, 2023. Areas of noncompliance, if any, as a result of examinations would be included as a part of the *Schedule of Findings* section of this report.

Note 9 – Risk Management

The District is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance coverage for the risks to the extent deemed prudent by District management.

Note 10 – Subsequent Events

The District has evaluated subsequent events through March 07, 2024, and that is the date that the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION



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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*

To the Board Members
Sharpsburg Water District
Sharpsburg, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Sharpsburg Water District, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Sharpsburg Water District's basic financial statements, and have issued our report thereon dated March 07, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Lane & Company LLC

Mount Sterling, Kentucky

March 07, 2024

SHARPSBURG WATER DISTRICT
 COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 For the years ended December 31, 2022 and December 31, 2023

	<u>2022</u>	<u>2023</u>
Revenues		
User fees	\$ 913,940	\$ 1,039,591
Utility tax	25,473	29,618
Miscellaneous	14,259	16,868
	<u>953,672</u>	<u>1,086,077</u>
Total Revenues		
Expenses		
Water purchased	392,489	407,340
Salaries	227,475	232,171
Employee benefits	42,740	44,592
Office expense	45,298	45,268
Insurance	1,667	1,726
Taxes	44,332	51,050
Utilities	24,266	23,090
Miscellaneous	41,140	49,423
Contractual services	9,748	9,334
Depreciation	133,783	132,109
Supplies & repairs	46,752	66,353
	<u>1,009,690</u>	<u>1,062,456</u>
Total Operating Expenses		
Operating Income (Loss)	<u>(56,018)</u>	<u>23,621</u>
Nonoperating Revenues (Expenses)		
Tap fees	17,850	26,480
Interest expense	(35,237)	(32,814)
Interest income	245	491
	<u>17,858</u>	<u>(4,843)</u>
Net Nonoperating Revenues (Expenses)	<u>(17,142)</u>	<u>(5,843)</u>
Change in Net Position	<u>\$ (73,160)</u>	<u>\$ 17,778</u>

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

SHARPSBURG WATER DISTRICT
Schedule of Findings and Responses
December 31, 2023

PRIOR YEAR FINDINGS

2022-001: Lack of Segregation of Duties – Repeated as 2023-001

CURRENT YEAR FINDINGS

2023-001: Lack of Segregation of Duties

Condition: The District has an inadequate segregation of duties within its internal control process.

Criteria: All governmental entities should design their internal control to provide an adequate segregation of duties.

Cause: The District does not have sufficient employees to adequately design its internal control.

Effect or Potential Effect: Inadequate segregation of duties can cause transaction cycles to be susceptible to abuse and fraud.

Recommendation: The District should continue to design and implement its internal control policies to provide the maximum segregation of duties possible.

Response: We will do as recommended.