

**JEFFERSON COUNTY WATER AUTHORITY**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

For the Year Ended September 30, 2022

**JEFFERSON COUNTY WATER AUTHORITY**  
**FINANCIAL REPORT**

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	<b>Page</b>
<b>INDEPENDENT AUDITOR’S REPORT</b>	1
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS</b>	4
<b>FINANCIAL STATEMENTS</b>	
Statement of Net Position	11
Statement of Revenues, Expenses, and Change in Net Position	13
Statement of Cash Flows	14
Notes to Financial Statements	16
<b>SUPPLEMENTAL INFORMATION</b>	
Schedule of Revenues and Expenses - Budget and Actual	28
Restricted Assets Breakdown	30

## **INDEPENDENT AUDITOR'S REPORT**

The Board of Directors  
**JEFFERSON COUNTY WATER AUTHORITY**

We have audited the accompanying financial statements of the **JEFFERSON COUNTY WATER AUTHORITY** (the Authority), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority'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 Authority as of September 30, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

We conducted our audit in accordance with the auditing standards generally accepted in the United State of America (GAAS). 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 Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

## Other Matters

### *Required Supplemental 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 supplemental 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.

### *Supplemental Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Sikich LLP*

Washington, Missouri  
February 17, 2023

**JEFFERSON COUNTY WATER AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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As management of the Jefferson County Water Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal years ended September 30, 2022 and 2021.

**FINANCIAL HIGHLIGHTS AND UPCOMING PROJECTS**

During this past fiscal year JCWA has been working with engineering firm, Burns & McDonnell, to provide JCWA with a design and construction services to construct a new horizontal collector well adjacent to the existing horizontal collector well. The scope of work consists of constructing a caisson with adjoining collection laterals, a connected pump house on top of the well which includes the installation of a new emergency power backup generator. This power generator will be configured so that the existing collector well #1 may be utilized during periods of commercial electrical power failure. Site work started in mid-January 2022 when Layne company mobilized their ground crews and completed the required geotechnical investigation work. They completed this stage and compiled pertinent data between February 16, 2022, and February 19, 2022. Well construction began during the month of April 2022. By June 27, 2022, all caisson lifts 2, 3, 4, 5, 6, and 7 were sunk to their final elevation and the caisson plug was placed. Boring of the recovery laterals began on August 23, 2022. Lateral No. 1 at 180LF, Lateral No. 2 at 220LF, and Lateral No. 3 at 200LF, were finished by September 29, 2022. JCWA used bond proceeds for construction of the caisson and laterals. This totaled \$4,269,709, in addition to construction-in-progress on September 30, 2022, being \$4,931,261.

Also, during the fiscal year 2021-2022, the following highlighted items were budgeted for replacement and/or capital improvements. These actions and were funded through either the depreciation/replacement account, or through the JCWA reserve account:

**New HACH Chlorine and Turbidity Analyzers:**

Four (4) turbidity analyzers were installed by JCWA staff in November 2021 costing \$13,230. The new analyzers are very accurate and have not been problematic. They have a self-cleaning option on them, which has helped with accuracy and less maintenance. They almost require no interaction from the operators and can slow the out flow, which drastically in turn cuts cost of wasted water and less electrical energy costs.

JCWA technicians also installed and calibrated two (2) chlorine residual analyzers in April 2022. The analyzers cost \$6,050 each, with a grand total of \$12,099 for both. These analyzers are very maintenance friendly, do not require the constant addition of pH buffer solution like the previous ones did, and are extremely accurate and reliable. As a ground water under the influence of surface water treatment plant classification, we are mandated by Missouri clean drinking water regulations to continuously monitor disinfectant residuals twenty-four hours per day/seven days per week. These analyzers guarantee JCWA compliance with regulatory agencies, as well as ensuring that only water safe for consumption is delivered to our customers.

**JEFFERSON COUNTY WATER AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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**Lime Slurry Pumps:**

Two (2) antiquated lime slurry pumps were replaced with two (2) new lime slurry pumps of a different make and model. These pumps were installed by the Pump Shop in December 2021; and each pump came at a cost of \$22,731. JCWA took advantage of a previously scheduled treatment plant shutdown for SCADA system upgrades to swap out the old with the new pumps. During installation, unforeseen problems involving pump mounting and existing plumbing configuration developed but were resolved. There was initially a leaking issue with the new pumps, but the contractor returned to the plant and rectified the situation at no additional cost to the JCWA.

The lime slurry pumps are critical to ensuring optimal performance of our treatment plant. They pump a slaked lime slurry which is injected and rapidly mixed with polymer coagulants in the bottom center of the Clari-Cone. This is key for the successful removal of hardness ions and other contaminants from the raw influent water that is required to produce clean, softened, potable water. If both pumps were ever to go down simultaneously, operators would be required to discontinue treatment operations until at least one pump becomes functional.

**New Fluoride System:**

JCWA received a \$25,000 grant from Delta Dental in conjunction with an additional grant from the Missouri Department of Health and Senior Services in the amount of \$9,999 for the procurement and installation of a new and improved liquid fluoride feed system. This was installed, programmed, and put in service by Durkin Process Control Solutions in March of 2022, and came to a cost of \$42,577. This modern system is designed in such a way that prevents operators from being physically exposed to the extremely corrosive fluoride or the vapors it emits. The system has the added benefit of automatically refilling the day tank from bulk containers stowed outside of the building. Dosage rates can be established by using the SCADA system, or the dosing pump can also be set to flow pace. It is very operator friendly and can be controlled by either using the main SCADA system or by utilizing a point of service touch screen panel that is located just outside of the fluoride room.

**Main UPS:**

Guarantee Electric was awarded the contract to supply and install a replacement main UPS protecting the treatment plant. The amount for this service was slated for \$19,420 and the new UPS was installed during the month of August 2022. However, complications developed, one being that the electrician was unaware of a requirement to run a grounding loop wire externally, as a lot of these systems come equipped with internal ground connections. Upon putting the unit online an electrical power surge (measuring 170 volts) went through the circuit. A few in-plant surge protectors and electrical outlets, seven water level/flow controllers, and a large portion of the operator control room SCADA main panel components were fried. More than enough damage to render the treatment plant inoperable without risking public health and safety or further damaging other major electronic appurtenances. Guarantee Electric coordinated with Durkin Process Control Solutions to ensure compatibility of SCADA with replacement components, then made good on the needed repairs. They installed six new controllers and repaired one, then worked with Durkin with the installation of SCADA components and with the necessary programming. Water treatment plant operations resumed on August 9, 2022. The total price for the additional repairs came out to \$26,907 and were cost-shared at a 50/50 rate between the JCWA and Guarantee Electric.

**JEFFERSON COUNTY WATER AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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**Electromagnetic Flow Meters:**

JCWA purchased one 8-inch and one 6-inch mag meters needed to replace the ones in use at the Festus Meter Vault and at the Herculaneum 2 Meter Vault. The original meters were getting old and becoming unreliable. The Pump Shop provided meter installation service and Durkin Process Control Solutions programmed the new meters to communicate with into our existing SCADA system. The cost of both meters with installation came out to \$13,075 (\$4,432 for 8 inch and \$4,210 for 6 inch).

**SCADA and PLC (Programmable Logical Controller) Upgrade:**

Replacement of the old PLC equipment serving the collector well, the main treatment plant, and all three-meter vaults was completed in July 2022. This project had been previously advertised for competitive formal bids with Durkin Process Control Solutions being awarded the contract. The telemetry equipment for Herculaneum meter vaults #1 and #2 was replaced because it was getting old and outdated. A determination was made to complete this work at this time to pair with the project of Herculaneum upgrading and replacing their SCADA system controls and PLC's. Accuracy of communications between the Herculaneum and JCWA systems has been noticeably improved since project completion. The JCWA has installed a wireless, or WIFI network serving the water treatment facility. The new network will resolve long term cell phone and computer communication problems and will facilitate the eventual use of a mobile tablet to access SCADA data from remote locations. This feature will be a tremendous aid for diagnostic troubleshooting and repair work in the future. This project also included adding additional monitors to enhance the overview of all component status of the entire treatment process, making it much easier for operators to identify and respond to changing operating parameters or conditions. The PLCs were replaced because they were antiquated and spare or replacement parts were no longer available. These communication improvements and upgrades set the stage for the JCWA to meet new challenges and demands for future modernization. The SCADA system is the heart and soul for us being able to successfully operate the treatment plant and provide a top-notch finished product for our customers. The total cost of the 2<sup>nd</sup> phase with the additional operator computers and network licenses totaled \$185,683.

**Slaker Gearbox and Motor Failure:**

On April 10, 2022, the gearbox and motor on the slaker in the lime silo suffered a complete mechanical failure. Plant operations had to be halted until an emergency repair or solution was derived. JCWA contacted the Pump Shop and coordinated the critical removal and repair of both the gearbox and the drive motor. The Pump Shop removed these components and transported them to their workshop for troubleshooting purposes. Disassembly and inspection revealed that all internals were destroyed. They then initiated an emergency rebuild and reinstalled all components on April 11, 2022, at a cost of \$5,600.

**JEFFERSON COUNTY WATER AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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**Low Lift Pump Number 2:**

Low Lift Pump #2 was replaced by the Pump Shop with a new one in August 2022. This action was taken due to the age and deteriorated condition of the original pump. The new pump allows operators to routinely swap pumps to reduce excessive wear and tear and provides for a viable backup in case of mechanical failure of pump #1. The Pump Shop procured the wrong expansion joint needed for this project and used the old expansion joint to put the pump online. Once they receive the correct parts, the Pump Shop will send a crew out to install the new expansion joint. Availability of parts has been problematic for many items, and this project will not be completed in full and invoiced until FY 2023.

**Upcoming Budget Year 2022-2023:**

The Authority has several replacement items and capital improvements that will be completed this fiscal year that include the following:

- **(2) Robo Control Actuators for CL2 System**
- **(2) Flow Control Valve Actuators**
- **Air Scour Blow Off Valve**
- **Lagoon Pump No. 2**
- **Conceptual Facility Plan**
- **On-Site Water Tank Re-Paint**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's financial statements presented in this report consist of the statement of net position; statement of revenues, expenses, and change in net position; and statement of cash flows. The statement of net position provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for assessing the liquidity and financial flexibility of the Authority. The revenues and expenses are accounted for in the statement of revenues, expenses, and change in net position. This statement reports the revenues and expenses during the time period indicated, and can be used to determine whether the Authority has successfully recovered all of its costs through user fees and other charges. The primary purpose of the statement of cash flows is to provide information about the Authority's cash receipts and cash payments. This statement reports cash receipts, cash payments, and net changes in cash resulting from activities related to operations, capital and related financing, noncapital and related financing activities, and investing activities.

**STATEMENT OF NET POSITION**

The Authority's net position increased \$1,165,212 or 9%, which consisted of a \$360,102 increase in total assets combined with a \$778,275 decrease in total liabilities. Net capital assets, which is discussed more in capital assets, increased \$4,307,563, or 36%. Current assets increased by \$145,101 or 7%. As of September 30, 2022, the Authority had net position of \$13,885,044.

**JEFFERSON COUNTY WATER AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

A summary of financial position follows:

	September 30		2022 Change	
	2022	2021	Amount	Percent
<b>ASSETS</b>				
Current assets	\$ 2,243,811	2,098,710	145,101	7 %
Restricted assets	9,021,288	12,854,352	(3,833,064)	(30)
Noncurrent assets - other	-	259,498	(259,498)	(100)
Net capital assets	16,416,585	12,109,022	4,307,563	36
Total Assets	<u>27,681,684</u>	<u>27,321,582</u>	<u>360,102</u>	1
<b>LIABILITIES</b>				
Current liabilities payable from current assets	804,718	220,026	584,692	266
Current liabilities payable from restricted assets	1,719,670	1,386,695	332,975	24
Long-term debt, less current maturities	11,252,125	12,948,067	(1,695,942)	(13)
Total Liabilities	<u>13,776,513</u>	<u>14,554,788</u>	<u>(778,275)</u>	(5)
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred charge on refunding	20,127	46,962	(26,835)	(57)
<b>NET POSITION</b>				
Net investment in capital assets	9,604,404	7,773,992	1,830,412	24
Restricted	3,101,085	3,336,469	(235,384)	(7)
Unrestricted	1,179,555	1,609,371	(429,816)	(27)
Total Net Position	<u>\$ 13,885,044</u>	<u>12,719,832</u>	<u>1,165,212</u>	9 %

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION**

Operating revenues increased by \$57,670 or 2%. This increase was due to the increase in the wholesale water rate from \$4.80 to \$4.90.

Operating expenses decreased by \$373,641 or 21%. This decrease is largely due to an increased need for maintenance and repairs in the prior year.

**JEFFERSON COUNTY WATER AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

A condensed version of the statements of revenues, expenses, and change in net position is as follows:

	<b>For The Years</b>		<b>2022 Change</b>	
	<b>Ended September 30</b>		<b>Amount</b>	<b>Percent</b>
	<b>2022</b>	<b>2021</b>		
<b>OPERATING REVENUES</b>	\$ 2,825,830	2,768,160	57,670	2 %
OPERATING EXPENSES	<u>1,411,188</u>	<u>1,784,830</u>	<u>(373,642)</u>	(21)
<b>OPERATING INCOME</b>	1,414,642	983,330	431,312	44
NONOPERATING (REVENUES) EXPENSES, NET	<u>249,430</u>	<u>481,075</u>	<u>(231,645)</u>	(48)
<b>CHANGE IN NET POSITION</b>	1,165,212	502,255	662,957	132
NET POSITION, BEGINNING OF YEAR	<u>12,719,832</u>	<u>12,217,577</u>	<u>502,255</u>	4
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 13,885,044</u></u>	<u><u>12,719,832</u></u>	<u><u>1,165,212</u></u>	9 %

**STATEMENT OF CASH FLOWS**

The Authority's rate structure is designed to collect sufficient revenues to cover operating expenses. The Authority accomplished that objective during 2022. The net cash provided by operating activities was used primarily for payment of debt, and capital improvements.

**CAPITAL ASSETS**

Net capital assets were \$16,416,585 at September 30, 2022 compared to \$12,109,022 in 2021, an increase of \$4,307,563, or 36%. The Authority's capital assets consist primarily of the water plant. The increase is due to the plant and building improvement additions in CIP in the amount of \$4,413,108.

Additional information on the Authority's capital assets can be found in Note E in the notes to financial statements.

**LONG-TERM DEBT**

The Authority's long-term liabilities of \$12,862,924 at September 30, 2022 decreased by \$1,345,943 from 2021. This decrease was primarily due to payments on debt throughout the year.

Additional information on the Authority's long-term debt can be found in Note F in the notes to financial statements.

**JEFFERSON COUNTY WATER AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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**DEBT SERVICE COVERAGE**

Pursuant to Section 5A.8 of the Loan Agreement, the Authority is required to set the rates and charges at a level such that the net revenues available for debt service shall not be less than 1.10 times average annual debt service calculated with respect to the Series 2021 Bonds, and any outstanding parity obligations (Series 2002A, 2001C and 2012 Direct Loan). If the net revenues fall below the 1.10 rate covenant requirement, the Authority agrees to retain a consultant to make recommendations to increase the annual debt service coverage.

Debt service ratio calculation is as follows:

	<b>For The Year Ended September 30 2022</b>
<b>REVENUE</b>	
Water sales	\$ 2,825,830
Investment income	68,095
Other income (Herculaneum reimbursement and debt)	265,310
Total Revenue	3,159,235
<b>LESS - OPERATING EXPENSES</b>	977,953
<b>NET REVENUES FOR DEBT COVERAGE</b>	\$ 2,181,282
<b>ANNUAL DEBT SERVICE</b>	\$ 1,754,961
<b>DEBT SERVICE COVERAGE RATIO</b>	124.3 %

**RESTRICTED ASSETS**

Total restricted assets were \$8,999,435 at September 30, 2022 compared to \$12,853,049 at September 30, 2021. The Authority's debt covenants specify the manner in which monies on deposit in the various funds must be used. The depreciation and replacement account is used only for paying the cost of extensions, enlargements, replacements, or additions to the capital assets of the Authority. Restricted assets decreased \$3,853,614 or 30% primarily due to the use of bond funds for capital improvement projects.

**OVERALL ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS**

The Authority's overall financial position in 2022 increased 9% as shown by the net position increase of \$1,165,212. The Authority continues to plan for future growth.

**REQUEST FOR INFORMATION**

This report is intended to provide our customers and other interested parties with a general overview of the financial position of the Authority and to indicate accountability for the revenues received. Questions about this report or requests for additional information should be directed to the Treasurer, Michelle Vaughn, at 636-937-4694.

# JEFFERSON COUNTY WATER AUTHORITY

## STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

### ASSETS

#### Current Assets

Cash and cash equivalents	\$ 1,347,257
Investments	250,000
Receivables:	
Service charges	232,260
Other	8,661
Due from City of Herculaneum	259,498
Prepaid expenses	94,801
Inventory	51,334
Total Current Assets	<u>2,243,811</u>

#### Restricted Assets

Cash and cash equivalents	6,982,435
Investments	2,017,000
Receivables:	
Interest receivable	21,853
Total Restricted Assets	<u>9,021,288</u>

#### Noncurrent Assets

Capital assets:	
Land and construction in progress	5,520,854
Other capital assets, net of accumulated depreciation	10,895,731
Total Capital Assets	<u>16,416,585</u>
Total Assets	<u>27,681,684</u>

# JEFFERSON COUNTY WATER AUTHORITY

## STATEMENT OF NET POSITION (Continued)

SEPTEMBER 30, 2022

### LIABILITIES

#### Current Liabilities

Accounts payable	784,589
Accrued payroll liabilities	20,129
Payable from restricted assets:	
Current maturities of long-term debt	1,610,800
Accrued interest payable	108,870
Total Current Liabilities	<u>2,524,388</u>

#### Long-term Debt, less current maturities

Revenue bonds payable	10,891,425
Loan payable	360,700
Total Long-term Liabilities	<u>11,252,125</u>
Total Liabilities	<u>13,776,513</u>

#### Deferred Inflows of Resources

Deferred amount on refunding	<u>20,127</u>
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### NET POSITION

Net investment in capital assets	9,604,404
Restricted for debt service	1,304,605
Restricted for depreciation and replacement	1,796,480
Unrestricted	<u>1,179,555</u>
Total Net Position	<u>\$ 13,885,044</u>

**JEFFERSON COUNTY WATER AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGE IN NET POSITION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

<b>WATER SALES</b>	<u>\$ 2,825,830</u>
<b>OPERATING EXPENSES</b>	
Payroll expenses	374,960
Supplies and materials	107,900
Professional services	21,570
Utilities	137,008
Depreciation	433,235
Repairs and maintenance	247,228
Insurance	73,051
Office expenses	16,236
Total Operating Expenses	<u>1,411,188</u>
<b>OPERATING INCOME</b>	<u>1,414,642</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Intergovernmental	34,999
Investment income	68,095
Reimbursement and miscellaneous	15,791
Loss on disposal of assets	(3,156)
Interest expense	(365,159)
Total Nonoperating Revenues (Expenses)	<u>(249,430)</u>
<b>CHANGE IN NET POSITION</b>	1,165,212
<b>NET POSITION, OCTOBER 1</b>	<u>12,719,832</u>
<b>NET POSITION, SEPTEMBER 30</b>	<u><u>\$ 13,885,044</u></u>

# JEFFERSON COUNTY WATER AUTHORITY

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

### INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

#### Cash flows from operating activities:

Cash received from customers	\$ 2,821,090
Cash payments to employees	(387,666)
Cash payments to suppliers for goods and services	(749,407)
Net Cash Provided By Operating Activities	<u>1,684,017</u>

#### Cash flows from noncapital financing activities:

Decrease in due from City of Herculaneum	269,313
Intergovernmental	9,999
Reimbursements and miscellaneous	15,732
Net Cash Provided By Noncapital Financing Activities	<u>295,044</u>

#### Cash flows from capital and related financing activities:

Payments on loan payable	(35,800)
Payments on bonds payable	(1,225,000)
Interest paid on debt	(494,161)
Purchase of capital assets	(4,014,371)
Net Cash Used In Capital And Related Financing Activities	<u>(5,769,332)</u>

#### Cash flows from investing activities:

Maturity of investments	1,098,000
Purchase of investments	(2,267,000)
Investment income	47,545
Net Cash Used In Investing Activities	<u>(1,121,455)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS

(4,911,726)

CASH AND CASH EQUIVALENTS, OCTOBER 1

13,241,418

CASH AND CASH EQUIVALENTS, SEPTEMBER 30

\$ 8,329,692

### RECONCILIATION WITH STATEMENT OF NET POSITION

Cash and cash equivalents	\$ 1,347,257
Cash and cash equivalents - restricted	<u>6,982,435</u>
Total Reconciliation With Statement Of Net Position	<u>\$ 8,329,692</u>

# JEFFERSON COUNTY WATER AUTHORITY

## STATEMENT OF CASH FLOWS (Continued) FOR THE YEAR ENDED SEPTEMBER 30, 2022

### RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

#### Cash flows from operating activities:

Operating income	\$ 1,414,642
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	433,235
(Increase) decrease in:	
Accounts receivable	(13,299)
Inventory	(12,398)
Prepaid insurance	(18,272)
Increase (decrease) in:	
Accounts payable	(111,662)
Accrued payroll liabilities	(8,229)
Total Adjustments	<u>269,375</u>
Net Cash Provided By Operating Activities	<u>\$ 1,684,017</u>

#### Schedule of noncash capital and related financing activities:

Capital asset included in accounts payable	<u>\$ 729,583</u>
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# JEFFERSON COUNTY WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**JEFFERSON COUNTY WATER AUTHORITY** (the Authority) is a nonprofit corporation organized in order to promote health and general welfare of the inhabitants residing within those municipalities and public water supply districts (collectively, the “Governmental Entities”) who subscribe to the membership of the Authority, by taking appropriate action to acquire by purchase, develop, and sell potable water supply to sponsoring municipalities. The Board of Directors is appointed by the governing body of each member of the Authority. The Authority was incorporated in January 2000 and began its activities in November 2001. The Authority began delivery of water to customers in September 2003. The more significant accounting policies consistently applied by the Authority in the preparation of the accompanying financial statements are summarized below:

#### **1. Reporting Entity**

The financial statements of the Authority include the financial activities of the Authority and any component units, entities which are financially accountable to the Authority. The Authority does not currently have any component units.

#### **2. Measurement Focus and Basis of Accounting**

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting principles. Under this method, the financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Revenues and expenses are categorized as either operating or nonoperating. Operating revenues and expenses include charges that are assessed to the beneficiaries of the service and the cost of providing the service. Nonoperating and other activities primarily include investment income, interest expense, and capital contributions.

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

#### **3. Investments**

Investments with a maturity of one year or less when purchased and non-negotiable certificates of deposits are reported at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**JEFFERSON COUNTY WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**4. Accounts Receivable**

In the opinion of management, all receivables are collectible in full; therefore, no allowance for doubtful accounts is provided.

**5. Inventory**

Inventory is valued at cost (first-in, first-out) and the expense is recognized when inventories are consumed in operations.

**6. Prepaid Expenses**

Prepaid expenses consist of payments that will benefit periods beyond the fiscal year-end.

**7. Capital Assets**

Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 for machinery and equipment, \$25,000 for buildings and building improvements, and an estimated useful life greater than one year. Such assets are recorded at historical cost if purchased or constructed. Assets acquired through contributions from developers or other customers are capitalized at their estimated acquisition value at the date of contribution.

Depreciation is being computed on the straight-line method, using assets lives as follows:

Assets	Years
Land improvements	20
Buildings and building improvements	30
Water plant and equipment	7 - 50
Vehicles	5 - 10
Computer equipment and software	3 - 15

Depreciation expense charged to operations for the year ended September 30, 2022 amounted to \$433,235.

**8. Unearned revenue**

Unearned revenues arise when resources are received by the Authority before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures.

**9. Debt Premiums**

Net premiums on debt issues are presented as an addition to the face amount and are amortized on the straight-line method over the terms of the debt. Amortization of premiums recognized in operations for the year ending September 30, 2022, amounted to \$85,142.

**JEFFERSON COUNTY WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**10. Deferred Charge on Refunding**

A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized on the straight-line method over the shorter of the life of the refunded or refunding debt. Amortization of the deferred charge on refunding for the years ended September 30, 2022 amounted to \$26,835.

**11. Deferred Inflows of Resources**

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, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has deferred inflows related to the deferred charge on refunding.

**12. Water Sales**

Water revenue is recorded when earned. Billings are rendered on a monthly basis.

**13. Statement of Cash Flows**

For the purpose of the statement of cash flows, the Authority considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**14. Income Taxes**

The Authority is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

**15. Budgets and Budgetary Accounting**

The annual budget is adopted on a basis that is substantially consistent with accounting principles generally accepted in the United States of America. Budgeted amounts lapse at fiscal year-end. The Authority is required to adopt an annual budget prior to the beginning of each fiscal year. Budgetary control is at the fund level. Management may not exceed budgeted amounts on a line-item basis without Board approval. All amendments to fund totals must be approved by the Board.

**16. Restricted Assets**

Certain resources set aside for the construction costs, repayment of debt and depreciation and replacement accounts are classified as restricted assets on the statement of net position because their use is limited by applicable debt covenants.

**JEFFERSON COUNTY WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**17. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

**NOTE B - CASH, CASH EQUIVALENTS, AND INVESTMENTS**

**1. Deposits**

The Authority's bank deposits are secured by the deposit of certain securities with the Authority or trustee institution. The value of the securities must amount to the total of the Authority's cash not insured by the Federal Deposit Insurance Corporation. As of September 30, 2022, the Authority's bank balances were entirely secured or collateralized with securities held by the Authority or by its agent in the Authority's name.

**2. Investments**

The Authority's formal investment policies are as follows:

**Credit Risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority minimizes credit risk by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the Authority will do business and diversifying the portfolio so that potential losses on individual securities will be minimized.

**Interest Rate Risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Authority minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing primarily in shorter term securities.

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer. The Authority minimizes concentration of credit risk by diversifying the investment portfolio.

**JEFFERSON COUNTY WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE B - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

**2. Investments (Continued)**

**Custodial Credit Risk** for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To limit its exposure, the Authority's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investment held by a third party acting as the District's agent separate from where the investment was purchased or by the trust department of the bank where purchased, in the District's name.

**3. Fair Value Measurements**

The Authority classifies its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are prices quoted in active markets for those securities; Level 2 inputs are significant other observable inputs using a matrix pricing technique; and Level 3 inputs are significant unobservable inputs. The inputs and methodologies used for valuing investment securities are not necessarily an indication of risk associated with investing in those securities.

The Authority only has non-negotiable certificates of deposits and money market funds as of September 30, 2022, which are not measured at fair value and are excluded from the fair value hierarchy.

**NOTE C - CONCENTRATION**

The Authority entered into a water rate agreement to provide water to the City of Festus and the City of Herculaneum. The Board of Directors and officers of the Authority are made up of individuals associated with the two noted cities, thus making them related parties. The agreements are as follows:

On March 26, 2001, the City of Herculaneum entered into a contract with the Authority to purchase 480,000 gallons of water per day. On August 16, 2011, the City of Herculaneum Board of Alderman approved amending the water usage obligation to 520,000 gallons of water per day as of October 1, 2011 with the understanding that should the largest consumer of water from the City of Herculaneum reduce its water usage significantly, or should the City of Herculaneum's usage decrease for any unforeseen reason by 20% over a consecutive three month period, then it would revert back to its original contract of 480,000 gallons per day. As of July 1, 2012, the City of Herculaneum reverted to the original 480,000 gallons per day.

On March 28, 2001, the City of Festus entered into a similar contract with the Authority to purchase 1,100,000 gallons of water per day.

**JEFFERSON COUNTY WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE D - RISK MANAGEMENT**

The Authority carries commercial insurance for its risks of loss, including workers' compensation, property, general umbrella, and public officials' liability insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE E - CAPITAL ASSETS**

The following is a summary of changes in capital assets:

	<b>For The Year Ended September 30, 2022</b>			<b>Balance September 30 2022</b>
	<b>Balance September 30 2021</b>	<b>Increases</b>	<b>Decreases</b>	
Capital assets not being depreciated:				
Land	\$ 373,444	-	-	373,444
Construction in progress	734,302	4,485,859	72,751	5,147,410
Total Capital Assets Not Being Depreciated	<u>1,107,746</u>	<u>4,485,859</u>	<u>72,751</u>	<u>5,520,854</u>
Capital assets being depreciated:				
Land improvements	44,063	-	-	44,063
Water plant	17,155,138	320,444	23,156	17,452,426
Buildings and building improvements	167,353	-	-	167,353
Vehicles	47,211	-	-	47,211
Computer equipment and software	26,328	10,402	15,780	20,950
Total Capital Assets Being Depreciated	<u>17,440,093</u>	<u>330,846</u>	<u>38,936</u>	<u>17,732,003</u>
Less - Accumulated depreciation for:				
Land improvements	17,377	4,006	-	21,383
Water plant	6,347,034	415,673	23,156	6,739,551
Buildings and building improve- ments	26,358	7,745	-	34,103
Vehicles	26,453	3,193	-	29,646
Computer equipment and software	21,595	2,618	12,624	11,589
Total Accumulated Depreciation	<u>6,438,817</u>	<u>433,235</u>	<u>35,780</u>	<u>6,836,272</u>
Total Capital Assets Being Depreciated, Net	<u>11,001,276</u>	<u>(102,389)</u>	<u>3,156</u>	<u>10,895,731</u>
Total Capital Assets, Net	<u>\$ 12,109,022</u>	<u>4,383,470</u>	<u>75,907</u>	<u>16,416,585</u>

**JEFFERSON COUNTY WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE F - LONG-TERM DEBT**

A summary of changes in long-term debt is as follows:

	<b>For The Year Ended September 30, 2022</b>			<b>Balance September 30 2022</b>	<b>Amounts Due Within One Year</b>
	<b>Balance September 30 2021</b>	<b>Additions</b>	<b>Reductions</b>		
Revenue bonds payable	\$ 12,095,000	-	1,225,000	10,870,000	1,575,000
Plus: Premium	1,681,567	-	85,142	1,596,425	-
Loan payable	432,300	-	35,800	396,500	35,800
Total	<u>\$ 14,208,867</u>	<u>-</u>	<u>1,345,942</u>	<u>12,862,925</u>	<u>1,610,800</u>

Long-term debt consisted of the following:

	<b>September 30 2022</b>
<b>Revenue Bonds Payable</b>	
\$12,095,000 revenue bonds, Series 2021A & B, due in annual installments through July 1, 2041, interest payable at 4%.	\$ 10,870,000
Less - Current maturities	1,575,000
Plus - Unamortized debt premiums, net	<u>1,596,425</u>
Total Long-term Revenue Bonds Payable	<u>\$ 10,891,425</u>
<b>Loan Payable</b>	
\$751,000 loan from the Missouri Department of Natural Resources, due in installments through July 1, 2032, interest payable at 1.36%.	\$ 396,500
Less - Current maturities	<u>35,800</u>
Total Long-term Loan Payable	<u>\$ 360,700</u>

**JEFFERSON COUNTY WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE F - LONG-TERM DEBT (Continued)**

Annual debt service requirements to maturities are as follows:

<u>For The Years Ending September 30</u>	<u>Bonds</u>		<u>Loan Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,575,000	430,088	35,800	5,271
2024	370,000	367,088	37,800	4,777
2025	375,000	357,000	37,800	4,263
2026	390,000	342,000	37,800	3,749
2027	410,000	326,400	39,600	3,229
2028 - 2032	2,295,000	1,373,400	207,700	7,903
2033 - 2037	2,795,000	876,400	-	-
2038 - 2041	2,660,000	271,400	-	-
Total	<u>\$ 10,870,000</u>	<u>4,343,776</u>	<u>396,500</u>	<u>29,192</u>

The debt issues are payable solely from revenues of the Authority. Default provisions for the debt comprise various requirements including amounts becoming due and payable. In addition, remedies comprise various provisions including taking possession of the facility.

The City of Herculaneum’s share of long-term debt is as follows:

<u>2021 Refunding (2001C)</u>				
<u>Bond Payable</u>	<u>City Of Herculaneum's Share</u>	<u>Subtotal</u>	<u>Less - Reim- bursements</u>	<u>Total</u>
<u>\$ 10,435,000</u>	<u>3.382332106%</u>	<u>\$ 352,946</u>	<u>\$ 329,190</u>	<u>\$ 23,756</u>
<u>2021 Refunding (2002A)</u>				
<u>Bond Payable</u>	<u>City Of Herculaneum's Share</u>	<u>Subtotal</u>	<u>Less - Reim- bursements</u>	<u>Total</u>
<u>\$ 8,230,000</u>	<u>45.766344165%</u>	<u>\$ 3,766,570</u>	<u>\$ 3,530,828</u>	<u>\$ 235,742</u>
			<b>Grand Total</b>	<u>\$ 259,498</u>

# JEFFERSON COUNTY WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

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### NOTE G - EMPLOYEES' PROFIT SHARING PLAN

The Authority contributes to a 401(k) Profit Sharing Plan, which is monitored by Nationwide Retirement Solutions. Employees are eligible to participate in the deferral compensation program at the end of six months of service. The Authority will match 50% of the participant's elective deferral percentage up to 3%. The Authority may also make discretionary contributions throughout the year which are allocated among all employees even if they are not a participant in the profit sharing plan. The amounts withheld from each paycheck and submitted by the Authority directly to Nationwide on behalf of the employees for the year ended September 30, 2022 is \$2,481. The amount contributed by the Authority in 2022 was \$17,500. The Authority uses forfeitures from nonvested employees to offset contributions related to the plan.

### NOTE H - COMMITMENTS

At September 30, 2022, the Authority has a commitment for Collector Well Construction Services in the amount of \$6,182,797.

### NOTE I - FUTURE ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the Authority. The statements which might impact the Authority are as follows:

- GASB Statement No. 91, *Conduit Debt Obligations*. The objective of this Statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with: 1) commitments extended by issuers, 2) arrangements associated with conduit debt obligations, and 3) related note disclosures. The requirements of this Statement are effective for the year ending September 30, 2023.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for the year ending September 30, 2023.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). 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 a SBITA. The requirements of this Statement are effective for the year ending September 30, 2023.

**JEFFERSON COUNTY WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE I - FUTURE ACCOUNTING PRONOUNCEMENTS (Continued)**

- GASB Statement No. 99, *Omnibus 2022*, addresses a variety of topics including: Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument; clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives; clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to: a) the determination of the public-private and public-public partnership (PPP) term and b) recognition and measurement of installment payments and the transfer of the underlying PPP asset; clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability; extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt; accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP); disclosures related to non-monetary transactions; pledges of future revenues when resources are not received by the pledging government; clarification of provisions in Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*, as amended, related to the focus of the government-wide financial statements; terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and terminology used in Statement 53 to refer to resource flows statements. This statement is effective upon issuance for requirements related to the extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63. The effective date for the requirements related to leases, PPPs, and SBITAs is the fiscal year ending September 30, 2023. The effective date for the requirement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 is the fiscal year ending September 30, 2024.
- GASB Statement No. 100, *Accounting Changes and Error Corrections--an amendment of GASB Statement No. 62*, enhances accounting and financial reporting requirement for accounting changes and error corrections. This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also addresses corrections of errors in previously issued financial statements. This Statement requires that: a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). This Statement is effective for the fiscal year ending September 30, 2024.

**JEFFERSON COUNTY WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE I - FUTURE ACCOUNTING PRONOUNCEMENTS (Continued)**

- GASB Statement No. 101, *Compensated Absences*, requires that liabilities for compensated absences be recognized for: 1) leave that has not been used and 2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if: a) the leave is attributable to services already rendered, b) the leave accumulates, and c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement requires that a liability for certain types of compensated absences--including parental leave, military leave, and jury duty leave--not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as it is identified as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. This Statement is effective for the fiscal year ending September 30, 2025.

**NOTE J - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 17, 2023, the date which the financial statements were available for issue.

**SUPPLEMENTAL INFORMATION SECTION**

**JEFFERSON COUNTY WATER AUTHORITY**  
**SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES**  
**AND EXPENSES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>WATER SALES</b>	\$ 2,825,830	2,825,830	2,825,830	-
<b>SOURCE OF SUPPLY AND PUMPING EXPENSES</b>				
Chemicals	130,000	130,000	90,636	(39,364)
Engineering fees	5,000	5,000	-	(5,000)
Payroll expenses	431,223	416,663	374,960	(41,703)
Repairs and maintenance	587,852	531,727	247,228	(284,499)
Equipment Rental	5,000	5,000	-	(5,000)
Supplies	23,700	23,700	17,264	(6,436)
Total Source Of Supply And Pumping Expenses	<u>1,182,775</u>	<u>1,112,090</u>	<u>730,088</u>	<u>(382,002)</u>
<b>ACCOUNTING, COLLECTION, AND ADMINISTRATIVE EXPENSES</b>				
Bank fees	6,623	7,223	7,001	(222)
Dues and subscriptions	1,800	1,800	765	(1,035)
Insurance and bonds	77,450	83,386	73,051	(10,335)
Miscellaneous	1,000	1,000	1,350	350
Office supplies, postage, advertising, travel	13,900	13,900	7,120	(6,780)
Professional services	19,750	23,550	21,570	(1,980)
Utilities	158,300	158,300	137,008	(21,292)
Total Accounting, Collection, And Administrative Expenses	<u>278,823</u>	<u>289,159</u>	<u>247,865</u>	<u>(41,294)</u>
<b>OPERATING AND MAINTENANCE EXPENSES</b>	<u>1,461,598</u>	<u>1,401,249</u>	<u>977,953</u>	<u>(423,296)</u>

(Continued)

**JEFFERSON COUNTY WATER AUTHORITY**  
**SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES**  
**AND EXPENSES - BUDGET AND ACTUAL (Continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>OPERATING INCOME BEFORE DEPRECIATION EXPENSE</b>	1,364,232	1,424,581	1,847,877	423,296
<b>DEPRECIATION EXPENSE</b>	-	-	(433,235)	433,235
<b>OPERATING INCOME</b>	<u>1,364,232</u>	<u>1,424,581</u>	<u>1,414,642</u>	<u>(9,939)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Intergovernmental	35,000	35,000	34,999	(1)
Investment income	18,075	18,075	68,095	50,020
Reimbursement and miscellaneous	285,085	285,085	15,791	(269,294)
Net amortization	-	111,978	111,977	(1)
Loss on disposal of assets	-	-	(3,156)	(3,156)
Interest expense	(494,161)	(494,161)	(477,136)	17,025
Total Nonoperating Revenues (Expenses)	<u>(156,001)</u>	<u>(44,023)</u>	<u>(249,430)</u>	<u>(205,407)</u>
<b>CHANGE IN NET POSITION</b>	<u><u>\$ 1,208,231</u></u>	<u><u>1,380,558</u></u>	<u><u>1,165,212</u></u>	<u><u>(215,346)</u></u>

**JEFFERSON COUNTY WATER AUTHORITY**  
**SUPPLEMENTAL INFORMATION - RESTRICTED ASSETS BREAKDOWN**  
**SEPTEMBER 30, 2022**

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Accounts funded for specific debt and construction:

2021A debt service	\$ 502,597
2021B debt service	65,212
2021 project fund	6,070,871
2012 interest	1,346
2012 principal	<u>8,959</u>
Total	<u>\$ 6,648,985</u>

Annual depreciation and replacement account requirement:

Pursuant to the outstanding parity obligation documents, beginning January 1, 2004 the Authority needs to deposit \$6,300 per month into a separate depreciation and replacement account requirement for the 2002A Series and then commencing on July 1, 2004 an additional monthly deposit of \$4,117 is required for the 2001C Series until the maximum requirement is met of \$1,034,700 which allows the maximum requirement to be spread over a six-year period. For the 2021 Series there is no longer a depreciation and replacement account requirement.

Replacement account balance	\$ 326,480
Replacement investment account balance	<u>1,470,000</u>
Total	<u>\$ 1,796,480</u>

The City of Herculaneum's 110% Debt Coverage Ratio:

The Authority is responsible for covering the 110% debt service ratio based on their share of debt service payments on the 2001C Series or 3.382332106% and debt service payments on the 2002A Series or 45.766344165%, which was based on construction funds released from the investment account to cover their infrastructure projects. It was agreed that the additional 10% paid to the Authority would be deposited into a separate reserve account until their share of the bonds have been paid in full or applied to the final debt service payment.

City of Herculaneum's reserve account	\$ 6,970
City of Herculaneum's reserve investment account	<u>547,000</u>
Total	<u>\$ 553,970</u>
Total Restricted Cash, Cash Equivalents, And Investments At September 30, 2022	<u>\$ 8,999,435</u>