

**ROCK CREEK PUBLIC SEWER DISTRICT  
JEFFERSON COUNTY, MISSOURI  
ANNUAL FINANCIAL REPORT  
DECEMBER 31, 2022**

ROCK CREEK PUBLIC SEWER DISTRICT  
JEFFERSON COUNTY, MISSOURI  
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INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Rock Creek Public Sewer District  
Jefferson County, Missouri

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of the business-type activities of the Rock Creek Public Sewer District ("District"), Missouri, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of December 31, 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 Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting 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 and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting 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 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.

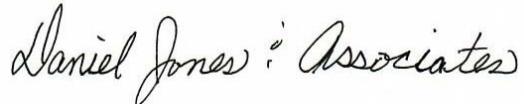
## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the accompanying Management's Discussion and Analysis, Budgetary Comparison Schedule, Schedule of Changes in Net Pension Liability and Related Ratios, and the Schedule of Contributions on pages 6-12, 33-34, 35, and 36, respectively, 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 the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not

express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued on our report dated July 26, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Daniel Jones & Associates". The signature is fluid and cursive, with "Daniel Jones" on the top line and "& Associates" on the line below it.

DANIEL JONES & ASSOCIATES, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
ARNOLD, MISSOURI

July 26, 2023



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

Board of Directors  
Rock Creek Public Sewer District  
Jefferson County, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Rock Creek Public Sewer District ("District"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated July 26, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 District'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 to 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2022-001 and 2022-002 that we consider to be material weaknesses.

## **Report on Compliance and Other Matters**

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

### **District's Responses to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Daniel Jones & Associates". The signature is fluid and cursive, with "Daniel Jones" on the top line and "& Associates" on the bottom line.

DANIEL JONES & ASSOCIATES, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
ARNOLD, MISSOURI

July 26, 2023

**ROCK CREEK PUBLIC SEWER DISTRICT  
JEFFERSON COUNTY, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(UNAUDITED)**

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**INTRODUCTION:**

The management team of the Rock Creek Public Sewer District offers the readers of the District's financial statements with this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2022.

**OVERVIEW OF FINANCIAL OPERATIONS:**

The financial transactions of the District are recorded as an enterprise fund. An enterprise fund is the same financial reporting system that is used by the private sector, rather than a typical government entity. An enterprise fund is generally utilized for operations where the expenses, including depreciation, of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

The enterprise fund of the District is reported using the accrual basis of accounting under generally accepted accounting principles. Revenues are recognized when they are earned and expenditures are recognized when the liability is incurred.

**OVERVIEW OF FINANCIAL STATEMENTS:**

The condensed financial statements presented in this report consist of the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position.

The Statement of Net Position provides information on the resources received by the District (assets) and its obligations to creditors (liabilities). The difference between the assets and liabilities is reported as Net Position. Over time, changes in Net Position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenue, Expenses, and Changes in Fund Net Position reports the operating revenues and expenses and the non-operating revenues and expenses of the District. The difference between the revenues and expenses represents a profit (or a loss) for the year. This information is combined with any capital grants to determine the net change in assets for the year. That change, combined with the Net Position at the end of the previous year becomes the Net Position at the end of the current year. This statement provides information over the past two years and can be used to determine whether the District has recovered all of its actual and projected costs through user fees and other charges.

**STATEMENT OF NET POSITION:**

Current assets are comprised primarily of cash and cash equivalents and accounts receivable. Current assets decreased by \$1,199,374 in 2022 from \$13,261,290 in 2021 to \$12,061,916 in 2022.

Noncurrent assets are made up of investments. Noncurrent assets increased from \$905,401 in 2021 to \$906,305 in 2022.

**ROCK CREEK PUBLIC SEWER DISTRICT**  
**JEFFERSON COUNTY, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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Capital assets not being depreciated are made up of land costs and construction in progress. Land costs remained the same during 2022. Construction in progress increased in 2022 compared to 2021 by \$2,729,010.

Capital assets being depreciated include new sewer construction, line replacement; plant expansion; transportation; facility plan updates; and tools and shop equipment. This category was increased to \$47,556,183 due to New Garage at the Treatment Facility, Phase 8 Repair & Replacement, New Influent Pumps, and, Sewer Replacement.

Capital assets less depreciation increased by \$1,870,724 from \$35,282,334 in 2021, to \$37,153,058 in 2022. This represents a change of 5.30%.

Total liabilities decreased in 2022 by \$1,580,807 or (14.13)%. The decrease in total current liabilities is directly linked to the decrease in current maturities of long-term debt. Long-term liabilities were decreased from \$9,512,612 in 2022 to \$8,503,929 in 2021. This 10.60% decrease is directly related to new 2021 COP payments.

The Net Position of the District increased by 6.18 % in 2022. As stated above in the Overview of Financial Statements, changes in net assets over time can be a useful indicator of whether the financial position of the District is improving or deteriorating.

A summary of the financial position is as follows:

**ASSETS AND DEFERRED OUTFLOWS**

ASSETS	<u>December 31</u>		<u>Increase (Decrease)</u>	
	2022	2021	Amount	Percent
Current Assets	12,061,916	13,261,290	(1,199,374)	(9.04)%
Non Current Assets	906,305	905,401	904	.09%
Capital Assets Not Depreciated	6,022,285	3,293,275	2,729,010	82.87 %
Capital Assets Being Deprec.	47,556,183	47,399,902	156,281	.33%
Accumulated Depreciation	(16,425,410)	(15,410,842)	(1,014,568)	(6.58) %
Net Pension Asset	<u>149,041</u>	<u>727,824</u>	<u>(575,783)</u>	<u>(79.11)%</u>
Total Assets	<u>50,270,320</u>	<u>50,176,850</u>	<u>96,470</u>	<u>.19%</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>387,499</u>	<u>209,206</u>	<u>178,293</u>	<u>85.22%</u>

**ROCK CREEK PUBLIC SEWER DISTRICT**  
**JEFFERSON COUNTY, MISSOURI**  
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**LIABILITIES AND DEFERRED INFLOWS**

LIABILITIES	<u>December 31</u>		<u>Increase (Decrease)</u>	
	2022	2021	Amount	Percent
Current Liabilities	1,105,493	1,677,617	(572,124)	(34.10)%
Long Term Liabilities	<u>8,503,929</u>	<u>9,512,613</u>	<u>(1,008,684)</u>	<u>(10.60)%</u>
Total Liabilities	<u>9,609,422</u>	<u>11,190,230</u>	<u>1,580,808</u>	<u>(14.12)%</u>
 DEFERRED INFLOWS OF RESOURCES	 <u>398,862</u>	 <u>901,409</u>	 <u>(502,547)</u>	 (55.58)%
 <b>NET POSITION</b>				
	<u>December 31</u>		<u>Increase (Decrease)</u>	
	2022	2021	Amount	Percent
Capital Assets, Net of Related Debt	35,885,563	25,126,623	10,758,940	42.82%
Restricted for:				
Capital Project	2,747,923	2,747,923	0	0%
Unrestricted	<u>2,016,049</u>	<u>10,419,871</u>	<u>(8,403,822)</u>	<u>(80.65)%</u>
Total Net Position	<u>40,649,535</u>	<u>38,294,417</u>	<u>2,355,118</u>	<u>6.15%</u>

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

Net operating revenues in 2022 increased by \$183,734 in comparison to 2021. This represents a revenue increase of 3.03%. In 2022, the District experienced a moderate growth rate as a result of new construction within the District. New connections were up which helped the District to grow, but a majority of the new homes remain unoccupied. Due to a general average growth in the real estate market nationwide, and the new billing policy which took effect in 2018, the District must remain conservative in forecasting the number of new units being built.

Operating income (total revenue minus total expenses) increased by \$114,992 in 2022, or 5.36%.

Non-operating income (expenses) decreased in 2022 in comparison to 2021. Non-operating income in 2022 was \$95,291 whereas in 2021 non-operating expenses were (\$192,752).

The Net Position ending balance in 2022 was \$40,649,535 and the Net position ending balance in 2021 was \$38,294,416. This change reflected an increase in net assets of \$2,355,119.

**ROCK CREEK PUBLIC SEWER DISTRICT**  
**JEFFERSON COUNTY, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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A summary of the Statement of Revenues, Expenses, and Changes in Fund Net Position is reported as follows:

	<u>December 31</u>		<u>Increase (Decrease)</u>	
	2022	2021	Amount	Percent
Total Operating Revenues	6,253,011	6,069,277	183,734	3.03%
Total Operating Expenses	<u>3,993,183</u>	<u>3,924,441</u>	<u>68,742</u>	1.75%
Operating Income	2,259,828	2,144,836	114,992	5.36%
Non-operating Income/(Expenses)	<u>95,291</u>	<u>(192,752)</u>	<u>288,043</u>	149.44%
Change in Net Position	<u>2,355,119</u>	<u>1,952,084</u>	<u>403,035</u>	20.65%
Net Position Beginning Bal.	<u>38,294,416</u>	<u>36,342,332</u>	1,952,084	5.37%
Net Position Ending Balance	<u>40,649,535</u>	<u>38,294,416</u>	<u>2,355,119</u>	6.15%

The Statement of Revenues, Expenses and Changes in Fund Net Position provide information that can be used to determine if the District has recovered all its costs through user fees and other charges. Net Position increased in 2022 by 6.15%, which is an indication of positive growth. In 2022, operating revenue increased by 3.03 % while operating expenses increased by 1.75% and non-operating expenses decreased by 73.79%.

## **LONG-TERM DEBT**

Rock Creek Public Sewer District has two outstanding bond issues remaining.

In 2013, Certificates of Participation Series 2012 were issued in the original amount of \$1,506,632 with an interest rate of 3.21% payable in monthly installments of \$10,557.

In 2021, the District issued Certificates of Participation in the amount of \$8,190,000 to finance the replacement of 2.2 miles of trunk sewer that parallels the West Outer Road in Arnold, Missouri and to prepay various outstanding promissory notes and to pay the costs of execution and delivering the Series 2021 Certificates. The project is scheduled to begin in late 2023 or early 2024.

## **CASH FLOW**

Net position increased to \$2,355,119 in 2022 from \$1,952,084 in 2021. This change reflects the impact of decreasing costs and increasing revenues. Although the net position for 2022 was positive, the situation must be closely monitored.

Cash flow from investing activities changed from \$(1,870,243) in 2021 to \$(2,664,954) in 2022 due to an increase in capital expenditures.

The ending cash and cash equivalents decreased from \$13,141,542 in 2021 to \$11,973,515 in 2022. This represents an decrease of \$1,168,027 or (8.89)%.

ROCK CREEK PUBLIC SEWER DISTRICT  
JEFFERSON COUNTY, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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## **COMMITMENT TO EXISTING INFRASTRUCTURE IMPROVEMENT**

On an annual basis, RCPSD tries to invest 10% of its annual revenue that is generated from the sewer user fees for repair and replacement of the old sanitary sewer system.

## **FUNDING OF FUTURE NEEDS**

The District has established a number of special funds for repair and replacement of treatment plant equipment, pumps, heavy equipment and vehicles. The philosophy of the District is to establish a fund that will be used to replace worn out equipment on a cash basis. Funds are reserved each year based upon an amortization schedule that considers the life expectancy of each piece of equipment and budgets its planned replacement in accordance to a preset scheduled.

The U.S. Environmental Protection Agency has informed the Missouri Department of Natural Resources that the Mississippi River must be designated as a full body contact stream. This requirement has forced RCPSD to upgrade the Kimmswick Wastewater Treatment Plant to include disinfection. The disinfection project has been completed as is now operational.

It is anticipated that RCPSD will also need to upgrade the plant to remove nutrients from the effluent being discharged into the Mississippi River. In an effort to avoid extreme costs, the District has installed mixers at the treatment plant as part of the construction to provide disinfection. The mixers are operational at the current time and laboratory data is being collected on a weekly basis to help determine future needs in regard to nutrient removal, if any. The District has also installed a new operating system (2020) for the removal of nutrients at the treatment facility.

The District completed Phase 4 of Mapping, Inflow and Infiltration, and Smoke Testing of the sewers in 2018. The mapping, inflow and infiltration, and smoke testing of the entire District encompassed four phases. The District concluded the Phase 1 of the SSES, which included the four phases of Mapping, Inflow and Infiltration, and Smoke Testing of the sewers.

The District completed Phase 8 of the Repair and Replacement Project of problem or failing sewer lines and manholes and begin a new inspection phase to locate additional problems where I & I have been detected, according to pump station run times. Phase 9 of the Repair and Replacement Project of problem or failing sewer lines and manholes will resume in 2023, and is now being conducted. The project will include Cure in Place Pipe (CIPP) and manhole restoration. The priority of future repairs will be contingent on the findings in the new inspection project in 2022. Ace Pipe Company is flushing, televising, and assessing all of the District's sewer lines. The District has completed Phase 2 of the Manhole Raise to Grade Project (MHRTGP) and Phase 3 MHRTGP will resume in 2023. The District has completed Phase 3 of the Manhole raise to Grade project and Phase 4 is currently underway.

The District added new equipment to the treatment plant in FY 21 & FY 22, anticipating future effluent requirements by Missouri Department of Natural Resources. The District is also adding a new storage garage (2022) for housing of District vehicles and equipment. That particular project is now complete.

ROCK CREEK PUBLIC SEWER DISTRICT  
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The District introduced a new Private Lateral Inspection Ordinance to eliminate inflow and infiltration of groundwater and surface water into the sanitary sewer system of Rock Creek Public Sewer District. The District has also enacted a Private Lateral Insurance program for customers with a failing lateral. To date, the District has conducted 3,799 private lateral inspections, issued certificates to 3,288 homes, and issued violation to 511 homes, with a failure rate of 13.4%.

The Kimmswick Treatment Plant will be in its 19<sup>th</sup> year of operation in FY 2023. The District must keep in mind that many of the operational components will be reaching their life expectancy. The District began replacing equipment in 2020 based on an amended facility plan, which commenced in 2018. The amended facility plan will give the District a project list and time line to stay current with future EPA and MoDNR regulations. In FY 2014, the District incurred a large expense of repairing the blower piping, although this item was paid for with cash, expenses were increased over the budgeted amount, because of the repair. As time goes on, the District must keep in mind that the repair budget may increase because of the age of the equipment.

The District, in 2021, restructured its debt. The District entered into a new bond facilitated by Stifel for \$8,190,000. The District, in the restructuring process, paid off three Sanitary Sewer Improvement areas, and paid the administration building COP in full. The new bond debt will replace 2.2 miles of aging sewer. The project is currently in the engineering, and easement acquisition phase. Construction is planned to start in 2024.

The District has completed the construction of a new administration building and creek crossing in FY 2012. The funding for the project is a lease-purchase agreement with Fifth –Third Bank, with certificates of participation. The site of the new administration building is situated along the West Outer Road.

The City of Arnold recently increased the rates charged to residential customers. RCPSD currently has 900 residences served by Arnold.

## **USER FEES**

User fees are established by the Board of Trustees and reviewed on an annual basis via the budget process. Since funding was obtained under the State Revolving Fund Program, the District is required to bill its customers on the basis of water usage. The District raised user fees in October, 2018 based on the budget. The new residential rate is comprised of a base fee of \$73.29 per quarter, plus \$2.57 per 1,000 of metered water. Meter readings are used from three consecutive winter months from the prior year. Winter months are used to factor out water usage that does not enter the sewer system such as from car washing, lawn watering, and filling swimming pools. In the event that the required meter readings are not available, such as with a change of ownership or change of occupancy, the customer is billed the median. The median is \$104.83 per quarter.

ROCK CREEK PUBLIC SEWER DISTRICT  
JEFFERSON COUNTY, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
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**ADDITIONAL INFORMATION**

This financial report is designed to provide the District's customers, bondholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have any questions regarding the information included in this report or would like to request additional financial information please contact the District Administrator of Rock Creek Public Sewer District at P. O. Box 1060, Imperial, Missouri 63052.

## **BASIC FINANCIAL STATEMENTS**

ROCK CREEK PUBLIC SEWER DISTRICT  
JEFFERSON COUNTY, MISSOURI  
STATEMENT OF NET POSITION  
DECEMBER 31, 2022

ASSETS		
<b>CURRENT ASSETS</b>		
Unrestricted Cash and Cash Equivalents	\$ 3,876,519	
Restricted Cash and Cash Equivalents	8,096,996	
Accounts Receivable (Net of allowance for doubtful accounts of \$16,500 for 2022 and 2021)	69,925	
Deposits	635	
Disconnection Fees Collected	1,000	
Due From Jefferson County	15,799	
Prepaid COP Admin Fee	1,042	
<b>TOTAL CURRENT ASSETS</b>	<b>12,061,916</b>	
<b>NONCURRENT ASSETS</b>		
Investments	906,305	
<b>TOTAL NONCURRENT ASSETS</b>	<b>906,305</b>	
<b>CAPITAL ASSETS NOT BEING DEPRECIATED</b>		
Land Cost - Easements	1,812,195	
Land Demolition	401,407	
Work in Process - Blower Replacement	676,937	
Work in Process - Sewage Equipment	1,534,043	
Work in Process - Pomme Creek Trunk	274,953	
Work in Process - Rex Aire Creek	154,043	
Work in Process - Phase 9	8,324	
Work in Process - SSIA Rock Garden	5,707	
Work in Process - Ace Pipe Cleaning Contract	458,993	
Work in Process - Distribution Sewer Inspection Program	41,098	
Work in Process - Influent Pumps	273,024	
Blk Cr Swr Replace	350,371	
Work in Process - PH 4 Manhole Project	20,576	
Future Eng #8	10,614	
<b>TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED</b>	<b>6,022,285</b>	

ROCK CREEK PUBLIC SEWER DISTRICT  
JEFFERSON COUNTY, MISSOURI  
STATEMENT OF NET POSITION  
DECEMBER 31, 2022

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**CAPITAL ASSETS BEING DEPRECIATED**

Legal and Organizational	\$ 236,348
Construction Cost - Phase I	2,145,864
Construction Cost - Phase II	4,097,401
Construction Cost - Phase III	198,617
Construction Cost - Greenwood Ct.	6,926
Construction Cost - Sub-Areas	144,886
Disinfection and Facility Plan	1,981,245
Transportation	395,680
Penny Lane	6,065
Phase II 2000 - Kimmswick Plant	20,380,801
Plant Expansion	634,737
Facility Plan Update	160,484
Office Furniture and Equipment	526,809
Interceptor	145,491
Plant & Sewer Lines	7,568,685
HYD Model	1,850
Mill Street	3,807
Pumping Equipment	271,091
Tools & Shop Equipment	119,016
DeBeth Lane	409,298
Process Water Pump Station	548,969
SSIA Admin	20,449
SSIA Country Haven	117,667
SSIA Lions Den	330,332
155 Xing Rehab	66,485
PH 8 Repair	518,295
Administration Building and Interest	1,824,813
TAMPS Replacement	135,920
GIS Clean and Flush	97,865
Sludge and Storage Project	2,357,106
Elm Pump Station	90,396
Phases (all) Repair and Replace	111,970
Phase II Mapping	207,170
Godfrey Gardens Pump Station	324,846
Flow Mont & Sewer Model 2019	271,217
PH 3 Manhole Project	259,097
PLI Mapping	45,000
PH 7 Repair/Replace	266,608
Phase 4, Mapping, I & I, Smoke Testing	292,673
PH 2 MHRTG Manhole Project	234,204
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED</b>	<b>47,556,183</b>
LESS: Accumulated Depreciation	<b>(16,425,410)</b>
 <b>TOTAL DEPRECIABLE CAPITAL ASSETS</b>	 <b>31,130,773</b>
<b>TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)</b>	<b>37,153,058</b>

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**OTHER ASSETS**

Net Pension Asset	149,041
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**DEFERRED OUTFLOW OF RESOURCES**

Pension-related Outflows	387,499
<b>TOTAL DEFERRED OUTFLOW OF RESOURCES</b>	<b>387,499</b>
 <b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	 <b>\$ 50,657,819</b>

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ROCK CREEK PUBLIC SEWER DISTRICT  
 JEFFERSON COUNTY, MISSOURI  
 STATEMENT OF NET POSITION  
 DECEMBER 31, 2022

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LIABILITIES		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$	109,266
Subdivision Recoupment Fee		1,417
Refundable Credit Balance		60,198
Accrued State W/H		3,387
Section 457 Deferred		6,898
Roth IRA		2,478
Current Maturities of Long-Term Debt		860,562
Accrued Interest-2021 Series		61,287
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,105,493</b>
<b>LONG-TERM LIABILITIES</b>		
COPS 2021 Series		8,190,000
COPs 2012 Series		605,562
Less Current Maturites of Long-Term Debt		(860,562)
Original Issue Premium - 2021 Series		568,929
<b>TOTAL LONG-TERM LIABILITIES</b>		<b>8,503,929</b>
<b>TOTAL LIABILITIES</b>		<b>9,609,422</b>
DEFERRED INFLOW OF RESOURCES		
Pension-related Inflows		398,862
<b>TOTAL DEFERRED INFLOW OF RESOURCES</b>		<b>398,862</b>
NET POSITION		
Net Investment in Capital Assets		35,885,563
Restricted For:		
Capital Projects		2,747,923
Unrestricted		2,016,049
<b>TOTAL NET POSITION</b>		<b>40,649,535</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$</b>	<b>50,657,819</b>

ROCK CREEK PUBLIC SEWER DISTRICT  
 JEFFERSON COUNTY, MISSOURI  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 FOR THE YEAR ENDED DECEMBER 31, 2022

**OPERATING REVENUES**

Sewer Service Fees	\$ 5,405,430
Tap on Fees	633,000
Inspection Fees	15,688
Late Fees	150,772
Processing Liens	1,020
Other Customer Charges	948
Private Lateral Inspection Income	46,153
<b>TOTAL OPERATING REVENUES</b>	<b>6,253,011</b>

**OPERATING EXPENSES**

Purchased Sewer Services	444,265
Electric	196,923
Testing	24,774
Maintenance Plant	67,594
One Call Locators	8,608
Supplies	16,821
Repairs	161,238
Sludge Removal	113,776
Permits and Licenses	13,497
Small Tools and Supplies	136,102
Salaries	825,808
Employee Benefits - Medical	281,654
Employee Benefits - Vacation/Holiday	118,935
Subcontract	4,781
Sewer User Claims	6,000
Payroll Taxes	64,118
Utilities and Telephone	87,650
Office Supplies and Postage	42,028
Computer Service	17,557
Professional Fees	44,935
Insurance	116,003
Advertising	630
Auto Expense and Mileage	31,534
Uniforms	6,502
Trustee Fees	8,889
Other Operating Expenses	26,996
Bad Check Fees	12,188
Trustee Fees COP	2,292
Private Lateral Inspection Expense	375
Depreciation	1,014,574
Lateral Repairs	47,503
Employee Benefits - Pension	48,633
<b>TOTAL OPERATING EXPENSES</b>	<b>3,993,183</b>

**OPERATING INCOME**

**2,259,828**

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

ROCK CREEK PUBLIC SEWER DISTRICT  
 JEFFERSON COUNTY, MISSOURI  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 FOR THE YEAR ENDED DECEMBER 31, 2022

NON-OPERATING INCOME/(EXPENSE)		
Interest Earned	\$	106,199
Miscellaneous Income		20,640
Phone Pay		462
SSIA DeBeth Income		69,715
SSIA Lions Den Income		17,358
SSIA Country Haven Income		6,874
Interest Expense		(125,957)
<b>TOTAL NON-OPERATING INCOME/(EXPENSE)</b>		<b>95,291</b>
 CHANGE IN NET POSITION		 2,355,119
 NET POSITION BEGINNING OF YEAR		 38,294,416
 NET POSITION END OF YEAR	\$	 <b>40,649,535</b>

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

**ROCK CREEK PUBLIC SEWER DISTRICT  
JEFFERSON COUNTY, MISSOURI  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received From Customers	\$ 6,268,081
Cash Paid to Vendors	<u>(3,034,721)</u>
 <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
	<b><u>3,233,360</u></b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of Capital Assets	(2,885,298)
Investment Income Received	221,248
Investment in Certificate of Deposits	<u>(904)</u>
 <b>NET CASH USED BY INVESTING ACTIVITIES</b>	
	<b><u>(2,664,954)</u></b>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Principal Payments on Debt	(1,399,952)
Interest Paid on Debt	<u>(336,481)</u>
 <b>NET CASH USED BY FINANCING ACTIVITIES</b>	
	<b><u>(1,736,433)</u></b>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,168,027)
BEGINNING CASH AND CASH EQUIVALENTS	<u>13,141,542</u>
ENDING CASH AND CASH EQUIVALENTS	<b><u>\$ 11,973,515</u></b>
 <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating Income	\$ 2,259,828
Adjustments to Reconcile Net Income to Net Cash	
Provided by Operating Activities:	
Depreciation Expense	1,014,574
Gain on Sale of Assets	-
(Increase)/Decrease in Accounts Receivable	15,070
(Increase)/Decrease in Prepaid Items	16,277
Increase/(Decrease) in Accounts Payable	51,604
Increase/(Decrease) in Liabilities	(3,740)
Increase/(Decrease) in Payroll Liabilities	116
Increase/(Decrease) in Accrued Trustee and Administrative Fees	(18,312)
Increase/(Decrease) in Deferred Inflow	(502,547)
Increase/(Decrease) in Deferred Outflow	(178,293)
Increase/(Decrease) in Net Pension Asset	<u>578,783</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<b><u>\$ 3,233,360</u></b>

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**ROCK CREEK PUBLIC SEWER DISTRICT  
JEFFERSON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Principles Used to Determine Scope of Entity**

The District's reporting entity includes the District's governing board and all related organizations for which the District exercises oversight responsibility.

The District has developed criteria to determine whether outside agencies with activities that benefit the District's customers should be included within its financial reporting entity. The criteria includes, but is not limited to, whether the District exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service and special financing relationships.

The District has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity that would exercise such oversight which would result in the District being considered a component unit of the entity.

**B. Reporting Entity**

The District's financial transactions are recorded in a single enterprise fund. An enterprise fund is a type of proprietary government fund, which is normally used by sewer and other utility districts. An enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**C. Measurement Focus, Basis of Accounting, and Basis of Presentation**

Enterprise funds, such as this, are accounted for using the accrual basis of accounting, which is accepted under Generally Accepted Accounting Principles. Under the accrual basis of accounting, revenues are recognized when they are earned and their expenses are recognized when the liability is incurred or the economic asset is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place.

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**ROCK CREEK PUBLIC SEWER DISTRICT  
JEFFERSON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Basis of Presentation (concluded)**

Proprietary funds distinguish between operating revenues and expenses from non-operating items. Operating revenues and expenses normally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Investment income is reported as non-operating revenue.

**D. Capital Assets**

Property, Plant and Equipment purchased or acquired is carried at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

	<u>YEARS</u>
Buildings and Improvements	5-50
Equipment	5-7

**E. Cash and Investments**

The District maintains non-pooled cash and investments, some of which are restricted for capital outlay. All investments are short-term, and are reported at cost, which approximates fair value. Carrying amount of cash deposits reasonably estimates fair value. Detailed cash and investment information and fair values are presented in Note II. The District considers all liquid investments with original maturities of three months or less to be cash equivalents.

**F. Amortization of Bond Premium**

The premiums related to the Certificates of Participation (COPS) are recorded as an addition to the debt obligation. Bond premiums are amortized as a component of interest using the effective interest method.

**G. Budgetary Data**

The District is required by state law to adopt annual budgets for operating purposes. Once a budget is approved, it can be amended only by an approval of the Board of Trustees' members. Each amendment must have Board approval. Such amendments are made before the fact, which are reflected in the Board's official minutes, and are not made after fiscal year end, as dictated by law.

**H. Inventory**

The District does not maintain inventory cost records. Inventory is deemed to be immaterial and accounted for using the purchase method in which supplies are charged to expenditures when purchased.

ROCK CREEK PUBLIC SEWER DISTRICT  
JEFFERSON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)**

I. Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position consists of all other net position that does not meet the definition of "restricted". It is the District's policy to first use restricted net position prior to using unrestricted net position when disbursements are made for purposes for which both restricted and unrestricted net position are available.

**II. CASH AND INVESTMENTS**

Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. As of December 31, 2022, the District had deposits and investments as follows:

Type	Maturities	Cost
Unrestricted Deposits :		
Petty Cash	N/A	\$ 150
Demand Deposits	N/A	3,876,369
Restricted Deposits :		
Bond Demand Deposits	N/A	<u>8,096,996</u>
Total Deposits		<u>11,973,515</u>
Unrestricted Investments:		
Certificate of Deposit	4/3/23	<u>906,305</u>
Total Investments		<u>906,305</u>
Total Deposits and Investments		<u>\$ 12,879,820</u>

Investments are recorded at cost, which approximates market. Repurchase agreements are recorded at fair value, which approximates market.

The District's repurchase agreements are held for safekeeping at the counter party financial institution's trust department in the District's name.

**Interest Rate Risk** – The District's investment policy minimizes the risk that the market value of securities mature to meet cash requirements for ongoing operations and investing operating funds primarily in short-term securities. Investments in banker's acceptance and commercial paper shall mature and become payable not more than 180 days from the date of purchase. All other investments shall mature and become payable not more than five years from the date of purchase. The District's established investment policy has limited the District's investment portfolio to a weighted-average maturity that does not exceed three years.

ROCK CREEK PUBLIC SEWER DISTRICT  
JEFFERSON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022

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**II. CASH AND INVESTMENTS (CONCLUDED)**

**Credit Risk** – State law permits public Districts to invest in obligations of the State of Missouri or U.S. Government and obligations of government agencies that mature or become payable in one year or less from the date of issue. The District also invests some endowment funds, which are not subjected to these regulations, in the mutual bond fund and U.S. agencies.

**Custodial Credit Risk** – For an investment, custodial credit risk is the risk that, in the event of failure of the counter party, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law requires depository financial institutions to pledge as collateral for public funds on deposit by governmental unit securities which, when combined with Federal Deposit Insurance Corporation (“FDIC”) insurance, are at least equal to the amount on deposit at all times. At December 31, 2022, the carrying amount of the District’s deposits and investments was \$12,879,820, with respective bank balances totaling \$12,989,965. Of the total bank balance, the Federal Depository Insurance Corporation (FDIC) covered \$250,000. The remainder was covered by collateral held by the Federal Reserve Bank in the District’s name under a joint safekeeping agreement with Midwest Bank Centre or secured by fixed income securities in the District’s name.

**Concentration of Credit Risks** – The District places no limit on the amount the District may invest in any one issuer. More than 5% of the District’s total unrestricted investments are with U.S. federal agencies.

**III. CAPITAL ASSETS**

A summary of the changes in capital assets for 2022 follows:

	December 31, 2021	Additions	Retirements	Adjustments	December 31, 2022
<b>Capital Assets, Not Depreciated:</b>					
Land Cost - Easements	\$ 1,812,195	\$ -	\$ -	\$ -	\$ 1,812,195
Land Demolition	401,407	-	-	-	401,407
Work In Process	1,079,673	2,729,010	-	-	3,808,683
<b>Total Capital Assets, Not Depreciated</b>	<b>\$ 3,293,275</b>	<b>\$ 2,729,010</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,022,285</b>

**ROCK CREEK PUBLIC SEWER DISTRICT  
JEFFERSON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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**III. CAPITAL ASSETS (CONCLUDED)**

	<b>December 31, 2021</b>	<b>Additions</b>	<b>Retirements</b>	<b>December 31, 2022</b>
Capital Assets Being Depreciated:				
Legal and Organization	\$ 236,348	\$ -	\$ -	\$ 236,348
Construction Cost – Phase I	2,145,864	-	-	2,145,864
Construction Cost – Phase II	4,097,401	-	-	4,097,401
HYD Model	1,850	-	-	1,850
Construction Cost – Phase III	198,617	-	-	198,617
Construction Cost – Greenwood Ct.	6,926	-	-	6,926
Construction Cost – Sub Areas	144,886	-	-	144,886
Transportation Equipment	395,680	-	-	395,680
Plant Expansion	634,737	-	-	634,737
Disinfection Facility	1,981,245	-	-	1,981,245
Facility Plan Update	144,428	16,056	-	160,484
Interceptor	145,491	-	-	145,491
Plant & Sewer Lines	7,568,685	-	-	7,568,685
Pumping Equipment	271,091	-	-	271,091
Office Furniture & Equipment	526,809	-	-	526,809
155 Xing Rehab	66,485	-	-	66,485
Tools & Shop Equipment	119,016	-	-	119,016
Phase II 2000 - Kimmswick Plant	20,380,801	-	-	20,380,801
PH 8 Repair	437,400	80,895	-	518,295
Kimmswick Proc Plant	2,357,106	-	-	2,357,106
SSIA Admin	20,449	-	-	20,449
SSIA Country Haven	117,667	-	-	117,667
SSIA Lions Den	330,332	-	-	330,332
SSIA Penny Lane	2,554	3,511	-	6,065
SSIA Mill Street	3,807	-	-	3,807
Tamps Replacement	135,920	-	-	135,920
GIS Clean and Flush	92,865	5,000	-	97,865
WIP-DeBeth Lane	409,298	-	-	409,298
Administration Building and Interest	1,824,813	-	-	1,824,813
Elm Pump Station	90,396	-	-	90,396
Flow Mont Sewer	220,400	50,817	-	271,217
Phase II Mapping	207,170	-	-	207,170
Phase II Replacement	111,970	-	-	111,970
Phase IV Map, I & I Smoke	292,673	-	-	292,673
Phase III Manhole Project	259,097	-	-	259,097
Phase VII Repair/Replace	266,608	-	-	266,608
Phase II MHRTG	234,204	-	-	234,204
PLI Mapping	45,000	-	-	45,000
WIP- Process Water Pump	548,969	-	-	548,969
GGTP Pump Station	324,846	-	-	324,846
Total Assets Being Depreciated	<u>47,399,904</u>	<u>156,279</u>	<u>-</u>	<u>47,556,183</u>
Less: Accumulated Depreciation	<u>(15,410,836)</u>	<u>(1,014,574)</u>	<u>-</u>	<u>(16,425,410)</u>
Total Depreciable Capital Assets	<u>31,989,068</u>	<u>(858,295)</u>	<u>-</u>	<u>31,130,773</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>\$ 35,282,343</u>	<u>\$ 1,870,715</u>	<u>\$ -</u>	<u>\$ 37,153,058</u>

**ROCK CREEK PUBLIC SEWER DISTRICT  
JEFFERSON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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**IV. LONG-TERM DEBT**

The long-term debt of the District is as follows:

<b>Issuance</b>	<b>Balance</b>			<b>Balance</b>	<b>Due Within One Year</b>
	<b>12/31/2021</b>	<b>Additions</b>	<b>Deletions</b>		
Series 2001C Bonds	\$ 1,295,000	\$ -	\$ 1,295,000	\$ -	\$ -
Series 2012 C.O.P.s	710,514	-	104,952	605,562	605,562
Series 2021 C.O.P.s	8,190,000	-	-	8,190,000	255,000
	<b>\$ 10,195,514</b>	<b>\$ -</b>	<b>\$ 1,399,952</b>	<b>\$ 8,795,562</b>	<b>\$ 860,562</b>

Resolution No. 2001-11 adopted on October 11, 2001, \$16,780,000 Original Principal Rock Creek Sewer District Revenue Bonds (State Revolving Fund – Leveraged Loan Program) Series 2001C. Due in varying annual principal installments ranging from \$530,000 to \$1,295,000 through July 1, 2022, bears interest at an annual rate equal to 30% of the Twenty-Five Revenue Bond Index, as published in The Bond Buyer, most recently prior to the issuance and delivery of the Bonds, rounded to the nearest 0.1% (computed on the basis of a 360-day year of twelve 30-day months) from the Dated Date or from the most recent Interest Payment Date to which interest has been paid or provided for, plus Additional Interest. Additional Interest is payable in arrears on each Principal Payment Date prior to the Completion of Disbursements and on the Interest Payment Date immediately following the Completion of Disbursements. These bonds were paid in full during the year ended December 31, 2022.

**ROCK CREEK PUBLIC SEWER DISTRICT  
JEFFERSON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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**IV. LONG-TERM DEBT (CONCLUDED)**

In 2013, the Certificates of Participation Series 2012 were issued in the original amount of \$1,506,632, with an interest rate of 3.21%, payable in monthly installments of \$10,557 through March 2023.

In 2021, Series 2021 Certificates of Participation were issued in the amount of \$8,190,000 due in varying installments through April 1, 2031 with interest rates ranging from 2.00%-3.00%. The proceeds from the sale of the certificates will be used for the purpose of providing funds to pay for the costs of acquiring, constructing, expanding, and improving the District's sewage system and prepay various outstanding promissory notes and to pay the costs of executing and delivering the series 2021 certificates.

The long-term debt matures as follows:

<b>YEAR END DECEMBER 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
2023	\$ 860,562	\$ 243,886	\$ 1,104,448
2024	890,000	224,700	1,114,700
2025	920,000	197,550	1,117,550
2026	945,000	169,575	1,114,575
2027	975,000	140,865	1,115,865
2028-2031	4,205,000	257,025	4,462,025
<b>TOTAL</b>	<b><u>\$ 8,795,562</u></b>	<b><u>\$ 1,233,601</u></b>	<b><u>\$ 10,029,163</u></b>

**V. OPERATING LEASES**

In March, 2020, the District entered into an operating lease agreement with FP Finance for the use of a postage machine. Monthly payments are made in the amount of \$215 for a term of 63 months. In 2022, \$2,580 was paid for the postage machine. Future lease payments are as follows:

<b>Year Ended December 31,</b>	<b>Payment</b>
2023	\$ 2,580
2024	2,580
2025	1,505
	<b><u>\$ 6,665</u></b>

ROCK CREEK PUBLIC SEWER DISTRICT  
JEFFERSON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022

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**VI. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS)**

Plan Description

The Rock Creek Public Sewer District's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The Rock Creek Public Sewer District participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS was established in 1967 and is administered in accordance with RSMo 70.600-70.555. LAGERS is an agent multiple-employer, statewide public employee retirement plan for units of local government, which is legally separate and fiscally independent of the State of Missouri.

Responsibility for the operation and administration of the plan is vested in the LAGERS Board of Trustees consisting of seven persons. Three trustees are elected by the employees who participate in the system, three trustees are elected by the members of the governing bodies of those political subdivisions which participate in the system, and one trustee is appointed by the governor of the state of Missouri. The regular term of office for members of the LAGERS Board of Trustees is four years. Members of the LAGERS Board of Trustees serve without compensation with respect to their duties, but are reimbursed by LAGERS for their actual and necessary expenses incurred in the performance of their duties.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at [www.molagers.org](http://www.molagers.org) or writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

Benefits Provided

LAGERS provides retirement, death and disability benefits to employees of participating political subdivisions. All benefits vest after five years of credited service. Employees who retire on or after age 60 (55 for police and fire) with five or more years of service are entitled to an allowance for life based upon the benefit program then in effect for their political subdivision. Employees may retire with an early retirement benefit with a minimum of five years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance. The LAGERS Board of Trustees establishes the benefit plans and provisions that are available for adoption. The political subdivision's governing body adopts all benefits of the plan. Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4 percent per year.

ROCK CREEK PUBLIC SEWER DISTRICT  
JEFFERSON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022

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**VI. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (CONTINUED)**

Employees Covered By Benefit Terms

At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	2
Active employees	12
	<hr/>
	16
	<hr/>

Contributions

Each participating unit of government is obligated by state law to make all required contributions to the plan based upon an annual actuarial valuation. The required contributions are actuarially determined using the individual entry-age actuarial cost method. There are no long-term contracts for contributions to the plan. All actuarial liabilities are amortized over a period of 30 years or less. Administrative costs of LAGERS are financed through investment earnings of the system. Employee contributions are determined at the election of the governing body of the local subdivision. Should the governing body elect to participate in the contributory plan, all employees shall contribute 2, 4, or 6 percent of gross salary. The governing body may elect to participate in the non-contributory plan which would result in no employee contributions. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rate is 16.1% of annual covered payroll.

Net Pension Liability

The employer's net pension liability (asset) was measured as of June 30, 2022, and the total pension liability (asset) used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2022.

ROCK CREEK PUBLIC SEWER DISTRICT  
JEFFERSON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022

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**VI. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (CONTINUED)**

Methods and Actuarial Assumptions

The total pension liability in the February 28, 2022, actuarial valuation was determined using the following methods and actuarial assumptions with a measurement date of June 30, 2022:

Actuarial Cost Method	Entry Age Normal and Modified Terminal Funding
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Multiple bases from 12 to 15 years
Asset Valuation Method	5-Year smoothed market; 20% corridor
Inflation	2.75% wage inflation; 2.25% price inflation
Salary Increases	2.75% to 6.75% including wage inflation
Investment Rate of Return	7.00%, net of investment expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire, and Public Safety groups.

Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

ROCK CREEK PUBLIC SEWER DISTRICT  
JEFFERSON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022

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**VI. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (CONTINUED)**

Single Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

Development of the Single Discount Rate:

Single Discount Rate	7.00%
Long-Term Expected Rate of Investment Return	7.00%
Long-Term Municipal Bond Rate	3.69%
Last year ending February 28 in the 100-year projection period for which projected benefit payments are fully funded	2122

**ROCK CREEK PUBLIC SEWER DISTRICT**  
**JEFFERSON COUNTY, MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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**VI. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (CONTINUED)**

**Changes in the Net Pension Liability at June 30, 2022**

Schedule of Changes in Net Pension Liability and Related Ratios

<b>A. Total Pension Liability</b>	
1 Service Cost	\$ 104,850
2 Interest on Total Pension Liability	287,692
3 Changes of Benefit Terms	-
4 Difference between expected and actual experience of the Total Pension Liability	259,073
5 Changes of Assumptions	-
6 Benefit payments, including refunds of employee contributions	(105,237)
7 Net change in total pension liability	546,378
8 Total pension liability - beginning	4,110,069
9 Total pension liability - ending	<u><u>\$ 4,656,447</u></u>
<b>B. Plan Fiduciary Net Position</b>	
1 Contributions - employer	\$ 146,770
2 Contributions - employee	-
3 Net investment income	2,931
4 Benefit payments, including refunds of employee contributions	(105,237)
5 Pension plan administrative expense	(1,769)
6 Other (net transfer)	(75,100)
7 Net change in plan fiduciary net position	(32,405)
8 Plan fiduciary net position - beginning	4,837,893
9 Plan fiduciary net position - ending	<u><u>\$ 4,805,488</u></u>
<b>C. Net Pension Liability / (Asset)</b>	<u><u>\$ (149,041)</u></u>
<b>D. Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	103.20%
<b>E. Covered-Employee Payroll</b>	\$ 918,416
<b>F. Net Pension Liability as a Percentage of Covered Employee Payroll</b>	-16.23%

**Sensitivity of the Net Position Liability to Changes in the Discount Rate**

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.00%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

**ROCK CREEK PUBLIC SEWER DISTRICT  
JEFFERSON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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**VI. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (CONTINUED)**

**Sensitivity of Net Pension Liability to the Single Discount Rate**

	1% Decrease	Current Single Discount	1% Increase
	6.00%	Rate Assumption	8.00%
<b>General Division:</b>			
Total Pension Liability (TPL)	\$ 5,375,859	\$ 4,656,447	\$ 4,062,516
Plan Fiduciary Net Position	<u>4,805,488</u>	<u>4,805,488</u>	<u>4,805,488</u>
Net Pension Liability / (Asset) (NPL)	<u><u>\$ 570,371</u></u>	<u><u>\$ (149,041)</u></u>	<u><u>\$ (742,972)</u></u>

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

For the year ended December 31, 2022, the employer recognized pension expense of \$49,532. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 264,961	\$ (172,665)
Changes in assumptions	42,033	(71,347)
Net difference between projected and actual earnings on pension plan investments	-	(154,850)
Employer contributions subsequent to the measurement date	80,505	-
<b>Total</b>	<b><u>\$ 387,499</u></b>	<b><u>\$ (398,862)</u></b>

\*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending December 31, 2023.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

ROCK CREEK PUBLIC SEWER DISTRICT  
JEFFERSON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022

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**VI. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (CONCLUDED)**

Year Ending June 30,	Net Deferred Outflows of Resources - General	
2023	\$	(54,992)
2024		(68,362)
2025		(92,676)
2026		77,979
2027		42,578
Thereafter		3,605
Total	\$	<u><u>(91,868)</u></u>

**VII. LITIGATION**

The District is involved in various lawsuits and other legal matters. While in the District's opinion, based on consultation with legal counsel, these items will be resolved with no material adverse effect on the District, the results of the proceedings have yet to be finalized.

**VIII. SUBSEQUENT EVENTS**

There were no subsequent events to report as of the audit report date.

## **REQUIRED SUPPLEMENTAL INFORMATION**

ROCK CREEK PUBLIC SEWER DISTRICT  
 JEFFERSON COUNTY, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED DECEMBER 31, 2022

	ORIGINAL AND FINAL BUDGET	Actual	VARIANCE
<b>OPERATING REVENUES</b>			
Sewer Service Fees	\$ 5,444,741	\$ 5,405,430	(39,311)
Tap on Fees	200,000	633,000	433,000
Inspection Fees	4,000	15,688	11,688
Late Fees	95,000	150,772	55,772
Processing Liens	1,500	1,020	(480)
Debit Payment Fees Expense	(200)	-	200
Other Customer Charges	500	948	448
Private Lateral Inspection Income	35,000	46,153	11,153
<b>TOTAL OPERATING REVENUES</b>	<b>5,780,541</b>	<b>6,253,011</b>	<b>472,470</b>
<b>OPERATING EXPENSES</b>			
Purchased Sewer Services	450,000	444,265	(5,735)
Electric	318,000	196,923	(121,077)
Testing	26,000	24,774	(1,226)
Maintenance Plant	55,000	67,594	12,594
One Call Locators	9,000	8,608	(392)
Supplies	28,000	16,821	(11,179)
Repairs	454,000	161,238	(292,762)
Sludge Removal	125,000	113,776	(11,224)
Permits and Licenses	12,000	13,497	1,497
Small Tools and Supplies	94,000	136,102	42,102
Salaries	940,000	825,808	(114,192)
Employee Benefits - Medical	286,000	281,654	(4,346)
Employee Benefits - Vacation/Holiday	117,000	118,935	1,935
Subcontract	5,000	4,781	(219)
Sewer User Claims	12,000	6,000	(6,000)
Payroll Taxes	76,000	64,118	(11,882)
Utilities and Telephone	77,200	87,650	10,450
Office Supplies and Postage	67,000	42,028	(24,972)
Computer Service	14,000	17,557	3,557
Professional Fees	100,000	44,935	(55,065)
Insurance	108,350	116,003	7,653
Advertising	5,000	630	(4,370)
Auto Expense and Mileage	16,500	31,534	15,034
Uniforms	7,000	6,502	(498)
Trustee Fees	22,000	8,889	(13,111)
Other Operating Expenses	42,600	26,996	(15,604)
Bad Check Fees	6,000	12,188	6,188
Bank Fees	1,500	-	(1,500)
Late Charges	500	-	(500)
Private Lateral Inspection Expense	5,000	375	(4,625)
Trustee Fees COP	2,100	2,292	192
Depreciation	995,000	1,014,574	19,574
Lateral Repairs	120,000	47,503	(72,497)
Employee Benefits - Pension	162,000	48,633	(113,367)
<b>TOTAL OPERATING EXPENSES</b>	<b>4,758,750</b>	<b>3,993,183</b>	<b>(765,567)</b>
<b>OPERATING INCOME</b>	<b>1,021,791</b>	<b>2,259,828</b>	<b>1,238,037</b>

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

ROCK CREEK PUBLIC SEWER DISTRICT  
 JEFFERSON COUNTY, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED DECEMBER 31, 2022

	ORIGINAL AND FINAL BUDGET	Actual	VARIANCE
NON-OPERATING INCOME/(EXPENSE)			
Interest Earned	6,500	106,199	99,699
Miscellaneous Income	-	20,640	20,640
Phone Pay	225	462	237
SSIA DeBeth Income	11,500	69,715	58,215
SSIA Lions Den Income	10,100	17,358	7,258
SSIA Country Haven Income	4,650	6,874	2,224
Interest Expense	(308,504)	(125,957)	182,547
<b>TOTAL NON-OPERATING INCOME/(EXPENSE)</b>	<b>(275,529)</b>	<b>95,291</b>	<b>370,820</b>
NET INCOME	<u><u>\$ 746,262</u></u>	<u><u>\$ 2,355,119</u></u>	<u><u>\$ 1,608,857</u></u>

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

**Rock Creek Public Sewer District**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**As of December 31, 2022**

For the year ending June 30,

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Total Pension Liability</b>								
Service Cost	\$ 104,850	\$ 103,059	\$ 97,742	\$ 92,013	\$ 91,185	\$ 95,435	\$ 87,465	\$ 90,396
Interest on the Total Pension Liability	287,692	289,100	258,872	239,302	223,796	204,412	177,420	172,917
Benefit Changes	-	-	-	-	-	-	-	-
Difference between expected and actual experience	259,073	(147,907)	84,579	(38,827)	(76,722)	20,794	(45)	(175,892)
Assumption Changes	-	(56,808)	-	-	-	(127,541)	228,261	-
Benefit Payments	(105,237)	(28,177)	(25,609)	(25,121)	(24,493)	(24,137)	(23,949)	(23,806)
Refunds	-	-	-	-	-	-	-	-
<b>Net Change in Total Pension Liability</b>	<b>546,378</b>	<b>159,267</b>	<b>415,584</b>	<b>267,367</b>	<b>213,766</b>	<b>168,963</b>	<b>469,152</b>	<b>63,615</b>
<b>Total Pension Liability beginning</b>	<b>4,110,069</b>	<b>3,950,802</b>	<b>3,535,218</b>	<b>3,267,851</b>	<b>3,054,085</b>	<b>2,885,122</b>	<b>2,415,970</b>	<b>2,352,355</b>
<b>Total Pension Liability ending</b>	<b>\$ 4,656,447</b>	<b>\$ 4,110,069</b>	<b>\$ 3,950,802</b>	<b>\$ 3,535,218</b>	<b>\$ 3,267,851</b>	<b>\$ 3,054,085</b>	<b>\$ 2,885,122</b>	<b>\$ 2,415,970</b>
<b>Plan Fiduciary Net Position</b>								
Contributions-employer	\$ 146,770	\$ 142,962	\$ 136,102	\$ 132,136	\$ 126,935	\$ 129,584	\$ 125,972	\$ 133,010
Contributions-employee	-	-	-	-	-	-	-	-
Pension Plan Net Investment income	2,931	1,118,903	45,076	209,036	338,726	283,444	(4,480)	40,930
Benefit Payments, including refunds	(105,237)	(28,177)	(25,609)	(25,121)	(24,493)	(24,137)	(23,949)	(23,806)
Pension Plan Administrative expense	(1,769)	(1,543)	(2,153)	(1,934)	(1,281)	(1,180)	(1,178)	(1,305)
Other	(75,100)	(21,875)	(2,819)	(2,927)	(6,344)	(3,273)	(5,111)	60,574
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(32,405)</b>	<b>1,210,270</b>	<b>150,597</b>	<b>311,190</b>	<b>433,543</b>	<b>384,438</b>	<b>91,254</b>	<b>209,403</b>
<b>Plan Fiduciary Net Position beginning</b>	<b>4,837,893</b>	<b>3,627,623</b>	<b>3,477,026</b>	<b>3,165,836</b>	<b>2,732,293</b>	<b>2,347,855</b>	<b>2,256,601</b>	<b>2,047,198</b>
<b>Plan Fiduciary Net Position ending</b>	<b>\$ 4,805,488</b>	<b>\$ 4,837,893</b>	<b>\$ 3,627,623</b>	<b>\$ 3,477,026</b>	<b>\$ 3,165,836</b>	<b>\$ 2,732,293</b>	<b>\$ 2,347,855</b>	<b>\$ 2,256,601</b>
<b>Employer Net Pension Liability/(Asset)</b>	<b>\$ (149,041)</b>	<b>\$ (727,824)</b>	<b>\$ 323,179</b>	<b>\$ 58,192</b>	<b>\$ 102,015</b>	<b>\$ 321,792</b>	<b>\$ 537,267</b>	<b>\$ 159,369</b>
<b>Plan Fiduciary Net Position as a percentage of the Total Pension Liability</b>								
	103.20%	117.71%	91.82%	98.35%	96.88%	89.46%	81.38%	93.40%
<b>Covered Employee Payroll</b>	<b>\$ 918,416</b>	<b>\$ 846,328</b>	<b>\$ 835,418</b>	<b>\$ 756,554</b>	<b>\$ 710,822</b>	<b>\$ 732,251</b>	<b>\$ 703,705</b>	<b>\$ 678,847</b>
<b>Employer's Net Pension Liability as a percentage of covered employee payroll</b>	<b>-16.23%</b>	<b>-86.00%</b>	<b>38.68%</b>	<b>7.69%</b>	<b>14.35%</b>	<b>43.95%</b>	<b>76.35%</b>	<b>23.48%</b>

**Notes to schedule:**

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**ROCK CREEK PUBLIC SEWER DISTRICT**  
**SCHEDULE OF CONTRIBUTIONS**  
**DECEMBER 31, 2022**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Actuarially determined contribution	\$146,770	\$148,046	\$138,227	\$134,724	\$129,523	\$128,802	\$122,442	\$132,617	\$139,440	\$137,959
Contributions in relation to the actuarially determined contribution	146,770	148,046	138,227	134,724	129,523	128,802	122,442	132,617	139,440	133,625
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	4,334
 Covered-employee payroll	 \$918,416	 \$865,767	 \$853,252	 \$806,729	 \$740,131	 \$736,010	 \$733,187	 \$709,180	 \$726,252	 \$722,297
Contributions as a percentage of covered-employee payroll	15.98%	17.10%	16.20%	16.70%	17.50%	17.50%	16.70%	18.70%	19.20%	18.50%

**Notes to Schedule:**

Methods and assumptions used to determine contribution rates for the most recent term include:

Valuation Date	February 28/29 of each year
Actuarial Cost Method	Entry Age Normal and Modified Terminal Funding
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Multiple bases from 12 to 15 years
Asset Valuation Method	5-Year smoothed market; 20% corridor
Inflation	2.75% wage inflation; 2.25% price inflation
Salary Increases	2.75% to 6.75% including wage inflation
Investment Rate of Return	7.00%, net of investment expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire, and Public Safety groups. Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

## **SCHEDULE OF FINDINGS AND RESPONSES**

ROCK CREEK PUBLIC SEWER DISTRICT  
JEFFERSON COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2022

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**I. FINANCIAL STATEMENT FINDINGS – CURRENT YEAR**

Reference

2022-001

Finding Type: Material weakness

Criteria: To establish proper internal controls over the District's general ledger and accounting records, reconciliations of all balance sheet accounts should be performed timely and be reviewed and approved by someone other than the preparer. Requiring reconciliations will help ensure that balances are reasonable and that there are no unidentified differences.

Condition: During our audit, we noted that reconciliations of all balance sheet accounts were not being prepared.

Cause: Although current procedures may require that reconciliations be performed timely and be reviewed and approved, this review was not performed.

Effect: Errors or irregularities could occur and go undetected. Opportunities could exist for the concealment of fraudulent financial activity.

Recommendation: We recommend that the District develop and implement procedures that require reconciliations be prepared and reviewed for accuracy and approved by someone other than the preparer. The reviewer should document this review by signing and dating the reconciliations to document that the review has occurred, that the review was performed timely, and to indicate final approval.

Views of Responsible Officials: The District agrees with the auditor's finding. The auditors have shared proof where balance sheet accounts have not been reconciled. We will reinforce our policy on reconciling all accounts to eliminate this finding going forward.

2022-002

Finding Type: Material Weakness

Criteria: General journal entries should include documentation to support the purpose and the journal entry should be reviewed and approved by a responsible employee other than the preparer.

Condition: During our audit, we noted a number of general journal entries that were prepared and posted that lacked proper support and a supervisory review.

Cause: Although current procedures may require that proper support and a supervisory review be included with each journal entry, both were lacking.

Effect: Errors or irregularities could occur and go undetected. Opportunities could exist for the concealment of fraudulent financial activity.

ROCK CREEK PUBLIC SEWER DISTRICT  
JEFFERSON COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2022

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**I. Financial Statement Findings – Current Year (Continued)**

Recommendation: We recommend that the District develop and implement procedures that require supporting documentation for all journal entries and to require that review and approval of someone other than the preparer is completed and documented. This approval should occur before posting of the journal entry.

Views of Responsible Officials: The District agrees with the finding and will require both proper supporting documentation and documented review and approval from someone other than the preparer.

**II. FINANCIAL STATEMENT FINDINGS - PRIOR YEAR**

There are no prior year financial statement findings to report.