

WEBSTER COUNTY WATER DISTRICT
AUDITED FINANCIAL STATEMENTS

For the year ended December 31, 2024

Performed by:

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WEBSTER COUNTY WATER DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Commissioners
Webster County Water District
Dixon, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Webster County Water District (District) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In my opinion, based on my audit, the financial statements referred above present fairly, in all material respects, the respective financial position of the District as of December 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibility under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. We are required to be independent of the District and to meet my other ethical requirements, in accordance with the relevant ethical requirements relating to my audit. We believe that the audit evidence We have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's 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 my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may include collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, on my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis on pages 4-7, the schedules of the District's proportionate share of the net pension and OPEB liability, and schedules of contributions- pension and OPEB information as listed on pages 26-29 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States

of America, which consisted of inquiries of management about methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated August 31, 2025, on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of this report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal financial reporting and compliance.

Allen + Associates, PLLC

Richmond, KY
August 31, 2025

**WEBSTER COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

As management of the Webster County Water District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2024. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

Financial Highlights

- Replaced VFDs on Dixon Side Pump Station at Mt. Pleasant
- Replaced VFD on High Service Pump at WCWD Treatment Plant
- #1 Raw Water Pump & Motor Rebuilt at WCWD Intake
- WCWD Intake structure was cleaned and inspected by certified dive crew
- Purchased new Chevrolet 2500HD and two older trucks from fleet went to surplus
- Replaced VFDs at Hwy 41 pump station
- 300' main line extension on Letcher Melton Road

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and, 3) notes to the financial statements. This report also contains other supplementary information to the basic financial statements themselves.

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. These revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objections. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories - governmental funds and proprietary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund

**WEBSTER COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The District does not maintain governmental funds.

Proprietary Fund -The District maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses enterprise funds to account for its water operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 6-9 of this report.

Notes to the Financial Statements -The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of the government's financial position. In the case of the Webster County Water District, assets exceeded liabilities by \$10,440,023 as of December 31, 2024.

The District's net position of \$10,440,023 reflect its investment in capital assets (e.g. land, buildings, equipment and infrastructure) less any debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

See Schedule on Next Page

**WEBSTER COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Total</u>
Current Assets	\$ 1,047,193
Noncurrent assets	10,545,471
Deferred outflows of resources	129,234
<u>Total assets</u>	<u>11,721,897</u>
Current liabilities	47,572
Noncurrent liabilities	699,231
Deferred inflows of resources	535,071
<u>Total liabilities</u>	<u>1,281,874</u>
Restricted	10,525,227
Unrestricted	(85,203)
<u>Total net position</u>	<u>\$ 10,440,023</u>
Operating Revenue	
Charges for Services	\$ 1,837,039
Other income	0
<u>Total Operating Revenue</u>	<u>1,837,039</u>
Operating Expenses	
Operation maintenance and	
Administrative expenses	1,573,747
Depreciation	567,492
<u>Total Operating Expenses</u>	<u>2,141,239</u>
Operating income (Loss)	<u>(304,201)</u>
Non-Operating Revenue (expense)	
Total Non-operating Revenue (expense)	<u>100,970</u>
Change in Net Position	\$ (203,230)

**WEBSTER COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

The Webster County Water District's investment in capital assets as of December 31, 2024, amounts to (net of accumulated depreciation). The investment in capital assets includes land, buildings and improvements, equipment, vehicles, and infrastructure. The summary of capital assets is as follows:

	Balances January 1	Additions	Retirements	Balances December 31
Business-type Activities				
Land and Land Rights	\$ 122,478			\$ 122,478
Structures and improvements	7,851,739	10,387		7,862,126
Supply mains	368,667			368,667
Pumping equipment	356,132	46,416		402,548
Water treatment equipment	117,987			117,987
Distribution reservoirs	2,679,307			2,679,307
Transmission mains	10,167,559			10,167,559
Meters and installation	1,117,722	19,328	91	1,136,959
Hydrants	65,626			65,626
Other plant equipment	69,859			69,859
Office equipment	164,443	21,795		186,238
Transportation equipment	256,604	84,192	20,640	320,156
Tools and shop equipment	18,470			18,470
Lab equipment	43,615	4,156		47,771
Power operated equipment	29,879			29,879
Communications equipment	50,408			50,408
Miscellaneous equipment	3,214			3,214
 Total capital assets	23,483,710	186,275	20,731	23,649,253
 Less accumulated depreciation	(14,412,138)	(567,492)		(14,979,630)
 Capital assets, net	\$ 9,071,571	\$ (381,217)	\$ 20,731	\$ 8,669,623

Request for Information

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the District's finances. If you have questions about this report or need additional information, contact the Webster County Water District, Attn: Trevor Baldwin, Superintendent, at P. O. Box 320, Dixon, Kentucky, call 270-639-9010.

Webster County Water District
Statement of Net Position
December 31, 2024

Primary Government

	Business-Type Activities
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 556,611
Accounts Receivable	215,395
Inventories	217,858
Prepaid Expenses	57,329
Total Current Assets	<u>1,047,193</u>
Noncurrent Assets	
Restricted Cash and cash equivalents	1,855,519
Capital assets, net of depreciation	8,669,623
Utility Deposits	85
OPEB Asset	20,244
Total Noncurrent Assets	<u>10,545,471</u>
Deferred outflows of Resources	
Deferred outflows related to pensions	81,865
Deferred outflows related to OPEB	47,369
Total Deferred outflows of resources	<u>129,234</u>
Total Assets and Deferred Outflows of Resources	
	<u>11,721,897</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	25,291
Accrued Expenses	22,281
Total Current Liabilities	<u>47,572</u>
Noncurrent Liabilities	
Net Pension Liability	699,231
Total Noncurrent Liabilities	<u>699,231</u>
Deferred Inflows of Resources	
Deferred inflows related to pensions	268,721
Deferred inflows related to OPEB	266,350
Total Deferred inflows of resources	<u>535,071</u>
Total Liabilities and Deferred Inflows of Resources	
	<u>1,281,874</u>
NET POSITION	
Net investment in capital assets	8,669,623
Restricted	1,855,604
Unrestricted	(85,203)
TOTAL NET POSITION	
	<u>10,440,023</u>
TOTAL NET POSITION AND LIABILITIES AND DEFERRED INFLOWS	
	<u>\$ 11,721,897</u>

See the accompanying notes
to the financial statements.

Webster County Water District

Statement of Activities

For the Year Ended
December 31, 2024

Functions/Programs	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Business-type Activities
PRIMARY GOVERNMENT:					
Business-type activities:					
Enterprise operations	\$ 1,573,747	\$ 1,837,039	\$	\$	\$ 263,291
Depreciation	567,492				(567,492)
Total business-type activities	\$ 2,141,239	\$ 1,837,039	\$ -	\$ -	\$ (304,201)
General revenues:					
Gain on sale of asset					18,620
Investment earnings (loss)					82,350
Total general revenues					100,970
Change in net position					(203,230)
Net position - beginning					10,643,253
Net position - ending					\$ 10,440,023

See the accompanying notes to the financial statements.

Webster County Water District
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended December 31, 2024

OPERATING REVENUES	
Charges for services	\$ 1,837,039
Total operating revenues	<u>1,837,039</u>
OPERATING EXPENSES	
Operations	
Salaries and benefits	480,997
Depreciation	567,492
Operations	<u>1,092,750</u>
Total operating expenses	<u>2,141,239</u>
Operating income (loss)	(304,201)
NON-OPERATING REVENUE (EXPENSES)	
Earnings on investments	82,350
Gain on sale of asset	18,620
Total nonoperating revenues (expenses)	<u>100,970</u>
CHANGE IN NET POSITION	
	(203,230)
NET POSITION-BEGINNING	
	<u>10,643,253</u>
NET POSITION-ENDING	
	<u>\$ 10,440,023</u>

See the accompanying notes to the financial statements.

Webster County Water District
Statement of Cash Flows
For the Year Ended December 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 1,931,421
Payments to suppliers	(1,137,281)
Payments to employees	(738,498)
Net cash provided (used) by operating activities	<u><u>55,641</u></u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest	82,350
Sale of asset	18,620
Purchase of capital assets	(165,543)
Net cash provided (used) by investing activities	<u><u>(64,573)</u></u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

(8,932)

CASH AND CASH EQUIVALENTS-BEGINNING

2,421,062

CASH AND CASH EQUIVALENTS-ENDING

\$ 2,412,130

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

Operating income (loss)	\$ (304,201)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	567,492
Changes in assets and liabilities:	
Accounts receivable	65,813
Deferred outflows	115,322
Deferred inflows	(101,700)
Pension liability	(249,706)
OPEB asset	(20,244)
Accounts payable	(22,618)
Prepaid expenses	(21,914)
Utility deposit	28,569
Accrued expenses	(1,173)
Net cash provided (used) by operating activities	<u><u>\$ 55,641</u></u>

See the accompanying notes to the financial statements.

**WEBSTER COUNTY WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024**

NOTE 1. Reporting Entity and Significant Accounting Policies

(A) Description of the reporting entity

Webster County Water District (District) was formed in 1965 by the Webster County, Kentucky Fiscal Court under the Kentucky Revised Statute Chapter 74 for the purpose of providing potable drinking water to residents and businesses in southern Webster County. The District is overseen by a five-member board of commissioners appointed by the county judge/executive and approved by the Fiscal Court. The District is self-supporting through the charges it makes for water sold. The Fiscal Court makes no financial contribution to the District nor do they have any management function with the District. The District is subject to the Public Service Commission of the Commonwealth of Kentucky as to what rates it may charge for water and other service fees. The District is also subject to safe drinking water regulations issued by the Division of Water

(B) Basis of accounting

The District operates and reports as an enterprise utilizing the accrual method of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, taxes, and investment earnings result from non-exchange transactions or ancillary activities.

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

(C) Applicable accounting standards

The Governmental Accounting Standards Board (GASB) establishes accounting and financial reporting standards for financial statements of state and local governments. The District has elected to follow all pronouncements of the GASB.

Proprietary funds distinguish 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 an enterprise fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation of capital

(D) Cash and Investments

For the purpose of the proprietary fund of the Webster County Water District, cash on hand, cash in bank and certificates of deposits are considered to be cash and cash equivalents.

Unrestricted cash is available to be expended for normal operating costs. Restricted cash is limited to payments of bond principal and interest, emergency capital improvements, and construction projects.

State statute requires that all deposits and investments in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Kentucky or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. The District's deposits, including certificates of deposit, were fully collateralized as required by state statutes at December 31, 2024.

WEBSTER COUNTY WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

(E) Accounts receivable

The District accounts for the billings to customers as accounts receivable. Management considers accounts receivable to be fully collectible, accordingly no allowance for doubtful accounts is required. If accounts receivable become uncollectible, they will be charged off when that determination is made.

(F) Inventory

The District maintains a detailed inventory of supplies needed to maintain the water infrastructure. Inventory is stated at the lower of cost or market. Cost is determined principally by the first-in, first-out method.

(G) Prepaid expenses

Payments made by the District that benefit periods beyond December 31st are classified as prepaid expenses. A current asset is recorded at the time of purchase and an expense is made per the consumption method. The prepayment of expenses is for the numerous insurances required on behalf of the District's employees' and its infrastructure.

(H) Capital assets

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received.

All reported capital assets are depreciated with the exception of land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Transmission main lines	50-75 Years
Meters and settings	20-25 years
Hydrants and flush valves	40-50 years
Buildings	40 years
Vehicles	3-5 years
Equipment	7-20 years
Office furniture, fixtures	5-10 years

(I) Customer deposits

Deposits are required by the District for each customer to receive services. The deposits are maintained by the District and returned when services are no longer used or other qualifying event by the District's policy.

(J) Net investment in capital assets

Net investment in capital assets is the net amount of the capital assets less the amounts payable for long-term debt financing those capital assets.

(K) Statement of cash flow

For the purposes of the statement of cash flows, cash and cash equivalents are defined to be cash on hand, demand deposits, and highly liquid investments with a maturity of three months or less from the date of purchase. For financial statement presentation purposes, cash and cash equivalents are shown as cash and cash equivalents and restricted cash and cash equivalents.

**WEBSTER COUNTY WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024**

(L) Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the District's management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, expenses, and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

(M) Capital contributions

Capital contributions include the amounts paid by state and local governments that arise from contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

(N) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees' Retirement System (CERS) and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the pensions. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments, if any, are reported at fair value.

(O) Postemployment Benefits Other Than OPEBs (OPEB)

For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the County Retirement System of Kentucky (CERS), and additions to/deductions from CERS's fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

NOTE 2. Budgetary data

The District's Board of Commissioners receives and approves an annual budget from management each calendar year fulfilling the requirement to prepare an annual budget as required by all Special Purpose Governmental Entities for the Kentucky Department of Local Government.

WEBSTER COUNTY WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 3. Capital Assets

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

	Balances January 1	Additions	Retirements	Balances December 31
Business-type Activities				
Land and Land Rights	\$ 122,478			\$ 122,478
Structures and improvements	7,851,739	10,387		7,862,126
Supply mains	368,667			368,667
Pumping equipment	356,132	46,416		402,548
Water treatment equipment	117,987			117,987
Distribution reservoirs	2,679,307			2,679,307
Transmission mains	10,167,559			10,167,559
Meters and installation	1,117,722	19,328	91	1,136,959
Hydrants	65,626			65,626
Other plant equipment	69,859			69,859
Office equipment	164,443	21,795		186,238
Transportation equipment	256,604	84,192	20,640	320,156
Tools and shop equipment	18,470			18,470
Lab equipment	43,615	4,156		47,771
Power operated equipment	29,879			29,879
Communications equipment	50,408			50,408
Miscellaneous equipment	3,214			3,214
 Total capital assets	 23,483,710	 186,275	 20,731	 23,649,253
Less accumulated depreciation	(14,412,138)	(567,492)		(14,979,630)
 Capital assets, net	 \$ 9,071,571	 \$ (381,217)	 \$ 20,731	 \$ 8,669,623

WEBSTER COUNTY WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 4. Deferred Inflows and outflows of resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents the consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources, expense /expenditure) until then. The District has one item that qualifies for reporting in the category. These are the deferred pension contributions, and pension related deferred components reported in the statements of net position.

A deferred pension contribution results from pension contributions subsequent to the measurement date of the pension plan. This amount is deferred and recognized as a component of the change in pension plan liability in the next measurement period. Pension related deferred components include difference between expected and actual experience; the difference between projected and actuarial earnings on pension plan investments results from actual investment earnings above or below actuarial projected earnings; changes in assumption; and changes in proportion and differences between employer contribution and proportionate share of contributions. These pension related items are deferred and amortized over 5 years as a component of the pension expense.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) which will not be recognized as an inflow of resources (revenue) until that time. The District has no items related to the District's pension plans that qualifies for reporting in the category. A difference between projected and actuarial projected earnings on pension plan investments results from actual investment earnings above or below actuarial projected earnings. This item, difference between projected and actuarial earnings on pension plan investments, is deferred and recognized in future periods as a component of the pension expense.

NOTE 5. Employee Retirement System

The District provides retirement benefits to its employees through a multi-employer public employee retirement fund administered by the Kentucky County Employees Retirement System (CERS). Information regarding this plan as follows:

County Employees' Retirement System

Plan Description - The District is a participant in the County Employees Retirement System (CERS), a cost- sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute ("KRS") Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions. The Kentucky retirement system issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

Benefits provided - CERS provides retirement, health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years' service. For retirement purposes, non-hazardous and hazardous employees are grouped into three tiers, based on hire date:

Non-hazardous members:

Tier I	Participation date	Prior to September 1, 2008
	Unreduced retirement	27 years of service or 65 years old
	Reduced retirement	Minimum 5 years of service and 55 years old

WEBSTER COUNTY WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

Tier 2	Participation date	Prior to September 1, 2008, to December 31,
	Unreduced retirement	2013 Minimum 5 years of service and 65 years old
	Reduced retirement	Age of 57 or older and sum of service years plus age equal 87 Minimum 10 years of service and 60
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	Minimum 5 years of service and 65 years old
	Reduced retirement	Age of 57 or older and sum of service years plus age equal 87 Not Available

Hazardous members:

Tier 1	Participation date	Prior to September 1, 2008
	Unreduced retirement	20 years of service of any age
	Reduced retirement	Minimum 5 years of service and 55 years old
Tier 2	Participation date	Minimum 15 years of service and 50 years old
	Unreduced retirement	Prior to September 1, 2008 to December 31, 2013
	Reduced retirement	Minimum 5 years of service and 60 years old 25 years of service and any age
Tier 3	Participation date	Minimum 15 years of service and 50 years old
	Unreduced retirement	After December 31, 2013 Minimum 5 years of service and 60 years old
	Reduced retirement	25 years of service and any age Not Available

Cost of living adjustments are provided at the discretion of the General Assembly. Retirements is based on a factor of the number of years' service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefits after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement and death prior to retirement. Death benefits are \$5,000 in lump sum. Five years' service is required for death benefits prior to retirement and the employee must have suffered a duty related death. The decedent's beneficiary will receive the higher of the normal death benefit and

\$10,000 plus 25% of the decedent's monthly final rate of pay and any dependent child will receive 10% of the decedent's monthly final rate of pay to 40% for all dependent children Five years' service is required for non-service-related disability benefits.

Plan funding - State statute requires active members to contribute % of creditable compensation based on the tier:

<u>Non-hazardous</u>	
<u>Required Contribution</u>	
Tier I	5%
Tier 2	5% plus 1% for insurance
Tier 3	5% plus 1% for insurance

Employers contribute at the rate determined by the CERS Board to be necessary for the actuarial soundness of the system, as required by KRS 61.565 and 61.752. The District's required contribution rate for non-hazardous employees was 23.34% for the period January 1, 2024 to June 30, 2024 and 19.71% for the period July 1, 2024 to December 31, 2024.

WEBSTER COUNTY WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to CERS

On December 31, 2024, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 the total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2024. An expected total pension liability as of June 30, 2024 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on contributions to CERS during the fiscal year ended June 30, 2024. On June 30, 2024, the District's proportion was 0.011692%

District's proportionate share of CERS net pension liability \$699,231

For the year ended December 31, 2024, the District recognized pension expense of \$(155,699). At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 33,844	\$ 31,592
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments	48,021	92,978
Changes in proportion and differences between District contributions and proportionate share of contributions	-	144,151
District contributions subsequent to the measurement date	<u>46,856</u>	<u>-</u>
	<u>\$ 81,865</u>	<u>\$ 268,721</u>

WEBSTER COUNTY WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

The \$46,856 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024.

Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are amortized over the average service life of all members. These will be recognized in pension expense as follows:

<u>Year Ended 12/31</u>	
2025	\$ (121,290)
2026	(38,264)
2027	(17,282)
2028	<u>(10,020)</u>
 \$	 <u>(186,856)</u>

For financial reporting, the actuarial valuation was performed by Gabriel Roeder Smith (GRS). GRS completed reports by plan in compliance with GASB Statement No. 67, *Financial Reporting for Pension Plans* for the fiscal year ended June 30, 2024. The total pension liability, net pension liability (NPL), and sensitivity information are based on an actuarial valuation date of June 30, 2023. The total pension liability was rolled forward from the valuation date to the plan's fiscal year ended June 30, 2024, using generally accepted actuarial principles.

The actuarial assumptions are:

Inflation	2.50%
Payroll Growth Rate	2.00%
Salary Increases	3.30% to 10.30%, varies by service
Investment Rate of Return	6.50%

The mortality table used for active members was a Pub-2010 General Mortality table, for the Nonhazardous System, and the Pub-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

Actuarial Methods and Assumptions-The total pension liability for CERS was determined by applying procedures to the actuarial valuation as of June 30, 2023. The financial reporting actuarial valuation as of June 30, 2018, used the following actuarial methods and assumptions:

WEBSTER COUNTY WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	30 years closed period at June 30, 2019 Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
Payroll Growth Rate	2.0%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 10.30%, varies by service for CERS Nonhazardous 3.55 % to 19.05%, varies by service for CERS Hazardous
Investment Rate of Return	6.50%
Phase-in Provision	Board cerified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018 for CERS Nonhazardous and CERS Hazardous

The retiree mortality is a System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by CERS's investment consultant, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	60.00%	
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Fixed Income	20.00%	
Core Bonds	10.00%	.28%
Specialty Credit/High Yield	10.00%	-.28%
Cash	0.00%	-.91%
Inflation Protected	20.00%	
Real Estate	7.00%	3.67%
Real Return	13.00%	4.07%
Expected Return	100.00%	4.28%
Long Term Inflation Assumption		2.30%
Expected Nominal Return For Portfolio		6.58%

Discount rate: The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 6.50%. The long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of 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 6.50%, 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 (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
CERS	5.50%	6.50%	7.50%
District's proportionate share			

WEBSTER COUNTY WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

of net pension liability	\$ 901,423	\$ 699,231	\$ 531,465
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Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CERS financial report which is publicly available at <https://kyret.ky.gov>.

NOTE 6. CERS - General Information about the OPEB Plans

CERS- GENERAL INFORMATION ABOUT THE OPEB PLANS

Other Pension Benefit Programs

Recipients of CERS retirement benefits may elect to participate in a voluntary hospital/medical group insurance plan for themselves and their dependents. The cost of participation for their dependents is borne by the retiree. The retirement system will pay a portion of the cost of participation for the retiree based on years of service as follows: Less than 4 years - 0%, 4-9 years - 25%, 10-14 years - 50%, 15-19 years - 75% and 20 or more years - 100%.

Contributions requirements for medical benefits are a portion of the actuarially determined rates of covered payroll, as disclosed above.

The actuarial valuation was performed on June 30, 2024 to establish the Districts' net pension liability. The District will use this actuarial valuation for the Districts' reporting period ending December 31, 2024.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.

At December 31, 2024, the District reported a liability of \$(20,244) for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2024 and the total OPEB liability used to calculate the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024 the District's proportion was .011703 percent.

The amount recognized by the District as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of net OPEB liability	\$ (20,244)
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For the year ended December 31, 2024, the District recognized OPEB expense of \$(60,141). At December 31, 2024 the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual		
experience	\$ 11,231	\$ 159,279
Changes of assumptions	18,343	14,284
Net difference between projected and actual		
earnings on pension plan investments	17,795	36,269

WEBSTER COUNTY WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

Changes in proportion and differences between District contributions and proportionate share of contributions	-	56,518
District contributions subsequent to the measurement date	<u>1,663</u>	-
	<u>\$ 47,369</u>	<u>\$ 266,350</u>

The \$1,663 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the collective net OPEB liability for the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year Ended 12/31,

2025	\$ (85,112)
2026	(67,118)
2027	(58,053)
2028	<u>(8,699)</u>
	<u>\$ (218,982)</u>

Implicit Employer Subsidy- The fully insured premiums KRS pays for the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. GASB 75 requires that the liability associated with this implicit subsidy be included in the calculation of the Total OPEB Liability.

For financial reporting, the actuarial valuation was performed by Gabriel Roeder Smith (GRS). GRS completed reports by plan in compliance with GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans for the fiscal year ended June 30, 2024. The total OPEB liability, net OPEB liability (NOL), and sensitivity information are based on an actuarial valuation date of June 30, 2023. The total OPEB liability was rolled forward from the valuation date to the plan's fiscal year ended June 30, 2024, using generally accepted actuarial principles.

The following actuarial assumptions were:

Inflation	2.50%
Payroll Growth Rate	2.00%
Salary Increases	3.30% to 10.30%, varies by service for
Investment Rate of Return	6.50%
Healthcare Trend Rates	
Pre - 65	Initial trend starting at 7.10% at January 1, 2026, and gradually decreasing to an ultimate trend rate of 4.25% over a period of 14 years
Post - 65	Initial trend starting at 8.00% in 2026, then gradually decreasing to an ultimate trend

WEBSTER COUNTY WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

rate of 4.25% over a period of 9 years

Mortality	
Pre-retirement	PUB-2010 General Mortality table, for the Nonhazardous Systems, and the PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010
Post-retirement (non- disabled)	System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010

Discount rate: Single discount rates of 5.99% for CERS Nonhazardous and 6.02% for CERS Hazardous were used to measure the total OPEB liability as of June 30, 2024. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.50%, and a municipal bond rate of 3.97%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2024. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan's fiduciary net position and future contributions were projected separately and were sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plans' actuarially determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plan trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the ACFR.

	1% Decrease	Current Discount Rate	1% Increase
CERS			
District's proportionate share of net OPEB liability	\$ 27,372	\$ (20,244)	\$ (60,279)

Sensitivity of the District's proportionate share of net OPEB 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 5.99%, 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 (4.99%) or 1-percentage-point higher (6.99%) than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ (48,704)	\$ (20,244)	\$ 12,911

**WEBSTER COUNTY WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024**

NOTE 7. Risk management

The District is exposed to various risks of loss related to illegal acts, torts, theft, damage, destruction of assets, errors and omissions, injuries to employees, and natural disasters. To obtain insurance for workers' compensation, errors and omission, and general liability coverage, the District purchased commercial insurance coverage.

NOTE 8. Income Tax Statutes

The Water District is exempt from federal and state income taxes and, accordingly, no provision for such taxes have been made.

NOTE 9. Contingencies

There are several litigation proceedings in which the District is involved. In the opinion of counsel, any liability which the District may have under these proceedings is covered by insurance. The results of litigation proceedings cannot be predicted with certainty, however, in the opinion of the District' general counsel, the District does not have a potential liability in connection with these other proceedings which would have an adverse material effect on the financial position of the District.

Note 10. RECENT PRONOUNCEMENTS

In June 2017, the GASB issued statement No. 87, Leases. The provisions of this statement were effective for fiscal years beginning after December 15, 2018, but were postponed by eighteen months as a result of GASB Statement Mo. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The City is currently evaluating the impact that this Standard will have on the City's financial position and the results of its operations when the Statement is adopted.

In May, 2020, the GASB Statement No. 96, Subscription-Based Information Technology Arrangements, was issued. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2024. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding SBITA. To the extent relevant, the standards for SBITA are based on the standards established in Statement No. 87, Leases, as amended. The City is reviewing this Statement and will implement in a future year. The City is currently evaluating the impact that will result from adopting a Standard and is therefore unable to disclose the impact that this Standard will have on the City's financial position and the results of its operations when the Statement is adopted.

**WEBSTER COUNTY WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024**

Note 11. SUBSEQUENT EVENTS

The district evaluated subsequent event through August 31, 2025, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Webster County Water District

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO COUNTY EMPLOYEE'S RETIREMENT SYSTEM
LAST FISCAL YEAR

Year Ended December 31	Districts'		District's share of the net pension liability		
	Districts proportion of the net pension liability (asset)	proportionate share of the net pension liability (asset)	District's covered employee payroll	percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	0.019120%	\$941,317	\$456,722	206.10%	55.50%
2017	0.019190%	\$1,123,484	\$456,105	246.32%	53.32%
2018	0.019490%	\$1,187,305	\$469,822	252.71%	53.54%
2019	0.016320%	\$1,147,723	\$401,864	285.60%	50.45%
2020	0.015990%	\$1,223,735	\$431,431	283.65%	47.81%
2021	0.015990%	\$1,019,488	\$391,213	260.60%	57.33%
2022	0.015310%	\$1,106,401	\$433,923	254.98%	52.42%
2023	0.014790%	\$948,937	\$473,833	200.27%	57.47%
2024	1.169200%	\$699,231	\$437,215	159.93%	61.61%

- The amounts presented were determined as of the measurement date June 30 of the current year.
- Schedule is intended to show information for 10 years. Additional years of supplemental information will be provided as this information becomes available.

Webster County Water District
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO COUNTY EMPLOYEE RETIREMENT SYSTEM - PENSION
LAST FISCAL YEAR

Year Ended December 31	Contractually required contributions		Contribution deficiency (excess)	Contributions District's Employee Payroll		as a percentage of covered employee payroll
	Actual contributions			Covered Employee Payroll		
	Year Ended December 31	Actual contributions		Covered Employee Payroll		
2015	\$ 76,496	\$ 76,496	\$ -	\$ 440,767	17.36%	
2016	\$ 81,602	\$ 81,602	\$ -	\$ 456,722	17.87%	
2017	\$ 65,192	\$ 65,588	\$ (396)	\$ 456,105	14.38%	
2018	\$ 69,964	\$ 69,964	\$ -	\$ 469,822	14.89%	
2019	\$ 86,421	\$ 86,421	\$ -	\$ 401,864	21.51%	
2020	\$ 98,279	\$ 98,279	\$ -	\$ 431,431	22.78%	
2021	\$ 93,148	\$ 93,148	\$ -	\$ 391,213	23.81%	
2022	\$ 92,872	\$ 92,872	\$ -	\$ 433,923	21.40%	
2023	\$ 100,453	\$ 100,453	\$ -	\$ 473,833	21.20%	
2024	\$ 85,670	\$ 85,670	\$ -	\$ 437,215	19.59%	

- The amounts presented were determined as of the measurement date June 30 of the current year.
- Schedule is intended to show information for 10 years. Additional years of supplemental information will be provided as this information becomes available.

Webster County Water District
Notes to Required Supplementary Information
For the Year Ended December 31, 2024

Change of Benefit Terms:

A cash balance plan was introduced for members whose participation date is on or after January 1, 2014.

Changes of assumptions:

The assumed investment rate of return was 6.25%

The assumed rate of inflation was 2.30%

The assumed rate of wage inflation was 0.75%

Payroll growth assumption was 2.00%

The assumptions were updated as of result of an experience study for the five year period ending June 30, 2013.

The amortization period of the unfunded accrued liability was reset to a closed 30 year period for the year ended June 30, 2013.

The mortality tables used was updated to RP-2000 Combined Mortality Table projected with Scale BB to 2013.

Webster County Water District
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO COUNTY EMPLOYEE RETIREMENT SYSTEM - OPEB
LAST FISCAL YEAR

Year Ended December 31	Contractually required contributions		Contribution deficiency (excess)	Contributions District's as a percentage		
	Actual contributions			Covered Employee Payroll	of covered employee payroll	
	Contractually required contributions	Actual contributions				
2018	\$ 7,191	\$ 7,191	\$ -	\$ 469,822	1.53%	
2019	\$ 9,391	\$ 9,391	\$ -	\$ 401,864	2.34%	
2020	\$ 9,995	\$ 9,995	\$ -	\$ 431,431	2.32%	
2021	\$ 12,616	\$ 12,616	\$ -	\$ 391,213	3.22%	
2022	\$ 18,827	\$ 18,827	\$ -	\$ 433,923	4.34%	
2023	\$ 14,553	\$ 14,553	\$ -	\$ 473,833	3.07%	
2024	\$ -	\$ -	\$ -	\$ 437,215	0.00%	

- The amounts presented were determined as of the measurement date June 30 of the current year.
- Schedule is intended to show information for 10 years. Additional years of supplemental information will be provided as this information becomes available.

OTHER SUPPLEMENTARY INFORMATION

**WEBSTER COUNTY WATER DISTRICT
ADMINISTRATIVE PERSONNEL AND COMMISSIONERS
DECEMBER 31, 2024**

ADMINISTRATIVE PERSONNEL

Trevor Baldwin, Superintendent
Chris Goad, Plant Operator
Tammy Harkins, Accounting Assistant

COMMISSIONERS

Tommy Robertson, Chairman
Ryan Hammack, Vice Chairman
Chris Cates
Larry Villines, Treasurer
Billy Joe Parker, Secretary

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
Webster 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 Webster County Water District, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Webster County Water District's basic financial statements, and have issued my report thereon dated August 31, 2025.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Webster County Water District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express 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 my 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.

Allen + Associates, PLLC

Richmond, KY

August 31, 2025