

**WOOD CREEK WATER DISTRICT**  
**INDEPENDENT AUDITORS' REPORT**  
**AND FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED**  
**DECEMBER 31, 2023 AND 2022**

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**Cloyd & Associates, PSC**  
Certified Public Accountants  
and  
Business Advisors

## INDEPENDENT AUDITORS' REPORT

To the Commissioners  
Wood Creek Water District  
London, Kentucky

### Report on the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the business-type activities of Wood Creek Water District, as of and for the years ended December 31, 2023, and 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Wood Creek Water District, as of December 31, 2023, and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



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 Wood Creek 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.

### ***Auditors' Responsibilities for the Audit of the Financial Statement***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such 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, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2024, on our consideration of the Wood Creek Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Wood Creek Water District's internal control over financial reporting and compliance.

***Cloyd & Associates, PSC***

Cloyd & Associates, PSC  
Certified Public Accountants  
London, Kentucky

May 30, 2024

# **WOOD CREEK WATER DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

## **Years ended December 31, 2023 and 2022**

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This discussion and analysis is intended to be an easily readable analysis of the Wood Creek Water District's financial activities based on currently known facts, decisions or conditions. This analysis focuses on the current year activities and should be read in conjunction with the financial statements and notes that follow. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the financial statements and notes.

### **FINANCIAL HIGHLIGHTS**

- In 2023, the District's net position decreased by \$937,619, or 6.90%, compared to a decrease in 2022 of \$774,345 or 5.40%.
- In 2023, operating revenues increased by \$641,697, or 8.80%. In 2022, operating revenues decreased by \$69,454, or 0.01%.
- Operating expenses excluding depreciation increased by \$312,941, or 3.80% in 2023 compared to a decrease of \$215,781, or 2.60% in 2022.
- Additions to capital assets in 2023 amounted to \$314,031. In 2022, additions to capital assets were \$891,490.
- Principal payments on long-term debt were \$590,615 in 2023 and \$596,000 in 2022.

### **OVERVIEW OF FINANCIAL STATEMENTS**

This report consists of the Management's Discussion and Analysis and the basic financial statements. The financial statements include notes that explain information included in the basic financial statements.

### **FINANCIAL STATEMENTS**

The financial statements report information utilizing the full accrual basis of accounting and conform to accounting principles that are generally accepted in the United States of America. 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 Revenues, Expenses, and Changes in Net Position present information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The financial statements also include a Statement of Cash Flows, which presents sources and uses of cash and changes in cash balances during the fiscal year.

The MD&A is intended to explain the significant changes in financial position and differences in operation between the current and prior years.

**WOOD CREEK WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**Years ended December 31, 2023 and 2022**

**NET POSITION**

A summary of the District's Statement of Net Position as of December 31, 2023, and 2022 is presented below:

	<u>2023 Amount</u>	<u>2022 Amount</u>	<u>Net dollar Change</u>	<u>Net percentage Change</u>
Current assets	\$ 4,099,873	\$ 3,797,412	\$ 302,461	7.96%
Noncurrent assets	529,617	508,245	21,372	4.21%
Capital assets, net of accumulated depreciation	30,835,647	31,825,221	(989,574)	-3.11%
<b>Total Assets</b>	<u>35,465,137</u>	<u>36,130,878</u>	<u>(665,741)</u>	-1.84%
Deferred outflow of resources	2,348,176	2,142,673	205,503	9.59%
<b>Total Deferred Outflow of Resources</b>	<u>2,348,176</u>	<u>2,142,673</u>	<u>205,503</u>	9.59%
Current liabilities	2,433,673	1,767,682	665,991	37.68%
Noncurrent liabilities	21,208,624	21,171,673	36,951	0.17%
<b>Total Liabilities</b>	<u>23,642,297</u>	<u>22,939,355</u>	<u>702,942</u>	3.06%
Deferred inflow of resources	1,598,157	1,823,718	(225,561)	N/A
<b>Total Deferred Inflow of Resources</b>	<u>1,598,157</u>	<u>1,823,718</u>	<u>(225,561)</u>	
Net investment in capital assets	16,915,762	17,314,721	(398,959)	-2.30%
Restricted net positions	516,151	493,382	22,769	4.61%
Unrestricted (deficit) net positions	(4,859,054)	(4,297,625)	(561,429)	13.06%
<b>Total Net Position</b>	<u>\$ 12,572,859</u>	<u>\$ 13,510,478</u>	<u>\$ (937,619)</u>	-6.94%

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

A summary of the District's Statement of Revenues, Expenses and Changes in Net Position for the years ended December 31, 2023, and 2022 is presented below:

	<u>2023 Amount</u>	<u>2022 Amount</u>	<u>Net dollar Change</u>	<u>Net percentage Change</u>
Operating revenue	\$ 7,933,430	\$ 7,291,733	\$ 641,697	8.80%
Nonoperating revenue	54,154	502,254	(448,100)	-89.22%
<b>Total revenue</b>	<u>7,987,584</u>	<u>7,793,987</u>	<u>193,597</u>	2.48%
Depreciation expense	1,303,604	1,280,171	23,433	1.83%
Other operating expense	7,076,688	6,763,747	312,941	4.63%
Nonoperating expense	544,911	524,414	20,497	3.91%
<b>Total expense</b>	<u>8,925,203</u>	<u>8,568,332</u>	<u>356,871</u>	4.16%
Changes in net position	(937,619)	(774,345)	(163,274)	21.09%
Net position, beginning	13,510,478	14,284,823	(774,345)	-5.42%
Net position, ending	<u>\$ 12,572,859</u>	<u>\$ 13,510,478</u>	<u>\$ (937,619)</u>	-6.94%



# **WOOD CREEK WATER DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

## **Years ended December 31, 2023 and 2022**

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As reported on the Statement of Revenues, Expenses, and Changes in Net Position, net position decreased by \$937,619 for the year 2023 as compared to a decrease of \$774,345 for the year 2022.

The operating revenue increased by \$641,697 or 8.80% from the prior year amounts.

### **CAPITAL ASSETS**

On December 31, 2023, the District's investment in capital assets, net of depreciation, totaled \$30,835,647, which is a decrease of \$989,574 or 3.10%, over the capital asset balance of \$31,825,221 at December 31, 2022.

### **LONG-TERM DEBT**

As of December 31, 2023, the District had long-term debt of \$13,919,885 compared to \$14,510,500 at December 31, 2022, including current portion. During the year ended December 31, 2022, the District paid \$590,615 of principal payments on the long-term debt compared to \$596,000 in 2022.

### **CONSTRUCTION IN PROGRESS**

As of December 31, 2023, the District had \$55,100 of construction in progress, which relates to District sewer line extension project.

### **CONTACT INFORMATION**

The District's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning this report or request for additional information should be addressed to the Office Manager, Dewayne Lewis, at Wood Creek Water District, London, Kentucky, 40741, or by calling (606) 878-9420.

**WOOD CREEK WATER DISTRICT**  
**STATEMENT OF NET POSITION**  
**December 31, 2023 and 2022**

ASSETS	<u>2023</u>	<u>2022</u>
Current assets		
Cash and cash equivalents	\$ 277,539	\$ 380,568
Accounts receivable, less allowance for doubtful accounts	1,283,395	1,110,186
Unbilled accounts receivable	157,447	157,447
Inventories	2,377,406	2,144,700
Other current assets	4,086	4,511
Total current assets	<u>4,099,873</u>	<u>3,797,412</u>
Noncurrent assets		
Restricted assets		
Restricted cash and cash equivalents	<u>516,151</u>	<u>493,382</u>
Capital assets		
Nondepreciable capital assets		
Land and land structures	4,427,500	4,427,500
Construction in progress	55,100	15,000
Total nondepreciable capital assets	<u>4,482,600</u>	<u>4,442,500</u>
Depreciable capital assets		
Intangible	21,836	21,836
Source of supply and pumping	2,069,539	2,060,990
Water treatment equipment	16,610,249	16,610,249
Transmission and distribution	21,403,177	21,312,580
General plant	3,862,344	3,847,344
Collection plant	7,052,698	6,958,108
Pumping plant	4,234,921	4,169,726
	55,254,764	54,980,833
Accumulated depreciation	<u>(28,901,717)</u>	<u>(27,598,112)</u>
Total depreciable capital assets, net of depreciation	<u>26,353,047</u>	<u>27,382,721</u>
Total capital assets (net of depreciation)	<u>30,835,647</u>	<u>31,825,221</u>
Other assets		
Bond discount (net of accumulated amortization)	<u>13,466</u>	<u>14,863</u>
Total noncurrent assets	<u>31,365,264</u>	<u>32,333,466</u>
Total assets	<u>\$ 35,465,137</u>	<u>\$ 36,130,878</u>
DEFERRED OUTFLOW OF RESOURCES		
Deferred outflows from pensions	\$ 1,445,298	\$ 1,115,056
Deferred outflows from OPEB	<u>902,878</u>	<u>1,027,617</u>
Total deferred outflow of resources	<u>2,348,176</u>	<u>2,142,673</u>
Total assets and deferred outflow of resources	<u>37,813,313</u>	<u>38,273,551</u>

**WOOD CREEK WATER DISTRICT**  
**STATEMENT OF NET POSITION**  
**December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	\$ 652,588	\$ 494,108
Accrued interest	251,297	260,762
Current portion of long-term debt	613,000	473,500
Line of credit	393,500	393,500
KRWFC interim financing	401,500	-
Other current liabilities	121,788	145,812
Total current liabilities	<u>2,433,673</u>	<u>1,767,682</u>
Noncurrent liabilities		
Customer deposits	10,455	11,750
Unamortized premium on debt	20,198	22,057
OPEB liability	1,687,749	1,639,497
Pension liability	6,183,337	5,461,369
Long-term debt	13,306,885	14,037,000
Total noncurrent liabilities	<u>21,208,624</u>	<u>21,171,673</u>
Total liabilities	<u>23,642,297</u>	<u>22,939,355</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows from pensions	737,914	992,780
Deferred inflows from OPEB	860,243	830,938
Total deferred inflows	<u>1,598,157</u>	<u>1,823,718</u>
<b>NET POSITION</b>		
Net investment in capital assets	16,915,762	17,314,721
Restricted for:		
Debt service	504,323	483,087
Other purposes	11,828	10,295
Unrestricted (deficit)	(4,859,054)	(4,297,625)
Total net position	<u>12,572,859</u>	<u>13,510,478</u>
Total liabilities and net position	<u>\$ 37,813,313</u>	<u>\$ 38,273,551</u>

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

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	<u>2023</u>	<u>2022</u>
Operating revenues		
Water sales	\$ 6,428,940	\$ 5,982,257
Sewer service	1,172,658	1,030,445
Penalties and service charges	150,882	143,031
Tap-on fees	<u>180,950</u>	<u>136,000</u>
Total operating revenues	<u>7,933,430</u>	<u>7,291,733</u>
Operating expenses		
Purchased water and power	436,894	451,452
Water treatment	2,425,233	2,290,299
Transmission and distribution	1,813,523	2,046,958
Administration of customer accounts	467,038	459,398
Administration and general	640,197	691,194
Pension expense	339,156	104,763
Sewer maintenance and treatment	954,647	719,637
Amortization	-	46
Depreciation	<u>1,303,604</u>	<u>1,280,171</u>
Total operating expenses	<u>8,380,292</u>	<u>8,043,918</u>
Operating income (loss)	<u>(446,862)</u>	<u>(752,185)</u>
Nonoperating revenues (expenses)		
Interest income	14,054	5,052
Federal and state grants	40,100	489,485
Local grants	-	7,717
Interest on long-term debt	(535,594)	(512,773)
Other expense	<u>(9,317)</u>	<u>(11,641)</u>
Total nonoperating revenues (expenses)	<u>(490,757)</u>	<u>(22,160)</u>
Change in net position	(937,619)	(774,345)
Net Position, January 1	<u>13,510,478</u>	<u>14,284,823</u>
Net Position, December 31	<u>\$ 12,572,859</u>	<u>\$ 13,510,478</u>

The accompanying notes are an integral part of the financial statements

**WOOD CREEK WATER DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**For the years ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Receipts from customers	\$ 7,640,221	7,172,369
Receipts from other activities	120,000	90,000
Payments to employees	(2,298,365)	(2,516,677)
Payments to suppliers	<u>(4,538,287)</u>	<u>(4,118,058)</u>
Net cash used in operating activities	<u>923,569</u>	<u>627,634</u>
Cash flows from noncapital and related financing activities		
Federal, state, and local grants	<u>40,100</u>	<u>489,485</u>
Net cash provided by noncapital and related financing activities	<u>40,100</u>	<u>489,485</u>
Cash flows from capital and related activities		
Purchases of property, plant, and equipment	(314,031)	(906,490)
Proceeds from other income	-	7,717
Proceeds from interim financing	401,500	201,000
Transfers to/from investments	-	251,670
Principal payments on debt	(590,615)	(596,000)
Interest payments on debt	(535,772)	(495,424)
Miscellaneous nonoperating expense	<u>(9,317)</u>	<u>(10,691)</u>
Cash provided (used) in capital and related activities	<u>(1,048,235)</u>	<u>(1,548,218)</u>
Cash flows from investing activities		
Interest received on investments	<u>4,306</u>	<u>5,052</u>
Cash provided (used) in investing activities	<u>4,306</u>	<u>5,052</u>
Net increase in cash and cash equivalents	(80,260)	(426,047)
Cash and cash equivalents, January 1	<u>873,950</u>	<u>1,299,997</u>
Cash and cash equivalents, December 31	<u>\$ 793,690</u>	<u>\$ 873,950</u>
Reconciliation of change in net position to net cash used in operating activities		
Operating loss	(446,862)	(752,185)
Adjustments to reconcile change in net position to net cash used in operating activities:		
Depreciation	1,303,604	1,280,171
Amortization	-	46
Changes in assets and liabilities:		
(Increase) Decrease in customer and other accounts receivable	(173,209)	(29,364)
(Increase) Decrease in inventory	(232,706)	(263,913)
(Increase) Decrease in prepaid expense and other assets	425	(31)
Increase (Decrease) in accounts payable	158,480	277,876
Increase (Decrease) in pension expense	339,156	104,763
Increase (Decrease) in accrued expense	(24,024)	12,151
Increase (Decrease) in customer deposits	<u>(1,295)</u>	<u>(1,880)</u>
Net cash provided by operating activities	<u>\$ 923,569</u>	<u>\$ 627,634</u>

**WOOD CREEK WATER DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**For the years ended December 31, 2023 and 2022**

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Reconciliation of cash at end of year		
Cash and cash equivalents	\$ 277,539	\$ 380,568
Restricted cash and cash equivalents	<u>516,151</u>	<u>493,382</u>
Total cash at end of year	<u>\$ 793,690</u>	<u>\$ 873,950</u>

# WOOD CREEK WATER DISTRICT NOTES TO THE FINANCIAL STATEMENT

Years ended December 31, 2023 and 2022

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## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Reporting Entity

Wood Creek Water District, of Laurel County, Kentucky (the District) was created in 1969 under Chapter 74 of the Kentucky Revised Statutes and is exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code. The District is governed by a three-person board of Commissioners, which is appointed by the Laurel County Fiscal Court. The District is regulated by the Kentucky Public Service Commission.

Wood Creek Water District is a rural water utility system whose purpose is to establish, develop, and operate a water supply and distribution system for its members and customers in Laurel County, Kentucky. The District also provides sewer services to a specific portion of the Wood Creek Lake watershed area. The District's primary source of revenue is from water sales and sewer services to its members and customers, including public bodies and local businesses in its service area.

### Basis of Accounting, Financial Presentation and Measurement Focus

The basic financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. In addition, the District applies all applicable Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements to its business-type activities.

The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position display information about the District as a whole. These statements include all funds of the District. The statements distinguish between governmental and business-type activities. The District does not have any governmental activities.

The financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Operating income reported by the District includes revenues and expenses related to the continuing operation of water service for its customers. Principal operating revenues are charges to customers for services. Principal operating expenses are the costs of providing the services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

**WOOD CREEK WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**Years ended December 31, 2023 and 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Cash and Cash Equivalents

The District considers all highly liquid investments (including restricted cash and investments), with maturities of 90 days or less to be cash equivalents. This includes bank certificates of deposit and demand checking accounts.

Investments

The District is authorized by state statute to invest in: 1) obligations of the United States and of its agencies and instrumentalities; 2) bonds or certificates of indebtedness of this state and of its agencies and instrumentalities; 3) shares of any savings and loan insured by an agency of the government of the United States up to the amount so insured; 4) interest bearing deposits in nationally chartered or state banks chartered in Kentucky and insured by an agency of the government of the United States up to the amount so insured, and in larger amounts provided such bank shall pledge, as security, obligations of the United States government, its agencies and instrumentalities.

The District's investments include certificates of deposits with maturity dates of three months or more. Certificates of deposits in excess of FDIC insurance are collateralized by securities held by the pledging bank.

Accounts Receivable

Accounts receivable arise as services are rendered for which collections have not been realized and are carried net of a provision for doubtful accounts. The provision for doubtful accounts is estimated using a percentage of accounts more than 90 days past due. At December 31, 2023 and 2022, the provision for doubtful accounts was \$3,464 and \$3,464, respectively.

Unbilled Receivables

The District estimated unbilled revenues from water sales, on a pro rata basis, at the end of each fiscal year. The estimated amount is based on amounts billed during the following month of the close of the fiscal year.

Prepaid Assets

Payments made that will benefit periods beyond the end of the fiscal year are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase, and an expenditure/expense is reported in the year in which services are consumed.



**WOOD CREEK WATER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**Years ended December 31, 2023 and 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Inventory

Inventories of materials and supplies are stated at historical cost. The carrying value is determined on a first-in, first-out basis.

Capital Assets

Capital assets include land, land improvements, buildings, furniture, and office equipment, building improvements, machinery, and equipment that have a useful life of more than one reporting period based on the District's capitalization policy. The cost of additions to the utility plant and major replacements of retired property is capitalized, and the cost of repairs, maintenance, and minor replacements are charged to expense. By District policy, capital assets are defined as assets with a cost of \$1,000 or more and an estimated useful life more than one year. Cost includes direct labor, outside services, materials, and transportation employee fringe benefits, and overhead. Interest incurred during construction is capitalized.

The cost and accumulated depreciation of property sold or retired is deducted from capital assets, and any profit or loss resulting from disposal is credited or charged in the non-operating section of the statements of revenues, expenses, and changes in net assets. Depreciation has been provided over estimated useful lives of the assets using the straight-line method. The range of useful lives of assets is as follows:

<u>Assets Classification</u>	<u>Range of Lives</u>
Intangible	40 years
Transmission and distribution mains	50 years
Structures and improvements	50 years
Pumping and water treatment equipment	25 years
Meters, hydrants and services	20 years
Other equipment	5-10 years

Accounts payable

Accounts payable represent expenses incurred in the current year to be paid in the subsequent year. The majority of the District's accounts payable are to vendors or for the purchase of water.

Long-Term Debt

Long-term debt is recorded at face value. Issue costs relating to prepaid insurance, loan discounts, and loan premiums related to the issuance of debt are deferred and amortized over the term of the respective loans outstanding using the straight-line method.

**WOOD CREEK WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**Years ended December 31, 2023 and 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Compensated Absences

Vacation benefits are not accrued beyond any fiscal year. Sick leave benefits may be used to supplement an employee's retirement if the employee is at retirement age or has at least twenty-six years and six months' service. At December 31, 2023 and 2022, the District did not record any sick leave accrual and management feels that no sick leave benefits are currently payable.

Customer Deposits

The District collects and holds in escrow a \$60 deposit from customers to insure collection of its water charges. Interest at an annual rate of 1% is paid on these deposits.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Net Position

Net position comprises the various net earnings from operating income, non-operating revenues and expenses, and capital contributions. Net position is classified in the following three components:

Net Investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets and any unamortized debt cost or premium.

Restricted – This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – This component of net position consists of net position that do not meet the definition of "restricted" or "net investment in capital assets."

Deferred Inflows and Deferred Outflows of Resources

Deferred inflows and deferred outflows are recorded on the government-wide and proprietary financial statements. The deferred outflows of resources presented were primarily created by the prior refunding of revenue bonds and deferral of pension contributions. Deferred inflows were primarily created by actuarial determinations of net pension liability changes.

**WOOD CREEK WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**Years ended December 31, 2023 and 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the County Employees Retirement System Non-Hazardous (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 are reported at fair value.

**NOTE 2 – RESTRICTED CASH**

The District includes all sinking fund deposits, funds required for other debt service, and funds related to specific projects or customer accounts to be restricted. At December 31, 2023, and 2022 restricted cash amounted to \$516,151 and \$493,382, respectively. This includes restrictions for customer deposits of \$11,828 and \$11,750 and restrictions for debt service of \$504,323 and \$481,632, respectively.

**NOTE 3 – INVESTMENTS – INTEREST RATE RISK**

According to KRS 91A.060, the District is allowed to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, obligations of the Commonwealth of Kentucky and its agencies, insured savings and loans, or interest-bearing deposits of insured national or state banks. The District classifies only certificates of deposit as investments and does not consider interest rate risk to be significant.

**NOTE 4 – CUSTODIAL CREDIT RISK - DEPOSITS**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of December 31, 2023, and 2022, the District's bank balances were \$889,989 and \$993,933 respectively. In accordance with Kentucky Revised Statute (KRS) 91A.060, deposits are to be collateralized to the extent uninsured by FDIC. According to KRS 41.240(4), it shall either pledge or provide as collateral securities or other obligations having an aggregate current face value or current quoted market value at least equal to the deposits. The District's deposits were fully insured or collateralized with securities held by an agent of the District in the District's name at December 31, 2023, and 2022.

**WOOD CREEK WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**Years ended December 31, 2023 and 2022**

**NOTE 5 – RECEIVABLES**

At December 31, 2023, and 2022, customer and other accounts receivable are as follows:

	2023	2022
Due from customers	\$ 542,469	\$ 590,935
Due from related parties	719,473	522,715
Due from others	24,917	-
Provision for uncollectibles	<u>(3,464)</u>	<u>(3,464)</u>
	<u>\$ 1,283,395</u>	<u>\$ 1,110,186</u>

The above detail does not include unbilled receivables of \$157,447 for years ended December 31, 2023, and 2022.

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2023, and 2022 was as follows:

	Balance December 31, 2022	Additions	Deductions	Balance December 31, 2023
<b>Water Operations:</b>				
Land and improvements	\$ 4,365,992	-	-	\$ 4,365,992
Construction in progress	-	40,100	-	40,100
Intangible	21,836	-	-	21,836
Source of supply and pumping	2,060,990	8,549	-	2,069,539
Water treatment plant	16,610,249	-	-	16,610,249
Transmission and distribution plant	21,312,580	90,597	-	21,403,177
General plant	<u>3,574,610</u>	<u>15,000</u>	<u>-</u>	<u>3,589,610</u>
Total capital assets	47,946,257	154,246	-	48,100,503
Less: Accumulated depreciation				
Intangible	21,938	-	-	21,938
Source of supply and pumping	1,488,931	39,805	-	1,528,736
Water treatment plant	7,363,744	403,982	-	7,767,726
Transmission and distribution plant	9,825,374	401,903	-	10,227,277
General plant	<u>2,742,345</u>	<u>193,084</u>	<u>-</u>	<u>2,935,429</u>
Total accumulated depreciation	21,442,332	1,038,774	-	22,481,106
Net capital assets-w ater	<u>26,503,925</u>	<u>(884,528)</u>	<u>-</u>	<u>25,619,397</u>

**WOOD CREEK WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**Years ended December 31, 2023 and 2022**

**NOTE 6 – CAPITAL ASSETS (continued)**

<u>Sewer Operations</u>	<u>December 31, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2023</u>
Land and improvements	61,508	-	-	61,508
General plant	272,734	-	-	272,734
Collection plant	6,958,109	94,590	-	7,052,699
Pumping plant	4,169,725	65,195	-	4,234,920
Construction in progress	15,000	-	-	15,000
Total capital assets	<u>11,477,076</u>	<u>159,785</u>	<u>-</u>	<u>11,636,861</u>
Less: Accumulated depreciation				
General plant	269,959	1,850	-	271,809
Collection plant	3,071,507	183,109	-	3,254,616
Pumping plant	2,814,315	79,871	-	2,894,186
Total accumulated depreciation	<u>6,155,781</u>	<u>264,830</u>	<u>-</u>	<u>6,420,611</u>
 Net capital assets sewer	 <u>5,321,295</u>	 <u>(105,045)</u>	 <u>-</u>	 <u>5,216,250</u>
 Net capital assets-total	 \$ <u>31,825,220</u>	 \$ <u>(989,573)</u>	 \$ <u>-</u>	 \$ <u>30,835,647</u>
	<b>Balance</b>			<b>Balance</b>
<b>Water Operations:</b>	<b><u>December 31, 2021</u></b>	<b><u>Additions</u></b>	<b><u>Deductions</u></b>	<b><u>December 31, 2022</u></b>
Land and improvements	\$ 4,365,992	-	-	\$ 4,365,992
Construction in progress	3,181,325	-	3,181,325	-
Intangible	21,836	-	-	21,836
Source of supply and pumping	1,955,283	105,707	-	2,060,990
Water treatment plant	16,603,078	7,171	-	16,610,249
Transmission and distribution plant	17,618,559	3,694,021	-	21,312,580
General plant	3,548,458	26,152	-	3,574,610
Total capital assets	<u>47,294,531</u>	<u>3,833,051</u>	<u>3,181,325</u>	<u>47,946,257</u>
Less: Accumulated depreciation				
Intangible	21,938	-	-	21,938
Source of supply and pumping	1,447,985	40,946	-	1,488,931
Water treatment plant	6,959,849	403,895	-	7,363,744
Transmission and distribution plant	9,459,481	365,893	-	9,825,374
General plant	2,534,886	207,459	-	2,742,345
Total accumulated depreciation	<u>20,424,139</u>	<u>1,018,193</u>	<u>-</u>	<u>21,442,332</u>
 Net capital assets-water	 <u>26,870,392</u>	 <u>2,814,858</u>	 <u>3,181,325</u>	 <u>26,503,925</u>

**WOOD CREEK WATER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**Years ended December 31, 2023 and 2022**

**NOTE 6 – CAPITAL ASSETS – (continued)**

<u>Sewer Operations</u>	<u>December 31, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2022</u>
Land and improvements	56,508	5,000	-	61,508
General plant	272,734	-	-	272,734
Collection plant	6,859,287	98,822	-	6,958,109
Pumping plant	4,038,783	130,942	-	4,169,725
Construction in progress	-	15,000	-	15,000
Total capital assets	<u>11,227,312</u>	<u>249,764</u>	<u>-</u>	<u>11,477,076</u>
Less: Accumulated depreciation				
General plant	268,109	1,850	-	269,959
Collection plant	2,886,347	185,160	-	3,071,507
Pumping plant	2,739,346	74,968	-	2,814,314
Construction in progress	-	-	-	-
Total accumulated depreciation	<u>5,893,802</u>	<u>261,978</u>	<u>-</u>	<u>6,155,780</u>
Net capital assets sewer	<u>5,333,510</u>	<u>(12,214)</u>	<u>-</u>	<u>5,321,296</u>
Net capital assets-total	<u>\$ 32,203,902</u>	<u>\$ 2,802,644</u>	<u>\$ 3,181,325.00</u>	<u>\$ 31,825,221</u>

**NOTE 7 – LONG-TERM DEBT**

The District's long-term debt consists of bonds payable to Rural Development (RD) and Kentucky Rural Water Finance Corporation (KRWFC), which were obtained for various acquisitions of buildings and equipment. The bonds mature annually in varying series over the period 2022 to 2063. A summary of the bonds is presented below:

*See table on next page*

**WOOD CREEK WATER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**Years ended December 31, 2023 and 2022**

**NOTE 7 – LONG-TERM DEBT – (continued)**

RURAL DEVELOPMENT									
Bond Issue	Original Amount	Maturity Dates	Interest Rates	12/31/22 Outstanding Balance	Additions	Retirements	12/31/23 Outstanding Balance	Due Within One Year	
91-13	7,250,000	1/1/2045	4.25%	\$ 5,652,000	\$ -	\$ 147,000	\$ 5,505,000	\$ 154,000	
91-16	725,000	1/1/2045	4.25%	562,500	-	15,000	547,500	15,500	
91-21	2,942,000	1/1/2061	1.75%	2,890,500	-	52,615	2,837,885	53,000	
Total RD Bonds Payable				\$ 9,105,000	\$ -	\$ 214,615	\$ 8,890,385	\$ 222,500	
KRWFC									
2005B	3,594,000	7/1/2031	4.00%-4.50%	1,737,000	-	161,000	1,576,000	168,000	
2007A	2,086,000	7/1/2036	4.05%-4.425%	1,310,000	-	71,000	1,239,000	73,000	
2015B	2,780,000	7/1/2038	2.25%-3.50%	1,515,000	-	130,000	1,385,000	135,000	
Total KRWFC Bonds Payable				\$ 4,562,000	\$ -	\$ 362,000	\$ 4,200,000	\$ 376,000	
WASTEWATER DIVISION - RURAL DEVELOPMENT									
2018	\$ 896,000	1/1/2058	4.00%	\$ 843,500	\$ -	\$ 14,000	\$ 829,500	14,500	
Total Open Market Bonds Payable				\$ 843,500	\$ -	\$ 14,000	\$ 829,500	\$ 14,500	
Total Outstanding Debt				\$ 14,510,500	\$ -	\$ 590,615	\$ 13,919,885	\$ 613,000	

Future bond principal and interest payment amounts are as follows:

LOCAL			
YEAR	PRINCIPAL	INTEREST	TOTAL
2024	613,000	509,573	1,122,573
2025	631,000	485,583	1,116,583
2026	656,000	460,643	1,116,643
2027	661,000	434,848	1,095,848
2028	673,500	408,509	1,082,009
2029-2033	3,074,500	1,644,381	4,718,881
2034-2038	2,545,000	1,110,573	3,655,573
2039-2043	2,226,000	666,912	2,892,912
2044-2048	1,331,500	249,613	1,581,113
2049-2053	575,000	132,095	707,095
2054-2058	634,500	60,689	695,189
2059-2063	298,885	7,928	306,813
Total	\$ 13,919,885	\$ 6,171,348	\$ 20,091,233

**WOOD CREEK WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**Years ended December 31, 2023 and 2022**

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**NOTE 8 – SERVICES PROVIDED TO OTHER WATER DISTRICTS**

Wood Creek Water District sells water for resale and provides maintenance, construction, and office services to West Laurel Water Association, Incorporated and East Laurel Water District. The actual costs of maintenance and construction services are accumulated in specific expense accounts and charges for services are netted against such expense accounts. Wood Creek Water District bills the related water companies for the materials.

Accounts receivable from East Laurel Water District and West Laurel Water Association, Incorporated are summarized below:

	<u>2023</u>	<u>2022</u>
<u>East Laurel Water District</u>		
Accounts receivable	\$ 259,222	\$ 306,308
Accounts receivable - wastewater	252,970	114,814
	<u>\$ 512,192</u>	<u>\$ 421,122</u>
 <u>West Laurel Water Association, Incorporated</u>		
Accounts receivable	\$ 197,135	\$ 197,107
Accounts receivable - wastewater	10,146	5,408
	<u>\$ 207,281</u>	<u>\$ 202,515</u>

The following is a summary of amounts paid to Wood Creek Water District for water and services:

	<u>2023</u>	<u>2022</u>
<u>East Laurel Water District</u>		
Purchased water	\$ 1,579,574	\$ 1,736,672
Materials, labor, and other	1,423,420	1,067,985
	<u>\$ 3,002,994</u>	<u>\$ 2,804,657</u>
 <u>West Laurel Water Association, Incorporated</u>		
Purchased water	\$ 1,246,184	\$ 127,760
Materials, labor, and other	1,375,319	856,356
	<u>\$ 2,621,503</u>	<u>\$ 984,116</u>



**WOOD CREEK WATER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**Years ended December 31, 2023 and 2022**

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**NOTE 9 – RETIREMENT PLAN**

The District's full-time employees, or employees who work an average of 100 hours per month, are covered under the County Employee's Retirement System (CERS), a cost sharing, multiple-employer, public employers' retirement system created and operating under Kentucky Law.

**General information about the County Employees Retirement System Non-Hazardous (CERS)**

*Plan Description* – The County Employees Retirement System covers substantially all regular full-time employees of the District. CERS is 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. The 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, employees are grouped into three tiers, based on hire date:

Tier 1	Participation date Unreduced retirement Reduced retirement	Before September 1, 2008 27 Years service or 65 years old At least 5 years' service and 55 years old Or at least 25 years' service and any age
Tier 2	Participation date Unreduced retirement  Reduced retirement	September 1, 2009 – December 31, 2013 At least 5 years' service and 65 years old Or age 57+ and sum of service years plus age equal At least 10 years' service and 60 years old
Tier 3	Participation date Unreduced retirement  Reduced retirement	After December 31, 2013 At least 5 years' service and 65 years old Or age 57+ and sum of service years plus age equal Not available

Participating employees become eligible to receive health insurance benefits after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement.

Contributions – Required contributions by the employee are based on the tier.

	<u>Required Contribution</u>
Tier 1	5%
Tier 2	5% +1% for insurance
Tier 3	5% +1% for insurance

*Funding Policy* – Funding for the plan is provided through payroll withholdings and matching District contributions. The District contributes 26.79% of the employee's total compensation subject to contribution.

**WOOD CREEK WATER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**Years ended December 31, 2023 and 2022**

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**NOTE 9 – RETIREMENT PLAN (continued)**

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

At December 31, 2023, the District reported a liability for its proportionate share of the net pension liability for CERS. The amount recognized by the District as its proportionate share of the net pension liability, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the CERS net pension liability           \$ 6,183,337

The net pension liability for the plan was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2022, the District's proportion was 0.085535%.

For the year ended December 31, 2023, the District recognized \$136,860 in pension expenses related to CERS. At June 30, 2023, 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	\$ 6,611	\$ 55,065
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	841,367	682,849
Changes in proportion and differences between District contributions and proportionate share of contributions	76,649	-
District contributions subsequent to the measurement date	<u>520,671</u>	<u>-</u>
Total	<u>\$1,445,298</u>	<u>\$ 737,914</u>

**WOOD CREEK WATER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**Years ended December 31, 2023 and 2022**

**NOTE 9 – RETIREMENT PLAN (continued)**

The \$520,671 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date were recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2024	\$ 56,858
2025	6,161
2026	(51,961)
2027	175,655
	<u>\$ 186,713</u>

*Actuarial assumptions*—The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>CERS</u>
Inflation	2.50%
Projected salary increases	3-3-10.3%
Investment rate of return, net of investment expense & inflation	6.25%

*Discount rate*—For CERS, the discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan employees and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 6.25%. The long-term investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of CERS proportionate share of net pension liability to changes in the discount rate*—The following table presents the net pension liability of the District, calculated using the discount rates selected by the pension system, as well as what the District’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	\$ 7,728,404	\$ 6,183,337	\$ 4,905,438

**WOOD CREEK WATER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**Years ended December 31, 2023 and 2022**

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**NOTE 9 – RETIREMENT PLAN (continued)**

*Pension plan fiduciary net position* — Detailed information about the pension plan’s fiduciary net position is available in the separately issued financial reports of CERS.

The District’s total payroll subject to CERS for the years ended December 31, 2023, 2022, and 2021 was \$2,298,365, \$2,368,007, and \$2,492,836 respectively. The District’s matching contributions to CERS for the years ended December 31, 2023, 2022, and 2021 were \$596,102, \$662,027, and \$599,776 respectively.

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS PLAN**

**General information about the County Employees Retirement System Non-Hazardous (CERS)**

*Plan description*—Employees are provided OPEBs through the County Employees Retirement System Non-Hazardous (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 hospital and medical insurance for eligible members receiving benefits from the pension plan. Employees are vested in the plan after five years’ service. For plan purposes, employees are grouped into two groups, based on hire date. Members who reach a minimum vesting period of 10 years, and began participating on, or after, July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. For members participating prior to July 1, 2003, are paid up to a maximum of \$13.18 per month for every year of earned service. The percentage of the maximum monthly benefit paid is based on years of service as follows:

Years of Service	Paid by Insurance Fund (%)
20+ years	100.00%
15-19 years	75.00%
10-14 years	50.00%
4-9 years	25.00%
Less than 4 years	0.00%

*Contributions*—Required contributions by the employee are based on the tier:

**WOOD CREEK WATER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**Years ended December 31, 2023 and 2022**

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**NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS PLAN (continued)**

Tier 1	Participation date	Before September 1, 2008
	Contribution percentage	0.00%
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Contribution percentage	1%
Tier 3	Participation date	After December 31, 2013
	Contribution percentage	1%

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

At June 30, 2023, the District reported a liability of \$1,687,749 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, 2022, and the total OPEB liability used to calculate the collective net OPEB liability was based on 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, 2022, the District's proportion was .085520 percent.

For the year ended June 30, 2023, the District recognized OPEB expense of \$202,296. At June 30, 2023, 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	\$ 169,886	\$ 387,040
Changes in assumptions	266,929	219,948
Net difference between projected and actual earnings on pension plan investments	314,276	245,775
Changes in proportion and differences between District contributions and proportionate share of contributions	76,356	7,480
District contributions subsequent to the measurement date	<u>75,431</u>	<u>-</u>
Total	<u>\$ 902,878</u>	<u>\$ 860,243</u>

**WOOD CREEK WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**Years ended December 31, 2023 and 2022**

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS PLAN (continued)**

Of the total amount reported as deferred outflows of resources related to OPEB, \$75,431 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2023. 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:

<u>Year ended June 30:</u>	
2024	\$ 29,777
2025	24,023
2026	(93,110)
2027	6,514
	<u>\$ (32,796)</u>

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distributions analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

*Discount rate* – The Discount rate used to measure the total OPEB liability was 5.70%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.70%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.70%) or 1-percentage-point higher (6.70%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	4.70%	5.70%	6.70%
District's proportionate share of net pension liability	\$ 2,256,251	\$ 1,687,749	\$ 1,217,787

**WOOD CREEK WATER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**Years ended December 31, 2023 and 2022**

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**NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS PLAN (continued)**

Sensitivity of the District's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates – The following presents the District's proportionate share of the collective net OPEB liability, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Trend Rate</u>	<u>1% Increase</u>
CERS			
District's proportionate share of net pension liability	\$ 1,254,804	\$ 1,687,749	\$ 2,207,634

OPEB plan fiduciary net position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued TRS financial report.

**NOTE 11 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. The insurance coverage is acquired through Wood Creek Water District which includes coverage for Wood Creek Water District, East Laurel Water District, and West Laurel Water Association, Incorporated. The District pays for and is entitled to its respective share of coverage. There have been no significant reductions in coverage for the year and settlements have not exceeded coverage in the past three years.

**NOTE 12 – SUBSEQUENT EVENTS**

Management of the District has evaluated events and transactions through the date of the audit report. No events have occurred subsequent to the date of the financial statements that would require adjustment to the financial statements.

WOOD CREEK WATER DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 COUNTY EMPLOYEES RETIREMENT SYSTEM

December 31, 2023

	District's proportion of net pension liability (asset)	District's proportionate share of the net pension liability (asset)	District's covered-employee payroll	District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.09%	\$ 6,183,337	\$ 2,288,365	269.03%	52.42%
2022	0.09%	\$ 5,461,369	\$ 2,368,007	230.63%	57.33%
2021	0.08%	\$ 6,411,821	\$ 2,492,836	257.21%	47.81%
2020	0.08%	\$ 5,569,398	\$ 2,339,030	238.11%	50.45%
2019	0.07%	\$ 4,535,815	\$ 2,126,922	213.26%	53.54%
2018	0.07%	\$ 4,320,560	\$ 2,025,425	213.32%	53.30%
2017	0.08%	\$ 3,501,830	\$ 1,746,491	200.51%	55.50%
2016	0.08%	\$ 3,501,830	\$ 1,746,491	200.51%	59.97%
2015	0.08%	\$ 3,254,156	\$ 1,743,561	186.64%	66.80%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.



WOOD CREEK WATER DISTRICT  
 SCHEDULE OF DISTRICT CONTRIBUTIONS  
 COUNTY EMPLOYEES RETIREMENT SYSTEM

For the year ended December 31, 2023

	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2023	\$ 537,817	\$ 537,817	\$ -	\$ 2,298,365	23.40%
2022	\$ 501,307	\$ 501,307	\$ -	\$ 2,368,007	21.17%
2021	\$ 481,117	\$ 481,117	\$ -	\$ 2,492,836	19.30%
2020	\$ 451,433	\$ 451,433	\$ -	\$ 2,339,030	19.30%
2019	\$ 377,438	\$ 377,438	\$ -	\$ 2,126,922	17.75%
2018	\$ 301,121	\$ 301,121	\$ -	\$ 2,025,425	14.87%
2017	\$ 317,211	\$ 317,211	\$ -	\$ 1,746,491	18.16%
2016	\$ 317,211	\$ 317,211	\$ -	\$ 1,746,491	18.16%
2015	\$ 302,501	\$ 302,501	\$ -	\$ 1,743,561	17.35%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

**WOOD CREEK WATER DISTRICT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
COUNTY EMPLOYEES RETIREMENT SYSTEM - PENSION FUND  
Year ended December 31, 2023**

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Changes of Benefit Terms

None.

Changes of Assumptions

None.

WOOD CREEK WATER DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET OPEB LIABILITY - MEDICAL INSURANCE PLAN  
County Employees Retirement System  
December 31, 2023

	District's proportion of net OPEB liability (asset)	District's proportionate share of the net OPEB liability (asset)	District's covered-employee payroll	District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2023	0.09%	\$ 1,687,749	\$ 2,298,365	73.43%	60.95%
2022	0.09%	\$ 1,639,497	\$ 2,368,007	69.24%	62.91%
2021	0.08%	\$ 2,018,034	\$ 2,492,836	80.95%	51.67%
2020	0.08%	\$ 1,331,570	\$ 2,339,030	56.93%	60.44%
2019	0.07%	\$ 1,322,253	\$ 2,126,922	62.17%	57.62%
2018	0.07%	\$ 1,483,914	\$ 2,025,425	73.26%	81.10%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

WOOD CREEK WATER DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS - MEDICAL INSURANCE PLAN

County Employees Retirement System

For the year ended December 31, 2023

	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2023	\$ 77,915	\$ 77,915	\$ -	\$ 2,298,365	3.39%
2022	\$ 136,871	\$ 136,871	\$ -	\$ 2,368,007	5.78%
2021	\$ 118,659	\$ 118,659	\$ -	\$ 2,492,836	4.76%
2020	\$ 111,338	\$ 111,338	\$ -	\$ 2,339,030	4.76%
2019	\$ 122,400	\$ 122,400	\$ -	\$ 2,126,922	5.75%
2018	\$ 97,739	\$ 97,739	\$ -	\$ 2,025,425	4.83%

\* The amounts presented for each fiscal year were determined as of 6/30.

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

**WOOD CREEK WATER DISTRICT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
COUNTY EMPLOYEES RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN  
Year ended December 31, 2023**

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Changes of Benefit Terms

None.

Changes of Assumptions

The Single Discount Rate changed from 5.20% to 5.70%.

**WOOD CREEK WATER DISTRICT**  
**DEPARTMENTAL STATEMENT OF NET POSITION - WATER FUND**  
**December 31, 2023 and 2022**

ASSETS	<u>2023</u>	<u>2022</u>
Current assets		
Cash and cash equivalents	\$ 249,071	\$ 280,142
Investments	-	-
Accounts receivable, less allowance for doubtful accounts	833,828	789,062
Unbilled accounts receivable	157,447	157,447
Inventories	1,555,924	1,560,897
Due from other funds	104,048	24,213
Other current assets	4,086	4,511
Total current assets	<u>2,904,404</u>	<u>2,816,272</u>
Noncurrent assets		
Restricted assets		
Restricted cash and cash equivalents	<u>516,151</u>	<u>493,382</u>
Capital Assets		
Nondepreciable capital assets		
Construction in progress	40,100	-
Land and land structures	4,365,992	4,365,992
Total nondepreciable capital assets	<u>4,406,092</u>	<u>4,365,992</u>
Depreciable Capital Assets		
Intangible	21,836	21,836
Source of supply and pumping	2,069,539	2,060,990
Water treatment equipment	16,610,249	16,610,249
Transmission and distribution	21,403,177	21,312,580
General plant	3,589,610	3,574,610
	43,694,411	43,580,265
Accumulated depreciation	<u>(22,481,106)</u>	<u>(21,442,332)</u>
Total depreciable capital assets, net of depreciation	<u>21,213,305</u>	<u>22,137,933</u>
Total capital assets (net of depreciation)	<u>25,619,397</u>	<u>26,503,925</u>
Other assets		
Bond discount (net of accumulated amortization)	<u>13,466</u>	<u>14,863</u>
Total noncurrent assets	<u>26,149,014</u>	<u>27,012,170</u>
Total assets	<u>\$ 29,053,418</u>	<u>\$ 29,828,442</u>

**WOOD CREEK WATER DISTRICT**  
**DEPARTMENTAL STATEMENT OF NET POSITION - WATER FUND**  
**December 31, 2023 and 2022**

DEFERRED OUTFLOW OF RESOURCES	<u>2023</u>	<u>2022</u>
Deferred outflows from pensions	\$ 1,445,298	\$ 1,115,056
Deferred outflows from OPEB	<u>902,878</u>	<u>1,027,617</u>
Total deferred savings from refunding bonds	<u>2,348,176</u>	<u>2,142,673</u>
Total assets and deferred outflow of resources	<u>\$ 31,401,594</u>	<u>\$ 31,971,115</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	489,046	452,342
Accrued interest	239,941	249,227
Due to other funds	184,678	174,561
Current portion of long-term debt	598,500	459,500
Line of credit	393,500	393,500
KRWFC Interim financing	401,500	-
Other current liabilities	121,788	145,812
Total current liabilities	<u>2,428,953</u>	<u>1,874,942</u>
Noncurrent liabilities		
Customer deposits	10,455	11,750
Unamortized premium on debt	20,198	22,057
Net OPEB liability	1,687,749	1,639,497
Net pension liability	6,183,337	5,461,369
Long-term debt	<u>12,491,885</u>	<u>13,207,500</u>
Total noncurrent liabilities	<u>20,393,624</u>	<u>20,342,173</u>
Total liabilities	<u>22,822,577</u>	<u>22,217,115</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows from pensions	737,914	992,780
Deferred inflows from OPEB	<u>860,243</u>	<u>830,938</u>
Total deferred inflows of resources	<u>1,598,157</u>	<u>1,823,718</u>
<b>NET POSITION</b>		
Net investment in capital assets	12,529,012	12,836,925
Restricted for:		
Debt service	504,323	483,087
Other purposes	11,828	10,295
Unrestricted (deficit)	<u>(6,064,303)</u>	<u>(5,400,025)</u>
Total net position	<u>6,980,860</u>	<u>7,930,282</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 31,401,594</u>	<u>\$ 31,971,115</u>

**WOOD CREEK WATER DISTRICT**  
**DEPARTMENTAL STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**WATER FUND**  
**For the years ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Operating revenues		
Water sales	\$ 6,428,940	\$ 5,982,257
Penalties and service charges	134,929	121,207
Tap-on fees	60,950	46,000
Other operating income	-	-
Total operating revenues	<u>6,624,819</u>	<u>6,149,464</u>
Operating expenses		
Purchased water and power	408,971	423,737
Water treatment	2,425,233	2,290,299
Transmission and distribution	1,813,523	2,046,958
Administration of customer accounts	467,038	459,398
Administration and general	613,594	664,544
Pension expense	339,156	104,763
Amortization	-	46
Depreciation	1,038,774	1,018,193
Total operating expenses	<u>7,106,289</u>	<u>7,007,938</u>
Operating income (loss)	<u>(481,470)</u>	<u>(858,474)</u>
Nonoperating revenues (expenses)		
Interest income	14,034	5,035
Grant income	40,100	489,485
Other nonoperating revenue	-	7,717
Interest on long-term debt	(512,769)	(489,576)
Miscellaneous	(9,317)	(10,691)
Total nonoperating revenues (expenses)	<u>(467,952)</u>	<u>1,970</u>
Change in net position	(949,422)	(856,504)
Net Position, January 1	<u>7,930,282</u>	<u>8,786,786</u>
Net Position, December 31	<u>\$ 6,980,860</u>	<u>\$ 7,930,282</u>



**WOOD CREEK WATER DISTRICT**  
**DEPARTMENTAL STATEMENT OF CASH FLOWS - WATER FUND**  
**For the years ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Receipts from customers	\$ 6,580,053	\$ 6,119,513
Receipts from other activities	-	-
Payments to employees	(2,298,365)	(2,516,677)
Payments to suppliers	(3,413,211)	(3,313,873)
Net cash used in operating activities	<u>868,477</u>	<u>288,963</u>
Cash flows from noncapital and related financing activities		
Federal, state, and local grants	<u>40,100</u>	<u>489,485</u>
Net cash provided by noncapital and related financing activities	<u>40,100</u>	<u>489,485</u>
Cash flows from capital and related activities		
Purchases of property, plant, and equipment	(154,246)	(656,726)
Proceeds from other income	-	7,717
Loans to sewer funds	(79,835)	(11,336)
Proceeds from line of credit	-	201,000
Transfer (to)/from investments	-	251,670
Payments on loans from sewer fund	10,117	31,310
Proceeds from interim financing	401,500	-
Principal payments on debt	(576,615)	(582,500)
Interest payments on debt	(512,769)	(472,043)
Miscellaneous nonoperating expense	(9,317)	(10,691)
Cash provided (used) in capital and related activities	<u>(921,165)</u>	<u>(1,241,599)</u>
Cash flows from investing activities		
Interest received on investments	<u>4,286</u>	<u>5,035</u>
Cash provided (used) in investing activities	<u>4,286</u>	<u>5,035</u>
Net increase in cash and cash equivalents	(8,302)	(458,116)
Cash and cash equivalents as of January 1	<u>773,524</u>	<u>1,231,640</u>
Cash and cash equivalents as of December 31	<u>\$ 765,222</u>	<u>\$ 773,524</u>
Reconciliation of change in net position to net cash used in operating activities		
Operating income/(loss)	\$ (481,470)	\$ (858,474)
Adjustments to reconcile change in net position to net cash used in operating activities:		
Depreciation	1,038,774	1,018,193
Amortization	-	46
Changes in assets and liabilities:		
(Increase) Decrease in customer and other accounts receivable	(44,766)	(29,951)
(Increase) Decrease in inventory	4,973	(229,720)
(Increase) Decrease in prepaid expense and other assets	425	(31)
Increase (Decrease) in accounts payable	36,704	273,866
Net change in pension expense	339,156	104,763
Increase (Decrease) in accrued expense	(24,024)	12,151

The accompanying notes are an integral part of the financial statements

**WOOD CREEK WATER DISTRICT**  
**DEPARTMENTAL STATEMENT OF CASH FLOWS - WATER FUND**  
**For the years ended December 2023 and 2022**

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	<u>2023</u>	<u>2022</u>
Increase (Decrease) in current liabilities	-	-
Increase (Decrease) in customer deposits	<u>(1,295)</u>	<u>(1,880)</u>
Net cash provided by operating activities	<u>\$ 868,477</u>	<u>\$ 288,963</u>
Reconciliation of cash at end of year		
Cash and cash equivalents	\$ 249,071	\$ 280,142
Restricted cash and cash equivalents	<u>516,151</u>	<u>493,382</u>
Total cash at end of year	<u>\$ 765,222</u>	<u>\$ 773,524</u>

**WOOD CREEK WATER DISTRICT**  
**DEPARTMENTAL STATEMENTS OF NET POSITION - SEWER FUND**  
**December 31, 2023 and 2022**

ASSETS	<u>2023</u>	<u>2022</u>
Current assets		
Cash and cash equivalents	\$ 28,468	\$ 100,426
Accounts receivable, less allowance for doubtful accounts	449,567	321,124
Inventories	821,482	583,803
Due from other funds	<u>184,678</u>	<u>174,561</u>
Total current assets	<u>1,484,195</u>	<u>1,179,914</u>
Capital Assets		
Nondepreciable capital assets		
Land and land structures	61,508	61,508
Construction in progress	<u>15,000</u>	<u>15,000</u>
Total nondepreciable capital assets	<u>76,508</u>	<u>76,508</u>
Depreciable Capital Assets		
General plant	272,734	272,734
Collection plant	7,052,698	6,958,108
Pumping plant	<u>4,234,921</u>	<u>4,169,726</u>
	11,560,353	11,400,568
Accumulated depreciation	<u>(6,420,611)</u>	<u>(6,155,780)</u>
Total depreciable capital assets, net of depreciation	<u>5,139,742</u>	<u>5,244,788</u>
Total capital assets (net of depreciation)	<u>5,216,250</u>	<u>5,321,296</u>
Total noncurrent assets	<u>5,216,250</u>	<u>5,321,296</u>
Total assets	<u>\$ 6,700,445</u>	<u>\$ 6,501,210</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 163,542	\$ 41,766
Current portion of long-term debt	14,500	14,000
Accrued interest	11,356	11,535
Due to other funds	<u>104,048</u>	<u>24,213</u>
Total current liabilities	<u>293,446</u>	<u>91,514</u>
Noncurrent liabilities		
Long-term debt	<u>815,000</u>	<u>829,500</u>
Total noncurrent liabilities	<u>815,000</u>	<u>829,500</u>
Total liabilities	<u>1,108,446</u>	<u>921,014</u>
NET POSITION		
Net investment in capital assets	4,386,750	4,477,796
Unrestricted (deficit)	<u>1,205,249</u>	<u>1,102,400</u>
Total net position	<u>\$ 5,591,999</u>	<u>\$ 5,580,196</u>

**WOOD CREEK WATER DISTRICT**  
**DEPARTMENTAL STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**SEWER FUND**  
**For the years ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Operating revenues		
Sewer services	\$ 1,172,658	\$ 1,030,445
Penalties and service charges	15,953	21,824
Tap on fees	120,000	90,000
Other operating income	-	-
Total operating revenues	<u>1,308,611</u>	<u>1,142,269</u>
Operating expenses		
Purchased water and power	27,923	27,715
Administration and general	26,603	26,650
Sewer maintenance and treatment	954,647	719,637
Depreciation	264,830	261,978
Total operating expenses	<u>1,274,003</u>	<u>1,035,980</u>
Operating income (loss)	<u>34,608</u>	<u>106,289</u>
Nonoperating revenues (expenses)		
Interest income	20	17
Federal and state grants	-	-
Local grants	-	-
Interest on long-term debt	(22,825)	(23,197)
Miscellaneous	-	(950)
Total nonoperating revenues (expenses)	<u>(22,805)</u>	<u>(24,130)</u>
Change in net position	11,803	82,159
Net Position, January 1	<u>5,580,196</u>	<u>5,498,037</u>
Net Position, December 31	<u>\$ 5,591,999</u>	<u>\$ 5,580,196</u>

**WOOD CREEK WATER DISTRICT**  
**DEPARTMENTAL STATEMENT OF CASH FLOWS - SEWER FUND**  
**For the years ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Receipts from customers	\$ 1,060,168	\$ 1,052,856
Receipts from other activities	120,000	90,000
Payments to suppliers	<u>(1,125,076)</u>	<u>(804,185)</u>
Net cash used in operating activities	<u>55,092</u>	<u>338,671</u>
Cash flows from noncapital and related financing activities		
Federal, state, and local grants	<u>-</u>	<u>-</u>
Net cash provided by noncapital and related financing activities	<u>-</u>	<u>-</u>
Cash flows from capital and related activities		
Purchases of property, plant, and equipment	(159,785)	(249,764)
Payments received from loans to water fund	(10,117)	(31,310)
Proceeds received on loan from water fund	79,835	11,336
Principal payments on debt	(14,000)	(13,500)
Interest on debt	<u>(23,003)</u>	<u>(23,381)</u>
Cash provided (used) in capital and related activities	<u>(127,070)</u>	<u>(306,619)</u>
Cash flows from investing activities		
Interest received on investments	<u>20</u>	<u>17</u>
Cash provided (used) in investing activities	<u>20</u>	<u>17</u>
Net increase in cash and cash equivalents	(71,958)	32,069
Cash and cash equivalents as of January 1	<u>100,426</u>	<u>68,357</u>
Cash and cash equivalents as of December 31	<u>\$ 28,468</u>	<u>\$ 100,426</u>
Reconciliation of change in net position to net cash used in operating activities		
Operating income/(loss)	\$ 34,608	\$ 106,289
Adjustments to reconcile change in net position to net cash used in operating activities:		
Depreciation	264,830	261,978
Changes in assets and liabilities:		
(Increase) Decrease in customer and other accounts receivable	(128,443)	587
(Increase) Decrease in inventory	(237,679)	(34,193)
Increase (Decrease) in accounts payable	121,776	4,010
Increase (Decrease) in other payables	<u>-</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 55,092</u>	<u>\$ 338,671</u>



**Cloyd & Associates, PSC**

*Certified Public Accountants  
and  
Business Advisors*

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Commissioners  
Wood Creek Water District  
London, 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 Wood Creek Water District as of and for the years ended December 31, 2023, and 2022, and the related notes to the financial statements, which collectively comprise Wood Creek Water District's basic financial statements, and have issued our report thereon dated May 30, 2024.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Wood Creek 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wood Creek Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Wood Creek 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 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 over financial reporting 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 Wood Creek Water District's financial statements are free of 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 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.

*Cloyd & Associates, PSC*

Cloyd & Associates, PSC  
London, Kentucky  
May 30, 2024