

WEBSTER COUNTY WATER DISTRICT
AUDITED FINANCIAL STATEMENTS

For the year ended December 31, 2023

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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In 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, 2023, 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 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 8, 2024, 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.

Shad J. Allen, CPA, PLLC

Richmond, KY
August 8, 2024

**WEBSTER COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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, 2023. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

Financial Highlights

- Replaced Pump at Water Intake in December
- Replaced VFD Drive at Vanderburg Pump Station in November
- Electrical Service Upgrades at Mt. Pleasant Pump Station in October
- Renovated office area at Water Treatment Plant
- Replaced two turbidimeters at Water Treatment Plant in August
- Upgrade Telemetry on Filter Panels at Water Treatment Plant in March

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

**WEBSTER COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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 service 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 \$10,643,253 as of December 31, 2023.

The District's net position of \$10,643,253 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, 2023**

	Total
Current Assets	\$ 647,818
Noncurrent assets	11,407,950
Deferred outflows of resources	244,556
Total assets	<u>12,300,324</u>
Current liabilities	71,363
Noncurrent liabilities	948,937
Deferred inflows of resources	636,771
Total liabilities	<u>1,657,071</u>
Contributed capital	9,071,571
Unrestricted	(764,697)
Total net position	<u>\$ 10,643,253</u>
Operating Revenue	
Charges for Services	\$ 1,775,290
Other income	8,066
Total Operating Revenue	<u>1,783,356</u>
Operating Expenses	
Operation maintenance and	
Administrative expenses	1,597,250
Depreciation	567,492
Total Operating Expenses	<u>2,164,742</u>
Operating income (Loss)	<u>(381,386)</u>
Non-Operating Revenue (expense)	
Total Non-operating Revenue (expense)	<u>81,144</u>
Change in Net Position	
	<u>\$ (300,242)</u>

**WEBSTER COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

The Webster County Water District's investment in capital assets as of December 31, 2023, 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	\$ 122,278	\$ 200	\$	\$ 122,478
Structures and improvements	7,841,446	10,293		7,851,739
Supply mains	368,667			368,667
Pumping equipment	259,366	96,766		356,132
Water treatment equipment	102,507	15,479		117,987
Distribution reservoirs	2,679,180			2,679,180
Transmission mains	10,167,559			10,167,559
Meters and installation	1,071,622	46,100		1,117,722
Hydrants	64,251			64,251
Other plant equipment	69,859			69,859
Office equipment	156,464	7,979		164,443
Transportation equipment	267,240		(10,635)	256,604
Tools and shop equipment	18,470			18,470
Lab equipment	43,615			43,615
Power operated equipment	29,879			29,879
Communications equipment	50,408			50,408
Miscellaneous equipment	3,214			3,214
Total capital assets	23,316,025	176,817	(10,635)	23,482,207
Less accumulated depreciation	(13,844,646)	(453,328)		(14,297,975)
Capital assets, net	\$ 9,471,379	\$ (276,511)	\$ (10,635)	\$ 9,184,232

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, 2023

	<u>Primary Government</u>	<u>Business-Type Activities</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 113,337	
Accounts Receivable	281,208	
Inventories	217,858	
Prepaid Expenses	35,415	
Total Current Assets	<u>647,818</u>	
Noncurrent Assets		
Restricted Cash and cash equivalents	2,307,725	
Capital assets, net of depreciation	9,071,571	
Utility Deposits	28,654	
Total Noncurrent Assets	<u>11,407,950</u>	
Deferred outflows of Resources		
Deferred outflows related to pensions	151,768	
Deferred outflows related to OPEB	92,788	
Total Deferred outflows of resources	<u>244,556</u>	
Total Assets and Deferred Outflows of Resources	<u>12,300,324</u>	
LIABILITIES		
Current Liabilities		
Accounts Payable	19,340	
Accrued Expenses	23,454	
Customer Meter Deposits	28,569	
Total Current Liabilities	<u>71,363</u>	
Noncurrent Liabilities		
Net Pension Liability	948,937	
Net OPEB Liability	-	
Total Noncurrent Liabilities	<u>948,937</u>	
Deferred Inflows of Resources		
Deferred inflows related to pensions	244,617	
Deferred inflows related to OPEB	392,154	
Total Deferred inflows of resources	<u>636,771</u>	
Total Liabilities and Deferred Inflows of Resources	<u>1,657,071</u>	
NET POSITION		
Net investment in capital assets	9,071,571	
Restricted	2,336,379	
Unrestricted	<u>(764,697)</u>	
TOTAL NET POSITION	<u>\$ 10,643,253</u>	

See the accompanying notes
to the financial statements.

Webster County Water District
Statement of Activities
For the Year Ended
December 31, 2023

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	\$ 1,597,250	\$ 1,775,290	\$	\$	\$ 178,040
Depreciation	567,492				(567,492)
Total business-type activities	<u>\$ 2,164,742</u>	<u>\$ 1,775,290</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(389,452)</u>
General revenues:					
Miscellaneous					8,066
Investment earnings (loss)					81,144
Total general revenues					<u>89,210</u>
Change in net position					<u>(300,242)</u>
Net position - beginning					10,919,838
Prior period adjustment					23,658
Net position - beginning - restated					<u>10,943,495</u>
Net position - ending				\$	<u><u>10,643,253</u></u>

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, 2023

OPERATING REVENUES

Charges for services	\$ 1,775,290
Other income	8,066
Total operating revenues	<u>1,783,356</u>

OPERATING EXPENSES

Operations	
Salaries	472,517
Depreciation	567,492
Materials, supplies, and repairs	35,672
Purchased power	206,032
Employee benefits	273,434
Utilities	24,060
Insurance	18,863
Contract service	17,973
Chemicals	542,953
Advertising	737
Miscellaneous	3,883
PSC assessment	1,126
Total operating expenses	<u>2,164,742</u>

Operating income (loss) (381,386)

NON-OPERATING REVENUE (EXPENSES)

Earnings on investments	<u>81,144</u>
Total nonoperating revenues (expenses)	<u>81,144</u>

CHANGE IN NET POSITION (300,242)

NET POSITION-BEGINNING 10,919,838
Prior Period Adjustment 23,658

NET POSITION-BEGINNING-RESTATED 10,943,495

NET POSITION-ENDING \$ 10,643,253

See the accompanying notes to the financial statements.

Webster County Water District
Statement of Cash Flows
For the Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 1,738,824
Payments to suppliers	(867,567)
Payments to employees	(827,355)
Net cash provided (used) by operating activities	<u>43,902</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest	81,144
Contributed Capital	11,528
Purchase of capital assets	(176,817)
Net cash provided (used) by investing activities	<u>(84,145)</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (40,243)

CASH AND CASH EQUIVALENTS-BEGINNING 2,461,305

CASH AND CASH EQUIVALENTS-ENDING \$ 2,421,062

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

Operating income (loss)	\$ (381,386)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	567,492
Changes in assets and liabilities:	
Accounts receivable	(16,422)
Deferred outflows	(65,212)
Deferred inflows	452,023
Pension and OPEB liability	(459,451)
Accounts payable	1,958
Prepaid expenses	(18,226)
Utility deposits	(28,569)
Accrued expenses	(8,764)
Meter deposits	459
Net cash provided (used) by operating activities	<u>\$ 43,902</u>

See the accompanying notes to the financial statements.

WEBSTER COUNTY WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

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, 2023.

WEBSTER COUNTY WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

(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, 2023

(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, 2023

NOTE 3. Capital Assets

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

	Balances January 1	Additions	Retirements	Balances December 31
Business-type Activities				
Land and Land Rights	\$ 122,278	\$ 200	\$	\$ 122,478
Structures and improvements	7,841,446	10,293		7,851,739
Supply mains	368,667			368,667
Pumping equipment	259,366	96,766		356,132
Water treatment equipment	102,507	15,479		117,987
Distribution reservoirs	2,679,180			2,679,180
Transmission mains	10,167,559			10,167,559
Meters and installation	1,071,622	46,100		1,117,722
Hydrants	64,251			64,251
Other plant equipment	69,859			69,859
Office equipment	156,464	7,979		164,443
Transportation equipment	267,240		(10,635)	256,604
Tools and shop equipment	18,470			18,470
Lab equipment	43,615			43,615
Power operated equipment	29,879			29,879
Communications equipment	50,408			50,408
Miscellaneous equipment	3,214			3,214
Total capital assets	23,316,025	176,817	(10,635)	23,482,207
Less accumulated depreciation	(13,844,646)	(453,328)		(14,297,975)
Capital assets, net	\$ 9,471,379	\$ (276,511)	\$ (10,635)	\$ 9,184,232

WEBSTER COUNTY WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

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 changed 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 Retirements 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 olds
		Minimum 25 years of service and any age

WEBSTER COUNTY WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

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	
	Unreduced retirement	After December 31, 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 Not Available

Hazardous members:

Tier 1	Participation date	
	Unreduced retirement	Prior to September 1, 2008
	Reduced retirement	20 years of service of any age 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 Minimum 5 years of service and 60 years old
		25 years of service and any age
	Reduced retirement	Minimum 15 years of service and 50 years old
Tier 3	Participation date	
	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:

Non-hazardous

Required Contribution

Tier I	5%
Tier 2	5% plus 1% for insurance
Tier 3	5% plus 1% for insurance

WEBSTER COUNTY WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

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 26.79% for the period January 1, 2023 to June 30, 2023 and 23.34% for the period July 1, 2023 to December 31, 2023.

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

On December 31, 2023, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 the total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2023. An expected total pension liability as of June 30, 2023 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, 2023. On June 30, 2023, the District's proportion was 0.014789%

District's proportionate share of CERS net pension liability \$948,937

For the year ended December 31, 2023, the District recognized pension expense of \$(24,179). At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow.. of Resources	Deferred Inflow.. of Resources
Difference between expected and actual experience	\$ 49,125	\$ (2,579)
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments	102,512	(115,456)
Changes in proportion and differences between District contributions and proportionate share of contributions	131	(39,611)
District contributions subsequent to the measurement date	<u>105,218</u>	
	<u>\$ 256,986</u>	<u>\$ (157,646)</u>

WEBSTER COUNTY WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

The \$105,218 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, 2023.

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:

	Year Ended December 31, 2023
2024	\$ (57,546)
2025	(47,299)
2026	21,184
2027	(9,187)
	\$ (92,848)

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

Valuation Date	June 30, 2022
Experience Study	July 1, 2008- June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll,
Remaining Amortization Period	25 years, closed
Asset Valuation Method	20% of difference in market and expected market values
Inflation	2.30%
Payroll Growth	2.00%
Salary Increase	11.55 to 3.30%, varies by service
Investment Rate of Return	6.25%, net of pension plan investment expense, including inflation

The following represents assumptions and changes of assumptions from the prior valuation to the valuation performed as of June 30, 2023.

**WEBSTER COUNTY WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2022**

- The assumed investment rate of return increased to 6.50%. The assumed rate of inflation increased to 2.50%.
- Payroll growth assumption decreased to 2.00%.
- The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (setback 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.
- The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

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

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for CERS. The most recent analysis, performed for the period covering fiscal years 2008 through 2013 is outlined in a report dated April 30, 2014. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

The 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 of net pension liability	\$ 1,198,091	\$948,937	\$741,882

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, 2023 to establish the Districts' net pension liability. The District will use this actuarial valuation for the Districts' reporting period ending December 31, 2023.

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

At December 31, 2023, the District reported a liability of \$(20,417) 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, 2023 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, 2023 the District's proportion was .014788 percent.

WEBSTER COUNTY WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

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:

Districts's proportionate share of net OPEB liability	\$ (20,417)
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For the year ended December 31, 2023, the District recognized OPEB expense of \$(48,461). At December 31, 2023 the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources.

	Deferred Outflow of Resources	Deferred Inflow.. of Resources
Difference between expected and actual experience	\$ 14,234	\$ (289,905)
Changes of assumptions	40,180	(28,001)
Net difference between projected and actual earnings on pension plan investments	38,210	(42,949)
Changes in proportion and differences between District contributions and proportionate share of contributions	164	(31,299)
District contributions subsequent to the measurement date	3,735	
	\$ 96,523	\$ (392,154)

**WEBSTER COUNTY WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2023**

The \$3,735 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, 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:

	Year Ended December 31, 2023
2024	\$ (82,254)
2025	(90,545)
2026	(68,631)
2027	(57,937)
	\$(299,367)

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.

Changes of Benefit Terms-None

Changes of Assumptions-the Board of Trustees adopted dated actuarial assumptions. Specifically, the Total OPEB Liability as of June 30, 2023 is determined using a 2.50% price inflation assumption and an assumed rate of return of 7.10%.

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Amortization Period	26 years, Closed
Asset Valuation Method	20% of difference in market and expected market value
Price Inflation	2.30%
Salary Increase	3.305 to 11.55%, varies by service
Investment Return	6.25%
Payroll Growth	2.0%
Mortality	RP-2000 Combined Mortality Table, projected to 2013 With Scale BB (setback 1-year females)
Healthcare Trend Rates (Pre-65)	Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over period of 5 years.
Healthcare Trend Rates (Post 65)	Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over period of 2 years.

**WEBSTER COUNTY WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2023**

Discount rate: The discount rate used to measure the total OPEB liability was 5.93%. The rate is based on the expected rate of return on OPEB plan investments of 7.10% and a municipal bond rate of 2.13% as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2023. Future contributions from plan members and employers will be made with the Board's current funding policy, which includes the requirement that each participating employer in the System contribute the actuarially determined contribution rate, which is determined using a closed funding period (26 years as of June 30, 2017) and actuarial assumptions adopted by the Board. The following table shows the District's share of the collective net liability:

	1% Decrease	Current Discount Rate	1% Increase
OPEB	4.93%	5.93%	6.93%
District's proportionate share			
Of OPEB pension liability	\$ 38,315	\$ (20,417)	\$ (69,599)

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 5.93%, 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 (4.93%) or 1-percentage-point higher (6.93%) than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share			
Of OPEB pension liability	\$ (65,441)	\$ (20,417)	\$34,890

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's 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, 2023. 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.

REQUIRED SUPPLEMENTARY INFORMATION

**WEBSTER COUNTY WATER DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TO COUNTY EMPLOYEE'S RETIREMENT SYSTEM
LAST FISCAL YEAR**

<u>Year Ended December 31</u>	<u>District's proportion of the net pension liability</u>	<u>District's proportionate share of the net pension liability (asset)</u>	<u>District's covered employee payroll</u>	<u>District's share of the net pension liability (asset) as a percentage of its covered employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2016	0.01912%	\$ 941,317	\$ 456,722	206.10283%	55.5028%
2017	0.01919%	\$ 1,123,484	\$ 456,105	246.32135%	53.3249%
2018	0.01949%	\$ 1,187,305	\$ 469,822	252.71379%	53.5420%
2019	0.01632%	\$ 1,147,723	\$ 401,864	285.59985%	50.4470%
2020	0.01599%	\$ 1,223,735	\$ 431,431	283.64559%	47.8139%
2021	0.01599%	\$ 1,019,488	\$ 391,213	260.59660%	57.3282%
2022	0.01531%	\$ 1,106,401	\$ 433,923	254.97608%	52.4175%
2023	0.01479%	\$ 948,937	\$ 473,833	200.26824%	57.4748%

- 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
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
TO COUNTY EMPLOYEES' RETIREMENT SYSTEM
LAST FISCAL YEAR**

Year Ended December 31	Contractually required contribution	Contributions Relative to contractually required contributions	Contribution deficiency (excess)	District's covered employee payroll	Contributions as a percentage of covered employee payroll
2015	\$ 76,496	\$ 76,496	\$	\$ 440,767	17.3552%
2016	\$ 81,602	\$ 81,602	\$	\$ 456,722	17.8669%
2017	\$ 65,192	\$ 65,588	\$ (396)	\$ 456,105	14.2932%
2018	\$ 69,964	\$ 69,964	\$	\$ 469,822	14.891 5%
2019	\$ 86,421	\$ 86,421	\$	\$ 401,864	21.5050%
2020	\$ 98,279	\$ 98,279	\$	\$ 431,431	22.7798%
2021	\$ 93,148	\$ 93,148	\$	\$ 391,213	23.8100%
2022	\$ 92,872	\$ 92,872	\$	\$ 433,923	21.4028%
2023	\$ 100,453	\$ 100,453	\$	\$ 473,833	21.2001%

* 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.

Notes to Required Supplementary Information
For the Year Ended December 31, 2023

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
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
TO OPEB LAST FISCAL YEAR**

Year Ended December 31	Contractually required contribution	Contributions relative to contractually required contribution	Contribution deficiency (excess)	District's covered employee payroll	Contributions as a percentage of covered employee payroll
2018	\$ 7,191	\$ 7,191	\$	\$ 469,822	1.5306%
2019	\$ 9,391	\$ 9,391	\$	\$ 401,864	2.3368%
2020	\$ 9,995	\$ 9,995	\$	\$ 431,431	2.3167%
2021	\$ 12,616	\$ 12,616	\$	\$ 391,213	3.2248%
2022	\$ 18,827	\$ 18,827	\$	\$ 433,923	4.3389%
2023	\$ 14,553	\$ 14,553	\$	\$ 473,833	3.0713%

* 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, 2023**

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

Shad J. Allen, CPA, PLLC

PO Box 974
Richmond, Kentucky 40476
Phone 859-806-5290
Fax 859-349-0061

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, 2023, 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 8, 2024.

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.

Shad J. Allen, CPA, PLLC

Richmond, KY
August 8, 2024