



# ANNUAL REPORT

## FY 2021

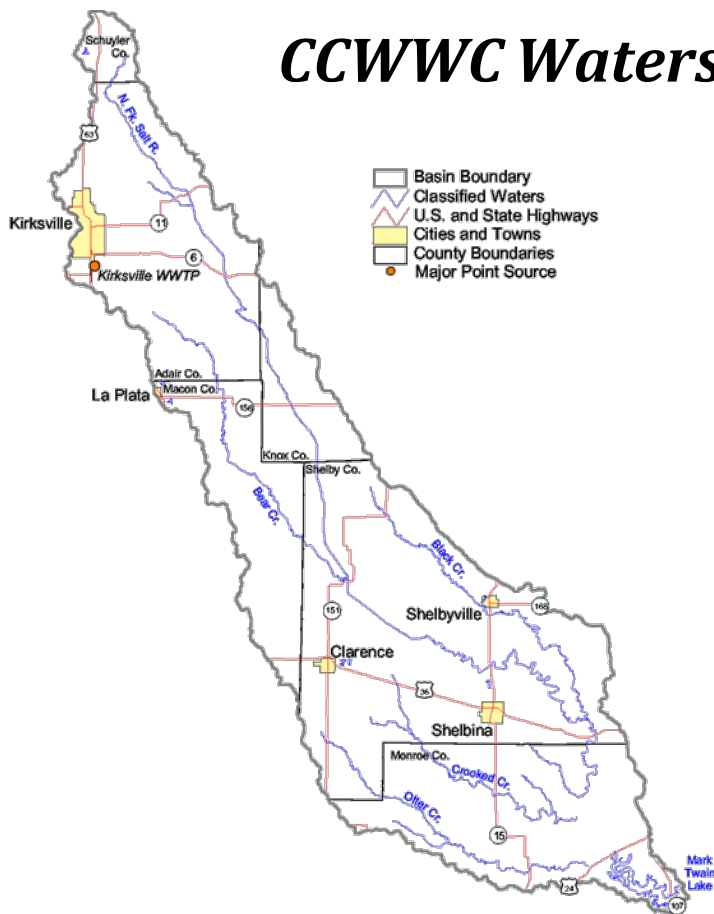


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# Mission Statement

The Clarence Cannon Wholesale Water Commission (CCWWC) is a wholesale supplier of high quality potable water to the region through its Member communities and public water supply districts. The CCWWC will produce and distribute drinking water to its Members that meets or exceeds state and federal water quality standards. This service will be provided at a reasonable cost consistent with sound business practices to maximize efficiency and productivity. The CCWWC is a leader in the development of regional water systems and will support the growth of such systems as a means of solving water supply problems. The CCWWC is committed to providing training, service and support to its Members and employees. Preservation and wise use of natural resources, particularly water resources, and public awareness of the issues facing the water profession are major concerns of the CCWWC that shall be cultivated as we pursue our mission.



The Commission draws water from the North Fork of the Salt River in Mark Twain Lake.

The Commission has and active Source Water Protection Program.

The Watershed includes portions of 6 counties with a drainage area of 894 mi<sup>2</sup>, approximately 572,160 acres.

# ***Authority and Organization***

The Clarence Cannon Wholesale Water Commission (CCWWC, or Commission) is a Joint Municipal Utility Commission organized under §393.700 to §393.770 of the Revised Statutes of the State of Missouri. The Commission is a political subdivision of the State of Missouri. The CCWWC was officially established on October 3, 1983. In Fiscal Year 2021 there were fourteen cities and nine rural water districts making up the 23 Member systems that own the Commission.

The first phase of the CCWWC system was constructed in 1991-92 and was financed with revenue bonds in the amount of \$21.8 million along with state and federal grant funds in the amount of \$2.84 million. There were thirteen Member systems at that time. The production and sale of water to Members began on June 16, 1992. Since the original construction phase, the CCWWC has had four transmission system expansion projects. These projects have resulted in the addition of eleven purchasing Members which was reduced by one when Armstrong was absorbed by Thomas Hill PWS. The Commission also more than doubled its treatment capacity in 2007.

The production and distribution facilities include a 10 million gallons per day (MGD) surface water treatment plant located on Mark Twain Lake near Florida, Missouri, 310.5 miles of transmission mains, 6 booster pumping stations, and 8 storage tanks that have a storage capacity totaling 7.48 million gallons. Fiscal Year 2021 water sold averaged 3.97 MGD and was distributed to 14 counties in Northeast Missouri.

A Board of Directors governs CCWWC. Each contracting municipality or public water supply district governing body appoints a director and alternate director to sit on the board. The board has the responsibility for the management, administration and regulation of the business affairs of the CCWWC. They set rates for the sale of wholesale water to contracting parties. Rates are typically reviewed and modified (if necessary) yearly in October to coincide with the beginning of the fiscal year.

Heath Hall is the current General Manager of the Commission. He is the principal executive officer of the CCWWC with the responsibility for the planning, operations, budgeting, and administration of the organization. He holds a Bachelor of Science in Civil Engineering from the Missouri University of Science and Technology. He has 20 years of experience in the Drinking Water and Wastewater fields, and 2 with the Commission. He holds a Missouri Class A Drinking Water Treatment license and a Class A Wastewater Treatment license. Assisting the Commission as the Administrative Assistant is Todd Keller. Todd holds a Missouri Class D Drinking Water Treatment license, DS III distribution license, and has 25 years of experience with CCWWC. Todd runs the office efficiently, providing administrative support, billing to the Members, administers payroll, processes bills, and is the Custodian of Records for the Board. The Distribution Supervisor, Bill Arnett, assisted by Howard Smothers, the Distribution Operator, services the widespread distribution system. They properly maintain the Commission's 310.5 miles of transmission mains, points-of-connections, SCADA system, booster pump stations, storage tanks, and other associated water distribution equipment. Bill holds a Missouri Class C water operator license, a DS III distribution license, and 24 years of experience with CCWWC. Howard holds a Missouri DS III distribution license and has 11 years of experience with CCWWC.

The operation and maintenance of the Water Treatment Plant is contracted to SUEZ Water of Harrington Park, New Jersey. The local SUEZ Water team of seven highly qualified personnel provide 24/7 staffing of the Water Treatment Plant and operate the State Certified Laboratory. The current contract with SUEZ Water will expire June 11, 2023. Scott Allen serves as Chief Operator at the facility and holds a Missouri Class A Drinking Water Treatment license and Class A Wastewater Treatment license. He has been a contractor with the Commission since 1990. The Commission staff and SUEZ Water staff work very well together producing high quality potable water to our members while maintaining the water system at a high level.

# *General Manager's Letter*

September 30, 2021

Clarence Cannon Wholesale Water Commission Board of Directors:

We end the Commission's fiscal year in good financial and physical shape. Our plant and distribution system continue to provide high quality drinking water at competitive costs to our Members, who in turn, serve a large part of fourteen counties in northeast Missouri.

FY 2021 was not without challenges. COVID-19 continued to affect our operations. We did have a few missed working days for quarantine periods, but nothing we were not able to handle without our current staffing levels. The largest challenge was with delivery and increased cost of chemicals. Supply chain issues started in July with delayed deliveries of chemicals and rapidly rising costs. This caused us to overstock or warehouse many chemicals at the plant to ensure we had enough product to continue operations. It is not ideal, but manageable. The rising costs and difficulties with delivery times has caused the chemical budget to rise 6.3% in FY 2022.

For the sixth year "Seasonal Water" was approved by the Directors which allowed Members to contract for and receive water above their Entitled Water, at 2.25 times the Water Rate (\$2.03) or \$4.57 per thousand gallons received. No Members purchased seasonal water during the year.

The Commission agreed to change one of their key policies contained within the Master Water Supply Contracts and the Rules and Regulations. The policy change will allow for more affordable water to be purchased by existing Members and new Members. The new policy allows for all new water to be purchased at 120% times the Water Rate for the first year, and then equal to the Water Rate thereafter. This is much more affordable than the old policy which included shared cost on existing CCWWC debt. The policy continues to require all new Members to pay for all costs related to their connection to the CCWWC system.

Cannon Water District added 20,000 gpd to their allotted shares of water purchased in July of 2021 as a direct result of the policy change. Also, the cities of Laddonia and Monroe City are considering joining the Commission as voting Members. Currently the Commission is applying for funding with the Missouri Department of Natural Resources for the two connection projects and going through approval process for a \$10 million bond issue to fund the connection projects. Pending MoDNR funding, construction could begin in the summer of 2023. There are several grant opportunities available for water infrastructure, and we are exploring all of them as they will make both connection projects more affordable for the end users.

We continue to set money aside for Capital Improvements to replace and upgrade some of the original 1992 equipment and facilities. Planning for the future, both financially and operationally are constantly on my mind. We will also continue to look for new opportunities to sell more water. Thank you to the Board of Directors for the opportunity to serve its Members.

Sincerely,

Heath N. Hall  
General Manager

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# CLARENCE CANNON WHOLESALE WATER COMMISSION

## *Board of Directors*

SEPTEMBER 30, 2021

Bowling Green, City of	Director Verlon Persinger	Alt Director Bo Stinnett
Cannon WD #1	Director Rhonda J. Elliott	Alt Director John Kendrick
Curryville, City of	Director Walter Haddock	Alt Director Sherri Noel
Edina, City of	Director Rick Yoakum	Alt Director Joe Dimmitt
Farber, City of	Director James Day, Jr.	Alt Director Ken Scott
Huntsville, City of	Director Connie Kissell	Alt Director Brian Kissell
Knox County PWSD #1	Director Gary Mallett	Alt Director Shirley Henderson
La Belle, City of	Director Wayne Rudd	Alt Director Keith Strange
Lewis County PWSD #1	Director Roger Goings	Alt Director Amy Klocke
Lewistown, City of	Director Wes Sharpe	Alt Director Eric Corrick
Macon County PWSD #1	Vice-Chairman David G. Waller	Alt Director Brian Bender
Madison, City of	Director Kevin Thomas	Alt Director Kathy Sasek
Marion County PWSD #1	Secretary Herman Yoder	Alt Director Tanner Tuley
Monroe County PWSD #2	Director Nancy Riechmann	Alt Director Adam Turner
New London, City of	Director Mary Jane White	Alt Director Keith Miller
Paris, City of	Director Jeffrey Ragsdale	Alt Director Lisa Hollingsworth
Perry, City of	Director Don Huff	Alt Director Matt Hawkins
Pike County PWSD #1	Director Mike Kurz	Alt Director Janice Luebrecht
Shelby County PWSD #1	Chairman Tony Stiefel	Alt Director Peggy O'Laughlin
Shelbyville, City of	Director Randy Shores	Alt Director Mike VanSike
Thomas Hill PWSD #1	Treasurer Merl Lee Riley	Alt Director Travis Ginter
Vandalia, City of	Director Dave Sanders	Alt Director Darren Berry
Wellsville, City of	Director Dena P. Saak	Alt Director Jake Sewel

# *System Performance*

**Table 1: Ten Year Overall System Statistics**

Fiscal Year	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Total Raw Water Pumped (MG)	1,672.06	1,660.72	1,702.57	1,620.25	1,622.30	1,587.68	1,678.00	1,596.03	1,572.14	1,568.45
Total Finished Water Pumped (MG)	1,608.88	1,592.50	1,637.61	1,550.24	1,553.46	1,516.47	1,604.86	1,520.71	1,505.77	1,490.33
Total Water Sold (MG)	1,538.99	1,529.98	1,579.70	1,501.26	1,506.00	1,469.11	1,529.17	1,443.62	1,451.53	1,447.92
Unaccounted for Water (%)	4.35	3.93	3.54	3.16	3.06	2.96	3.59	3.67	3.60	2.85
Average Daily Water Usage (MGD)	4.23	4.20	4.29	4.11	4.12	4.04	4.20	3.97	3.93	3.97
Total Contracted Water (MGD)	5.965	5.995	5.995	5.995	5.995	5.995	5.995	6.010	6.010	6.030
% of Contracted Water Used										
High	96	96	94	97	98	89	89	86	88	91
Low	39	34	51	47	45	45	45	24	23	22
Average	71	70	72	69	69	67	67	66	66	66
Cost of water to Members / KGAL										
High	\$6.13	\$6.71	\$5.64	\$5.69	\$5.51	\$5.80	\$5.52	\$9.88	\$10.23	\$10.70
Low	\$3.70	\$3.60	\$3.58	\$3.71	\$3.72	\$3.70	\$3.70	\$3.45	\$2.74	\$2.43
Average	\$4.19	\$4.29	\$4.03	\$4.01	\$3.98	\$3.93	\$3.93	\$3.93	\$3.44	\$2.91

Key Notes: Avg cost to Members continues to go down as two bond debts were completely paid off in 2020 and 2021.



# *Continuing Disclosure Reporting*

**Table 2: Average Daily Use (GPD) by Member vs. Water Supply Contract**

Participating Member	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	Water Supply Contract (GPD)	% of Total Contracts	Service Connections	Population
Thomas Hill PWSD #1 (1)	874,675	895,022	977,297	890,571	864,290	847,210	1,275,000	21.14	4,184	10,315
Monroe Co. PWSD #2	351,801	363,577	394,783	383,651	400,730	432,250	720,000	11.94	2,841	6,677
Pike Co. PWSD #1 (1)	391,568	407,225	389,799	380,060	379,860	378,790	465,000	7.71	2,842	6,655
Cannon PWSD #1 (1)	301,082	323,239	331,843	322,541	339,440	336,990	410,000	6.80	2,890	6,482
Knox Co. PWSD #1	256,310	270,998	281,586	303,811	297,970	280,040	370,000	6.14	1,731	4,298
Marion Co. PWSD #1 (1)	308,858	308,321	297,053	282,100	312,720	312,210	355,000	5.89	2,020	4,900
Macon County PWSD #1 (1)	265,154	295,749	285,441	279,765	264,370	302,650	332,000	5.51	4,824	11,606
Shelby Co. PWSD #1	206,003	211,266	200,640	201,519	198,200	201,360	303,000	5.02	1,282	3,120
City of Bowling Green (2)	293,743	108,110	163,962	139,558	69,120	66,180	300,000	4.98	1,492	5,334
City of Vandalia (2)	153,536	160,319	156,143	112,797	124,710	88,770	250,000	4.15	1,242	2,529
City of Huntsville	107,981	107,753	105,745	98,841	95,890	95,740	200,000	3.32	667	1,563
City of Paris	95,443	97,437	110,099	89,445	95,650	101,740	150,000	2.49	613	1,250
Lewis Co. PWSD #1	83,445	80,712	93,120	80,264	87,450	87,510	135,000	2.24	710	1,688
City of Wellsville	71,224	66,082	71,272	72,228	67,200	78,560	135,000	2.24	424	1,270
City of New London	53,984	53,827	54,857	70,582	53,300	60,490	120,000	1.99	494	975
City of Edina	77,981	73,440	75,632	80,260	80,180	92,760	120,000	1.99	596	1,153
City of Perry	41,030	41,368	40,283	41,412	40,400	41,680	80,000	1.33	408	694
City of Lewistown	51,724	38,148	37,868	39,448	35,460	35,400	75,000	1.24	293	580
City of LaBelle	40,492	42,981	41,593	37,945	42,670	42,670	70,000	1.16	308	660
City of Madison	33,964	34,118	32,451	30,643	31,250	30,390	65,000	1.08	293	554
City of Shelbyville	32,702	33,970	34,055	30,066	30,060	29,940	55,000	0.91	256	552
City of Farber	14,798	14,775	17,330	17,393	13,360	14,130	30,000	0.50	136	450
City of Curryville	7,260	7,580	8,170	9,255	9,420	9,480	15,000	0.25	84	255
<b>Totals</b>	<b>4,114,757</b>	<b>4,036,016</b>	<b>4,201,022</b>	<b>3,994,156</b>	<b>3,933,700</b>	<b>3,966,940</b>	<b>6,030,000</b>	<b>100.00</b>	<b>30,630</b>	<b>73,560</b>

(1) Purchase water from other sources in addition to water purchased from CCWWC

(2) Operate a water treatment plant for some of their water

# *Continuing Disclosure Reporting*

**Table 3: Historic System Debt Service Coverage from Base Charges**

Note: Base Charge Revenues are used to pay debt.

Fiscal Year Ended Sept. 30	Base Charge Revenues	Reserve Fund Balance (Cash + Investments)	Total	Annual Debt Service	Coverage
2013	\$3,617,375	\$1,523,857	\$5,159,275	\$3,416,622	151%
2014	\$3,628,332	\$1,889,669	\$5,533,609	\$3,156,653	175%
2015	\$3,220,340	\$1,617,064	\$4,860,513	\$3,130,803	155%
2016	\$3,245,206	\$1,653,674	\$4,933,100	\$3,106,830	159%
2017	\$3,025,868	\$1,550,836	\$4,600,837	\$3,021,988	152%
2018	\$3,015,654	\$1,446,232	\$4,465,182	\$2,807,540	159%
2019	\$3,016,907	\$2,274,007	\$5,290,914	\$2,897,469	183%
2020	\$2,338,717	\$3,030,958	\$5,369,675	\$2,675,000	201%
2021	\$1,199,776	\$3,160,354	\$4,360,130	\$1,262,500	345%

**Table 4: System Water Rates and Revenues**

Note: Water Rate Revenues are used for operations and maintenance expenses.

Year Ending Sept 30th	Water Rate Revenues	Water Rate
2013	\$2,830,457	\$1.85/1000 gallons
2014	\$2,875,049	\$1.82/1000 gallons
2015	\$2,717,273	\$1.81/1000 gallons
2016	\$2,725,862	\$1.81/1000 gallons
2017	\$2,659,089	\$1.81/1000 gallons
2018	\$2,767,801	\$1.81/1000 gallons
2019	\$2,780,737	\$1.90/1000 gallons
2020	\$2,932,090	\$2.02/1000 gallons
2021	\$3,151,973	\$2.03/1000 gallons

Note: There was an additional \$0.10/1000 gallons Capital Improvements Rate in 2020 and 2021

# *Continuing Disclosure Reporting*

**Table 5: Largest Retail Water Customers**

	<b>Member</b>	<b>Retail Customer</b>	<b>Type of Business</b>	<b>Annual Usage (gals)</b>
1	PWSD #1 Thomas Hill	Moberly Prison	Prison	106,108,000
2	City of Vandalia	Vandalia Women's Prison	Prison	29,088,000
3	PWSD #1 Shelby County	CNS International Ministries	School	12,919,900
4	PWSD #1 Thomas Hill	City of Higbee	Municipality	10,993,900
5	PWSD #1 Thomas Hill	Chariton Pork LLC	Agriculture	10,823,500
6	WSD #1 Cannon	Great Escapes	Landing Water Park	9,738,800
7	PWSD #1 Marion County	BASF	Agriculture	6,839,300
8	PWSD#1 Pike County	City of Frankford	Municipality	6,657,000
9	WSD #1 Cannon	USACE	Government	5,295,400
10	City of Perry	Perry Machine & Die	Business	3,859,500
11	PWSD #1 Marion County	CF Industries	Business	3,833,100
12	PWSD #1 Shelby County	City of Hunnewell	Municipality	3,600,000
13	WSD #1 Cannon	Loves Truck Stop	Business	2,765,900
14	WSD #1 Cannon	BKY Nursing Home	Business	2,561,900
15	PWSD #1 Shelby County	Dreckshage Pork	Agriculture	2,541,300
			<b>Total</b>	<b>217,625,500</b>



CLARENCE CANNON WHOLESALE WATER COMMISSION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Clarence Cannon Wholesale Water Commission  
Stoutsville, Missouri

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the Clarence Cannon Wholesale Water Commission as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Clarence Cannon Wholesale Water Commission's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Clarence Cannon Wholesale Water Commission, as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Changes in net Pension Liability and Related Ratios and Schedule of Contributions on pages 3-7, 25 and 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

A handwritten signature in cursive script that reads "John W. Gillum CPA LLC".

John W. Gillum, CPA, LLC  
Certified Public Accountant  
Kirksville, Missouri  
January 12, 2022





# Clarence Cannon Wholesale Water Commission



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## CLARENCE CANNON WHOLESALE WATER COMMISSION MANAGEMENT'S DISCUSSION AND ANALYSIS—UNAUDITED FOR THE YEAR ENDED SEPTEMBER 30, 2021

The Clarence Cannon Wholesale Water Commission (CCWWC) is a Joint Municipal Utility Commission organized under Chapter 393, Section 393.700 of the Revised Statutes of Missouri (RS Mo). This discussion and analysis of the financial performance of the CCWWC provides an overview of financial activities for the fiscal year ended September 30, 2021. This analysis should be read in conjunction with the financial statements and notes thereto.

The Clarence Cannon Wholesale Water Commission is a wholesale provider of potable water to municipalities and rural water districts in northeast Missouri. The CCWWC has 23 member systems that in turn serves approximately 73,000 people in 14 counties in northeast Missouri.

### **Financial Highlights**

As a part of the fiscal year 2021 budget approved by the Board of Directors on September 9, 2020, the Water Rate charged to member systems increased from \$2.02 per 1,000 gallons of metered usage to \$2.03 per 1,000 gallons. Water Rate revenues pay for all operations and maintenance of both the treatment plant and distribution system. Significant items within the operations and maintenance expenses are chemicals, utilities, labor, and raw water. On top of the production rate, an additional Capital Improvements Rate is charged in the amount of \$0.10/1,000 gallons of metered usage as well. The Capital Improvements Rate helps fund capital projects and purchases. This fee remained the same from FY 2020 to FY 2021. The chart below shows the progression of the Water Rate and Capital Improvements Rate in the last three fiscal years and the anticipated fees for the fiscal year to come.

	FY 2019	FY 2020	FY 2021	FY 2022
<b>Water Rate</b>	\$2.00	\$2.02	\$2.03	\$2.18
<b>Capital Improvements Rate</b>	\$0.10	\$0.10	\$0.10	\$0.15

All charges are per 1,000 gallons of metered usage and charged monthly.

CLARENCE CANNON WHOLESALE WATER COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS—UNAUDITED  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

**Financial Statements**

This report contains three basic financial statements and related notes. The Statement of Net Position presents the CCWWC's financial condition, assets and liabilities, with the difference between the two reported as net position. The Statement of Revenues, Expenses, and Change in Net Position present CCWWC's results of operations for the year ended September 30, 2021. The Statement of Cash Flows presents the CCWWC's sources and uses of cash for the year ended September 30, 2021. The Notes to the Financial Statements are an integral part of the financial statements and contain information on accounting principles and other matters necessary for a more complete understanding of CCWWC's financial status.

A condensed Statement of Net Position follows:

	<u>September 30</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 3,944,186	\$ 3,937,423	\$ 4,444,259
Net capital assets	34,659,089	35,693,048	36,797,423
Deferred outflows	<u>26,263</u>	<u>74,876</u>	<u>23,848</u>
Total	38,629,538	39,705,347	41,265,530
Less: Liabilities			
Long-term debt	6,962,800	8,225,300	10,900,300
Other liabilities and deferred inflows	<u>682,749</u>	<u>646,352</u>	<u>563,612</u>
Total	<u>7,645,549</u>	<u>8,871,652</u>	<u>11,463,912</u>
Net Position	<u>\$ 30,983,989</u>	<u>\$ 30,833,695</u>	<u>\$ 29,801,618</u>

**Operating Results**

During summer and winter, weather patterns, and therefore customer usage can have a significant impact on operating results. Revenues from water sales are relatively consistent year to year. Expenses continue to trend upwards as chemicals, labor, utilities, and raw water increases drive those costs. These items should be expected to continue to increase year to year. In order to maintain a solid operating system, future operating revenues need to rise in similar amounts to operating expenses. Expectations for the future are that the Water Rate should increase incrementally year to year to keep up with rising operations costs. Chemical availabilities and costs have risen sharply beginning in August of 2021.

CLARENCE CANNON WHOLESALE WATER COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS—UNAUDITED  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

OPERATING REVENUES			
	September 30		
	2021	2020	2019
<b><u>Operating Revenues</u></b>			
Water sales and service revenues	\$ 4,504,021	\$ 5,423,040	\$ 5,960,292
OPERATING EXPENSES			
Salaries, benefits, employer costs	\$ 284,201	\$ 298,457	\$ 260,284
Administrative costs	224,796	183,423	200,058
System maintenance	213,891	131,897	252,218
Treatment	719,767	793,710	745,753
Water purchase	323,574	276,323	256,136
Utilities	583,922	569,645	560,971
Contract labor	666,792	650,388	632,507
Depreciation	1,240,758	1,308,698	1,289,061
Amortization	-	11,601	2,473
Other	1,503	2,226	1,948
Total	\$ 4,259,204	\$ 4,226,368	\$ 4,201,409

**Key Projects**

**Conversion from Gas Chlorine to Sodium Hypochlorite:** The conversion from gas chlorine to sodium hypochlorite for the disinfection system began and was mostly completed during FY 2020. The project totaled approximately \$133,000 (engineering = \$18,000 and construction = \$115,000). In FY 2021 the project was finished as the following items were completed: containment for the chemical feed room, final engineering certification, and record drawings. Minus the engineering, this entire project was constructed by in-house personnel, with a large majority installed by SUEZ (CCWWC's contract operators). By doing the installation in-house, it saved CCWWC a considerable amount of money. The project was also constructed within existing facilities, so no new structures needed to be installed.

**High Service & Transfer Pump Installations:** This project was approved by the Board of Directors and began in FY 2021, but will not be completed until well into FY 2022 due to long lead times on the new equipment for the project. A contract with C and C Pumps was signed for \$308,540 in FY 2021 to order the materials and complete the installation. All of the equipment necessary for the new pump installations was ordered in the spring of 2021. The equipment included new variable frequency drives (500 hp and 75 hp), new pumps, new motors, and all the necessary piping and valves for the installation of the new pumps. Due to most material not arriving until after FY 2021, no money was paid on the contract during FY 2021.

CLARENCE CANNON WHOLESALE WATER COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS—UNAUDITED  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

**Change in Net Position**

The results of operations are impacted by many external factors outside the CCWWC's control. Weather and other factors affect demand for water. Elevation of source water effecting pumping power required, turbidity and algae blooms in source water effect treatment expenses. Nevertheless, our financial position remains stable and strong.

Net position continued to grow and the CCWWC maintains strong credit ratings, demonstrating our strong financial position. Net position increased by .5% over 2020; increased by 3.5% over 2019; and increased by 6.3% over 2018.

A condensed Statement of Revenues, Expenses, and Change in Net Position follows:

	<u>September 30</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating revenues	\$ 4,496,641	\$ 5,423,040	\$ 5,960,292
Less: Operating Expenses	<u>(4,259,204)</u>	<u>(4,226,368)</u>	<u>(4,201,409)</u>
Total operating income	<u>\$ 38,629,538</u>	<u>\$ 1,196,672</u>	<u>\$ 1,758,883</u>
Non-operating revenues (expenses)			
Interest/other income	\$ 155,569	\$ 92,067	\$ 7,891
Interest expense	(207,505)	(197,874)	(217,980)
Other items (net)	<u>(42,587)</u>	<u>(58,788)</u>	<u>(63,907)</u>
Total other income (expenses)	<u>\$ (94,523)</u>	<u>\$ (164,595)</u>	<u>\$ (273,996)</u>
Change in Net Position	150,294	1,032,077	1,484,887
Net position, beginning	<u>\$ 30,833,695</u>	<u>\$ 29,801,618</u>	<u>\$ 28,316,731</u>
Net position, ending	<u>\$ 30,983,989</u>	<u>\$ 30,833,695</u>	<u>\$ 29,801,618</u>

CLARENCE CANNON WHOLESALE WATER COMMISSION  
 MANAGEMENT'S DISCUSSION AND ANALYSIS—UNAUDITED  
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

**Capital Assets**

CCWWC's investment in capital assets as of September 30, 2021, amounts to \$34,659,089 (net of accumulated depreciation). This investment in capital assets includes land and easements, plant buildings and lagoons, distribution system, and machinery and equipment consisting of tools, lab equipment, office equipment, and vehicles. Total capital assets decreased by \$1,033,959 from 2020.

A condensed statement of net capital assets as of September 30 follows:

	September 30		
	2021	2020	2019
Construction in progress	\$ 107,345	\$ -	\$ 789,386
Land	615,518	615,485	615,485
Plant buildings and lagoons	12,559,446	12,923,280	13,288,223
Distribution system	21,145,522	21,909,876	21,824,187
Machinery and equipment	231,258	244,407	280,142
Total	\$ 34,659,089	\$ 35,693,048	\$ 36,797,423

**Debt Administration**

At September 30, 2021, the Commission had a total of \$6,962,800 of long-term debt outstanding obligations. This was a decrease of \$1,262,500 or 15.4% from the previous year. The 2000B State Revolving Fund Bond from the Missouri Department of Natural Resources was paid in full in August of 2021. CCWWCC continues to pay down bonded debt, and is scheduled to be debt free in 2030.

**Known Facts, Decisions or Conditions that are Expected to have a Significant Effect on Net Position**

There is one relatively large capital project planned to be completed in FY 2022 totaling \$308,540 to install two new pumps (500 Hp High Service Pump & 75 Hp Transfer Pump) to increase redundant pumping capacity to the plant operations. This project will be entirely funded by the Capital Improvements Fund.

Aging infrastructure indicates that casualties in the treatment plant and distribution system equipment and leaks in the distribution system are more likely as the system ages and highlight the need for the increase in the Capital Improvements Fund in the years to come for these eventualities. This shows in the increased maintenance costs the last few years. During the budgeting process for FY 2022, the Water Rate was increased from \$2.03/1,000 gallons to \$2.18/1,000 gallons to have enough revenue for the maintenance expenses as well as rising chemical costs due to availability issues. Management is not aware of any decisions or other conditions that are likely to have a significant effect on financial position or results of operations.

**Request for Information**

This financial report is designed to provide the reader a general overview of the Commission's finances. Questions or requests for more information concerning any of the information provided in this report should be directed to the General Manager, Clarence Cannon Wholesale Water Commission, (573) 672-3221, 34146 Route U, Stoutsville, Missouri 65283-2117.

## BASIC FINANCIAL STATEMENTS

CLARENCE CANNON WHOLESALE WATER COMMISSION  
STATEMENT OF NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

**ASSETS**

Current Assets:

Cash	\$ 2,687,846
Investments – certificates of deposit	472,508
Accounts Receivable	366,790
Inventory	<u>143,864</u>
Total Current Assets	3,671,008

Restricted Assets:

Cash accounts – debt service	273,178
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Noncurrent Assets:

Capital assets, net of accumulated depreciation	<u>34,659,089</u>
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Total Assets	38,603,275
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<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	<u>26,263</u>
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TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 38,629,538</u>
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**LIABILITIES**

Current Liabilities:

Payable from current assets-	
Accounts Payable	\$ 490,869
Payroll liabilities	7,641
Pension net liability	16,822
Payable from restricted assets-	
Accrued interest payable	2,813
Revenue bonds due within one year	<u>985,900</u>
Total Current Liabilities	1,504,045

Noncurrent Liabilities:

Revenue bonds due after one year	5,976,900
Discounts/premiums on bonds	<u>56,384</u>
Total Noncurrent Liabilities	<u>6,033,284</u>

Total Liabilities	7,537,329
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<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	108,220
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**NET POSITION**

Net investment in capital assets	27,639,905
Restricted for debt service	273,178
Unrestricted, undesignated	<u>3,070,906</u>
Total Net Position	<u>30,983,989</u>

TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 38,629,538</u>
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See Accompanying Notes to the Financial Statements

CLARENCE CANNON WHOLESALE WATER COMMISSION  
STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Operating Revenues:	
Water sales	\$ 4,496,641
Services revenues	<u>7,380</u>
Total Operating Revenues	4,504,021
Operating Expenses:	
Salaries, benefits, employer costs	284,201
Administrative costs	224,796
Water and distribution system maintenance	213,891
Treatment	719,767
Water purchase	323,574
Utilities	583,922
Contract labor	666,792
Depreciation	1,240,758
Other	<u>1,503</u>
Total Operating Expenses	4,259,204
Operating Income	244,817
Nonoperating Revenues (Expenses):	
Interest and investment earnings	148,233
Gain (loss) on disposition of capital assets	7,336
Interest expense on bonds	(207,505)
Trustee fees	<u>(42,587)</u>
Total Nonoperating Revenues (Expenses)	<u>(94,523)</u>
Change in Net Position	150,294
Net Position—Beginning	<u>30,833,695</u>
Net Position—Ending	<u>\$ 30,983,989</u>

See Accompanying Notes to the Financial Statements



CLARENCE CANNON WHOLESALE WATER COMMISSION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Operating Activities:	
Received from customers for water sales	\$ 4,532,104
Service revenues	7,380
Payments to vendors and suppliers for materials and services	(2,677,510)
Payments to or on behalf of employees	<u>(294,436)</u>
Net cash provided by operating activities	1,567,538
Capital and related financing activities:	
Additions to capital assets	(234,963)
Proceeds from sale of vehicle	35,500
Principal paid on long-term debt	(1,262,500)
Interest paid on long-term debt	(228,555)
Fees paid on long-term debt	<u>(42,587)</u>
Net cash (used) by capital and related financing activities	(1,733,105)
Investing Activities:	
Redemption of investments	1,422,162
Interest earnings	<u>148,233</u>
Net cash provided by investing activities	<u>1,570,395</u>
Change in cash	1,404,828
Cash, beginning	<u>1,283,018</u>
Cash, ending	<u>\$ 2,687,846</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income	\$ 244,817
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,240,758
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	35,463
(Increase) decrease in inventory	(59,560)
(Increase) decrease in deferred outflows	48,613
Increase (decrease) in deferred inflows	89,224
Increase (decrease) in net pension liability	(148,072)
Increase (decrease) in accounts payable	115,294
Increase (decrease) in payroll taxes liability	<u>1,001</u>
Net cash provided by operating activities	<u>\$ 1,567,538</u>

See Accompanying Notes to the Financial Statements

CLARENCE CANNON WHOLESALE WATER COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

**NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**

**A. Organization and Operations of the Reporting Entity**

The Clarence Cannon Wholesale Water Commission (the “Commission”) located in Monroe County, Missouri is subject to Chapter 351, RSMo and is a Joint Municipal Utility Commission organized under Sections 393.700 to 393.770 of the Revised Statutes of the State of Missouri. The Commission is a separate governmental entity with residual ownership rights remaining with its members. The Commission is responsible only for its own operations, which is primarily the treatment and transmission of water to its contracting members.

The Commission has a board of directors consisting of 23 members (14 cities and 9 Public Water Supply Districts) with one from each contracting member entity. Each governing body of each member system, that is, the City Council, or PWSB board, appoints the Commission’s director and alternate director. The Commission receives an ordinance or resolution, or minutes of the meeting where the designations are made to list them as a director or alternate director. The Board has an appointed executive committee consisting of seven members. The committee consists of a Chairman, Vice-Chairman, Secretary, Treasurer and three at-large members. The Commission’s governing body selects management staff, sets user charges, establishes budgets, and has oversight and control responsibility over all aspects of the general operations of the Commission. The Commission is exempt from federal and state income taxes as a governmental entity of the State of Missouri.

The financial reporting entity is composed of the Clarence Cannon Wholesale Water Commission. The Commission from time to time may receive funding from various county, state, and federal government sources and must comply with the requirements of these various funding sources. The Commission is not included in any other governmental reporting entity as defined by GAAP pronouncements and has decision-making authority to adjust water rates, the power to designate management, the ability to significantly influence operations, and the primary accountability for its fiscal matters. The Commission does not include any other reporting entity in its financial statements.

**B. Basis of Accounting and Measurement Focus**

The Commission reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the Commission is that costs of providing water to its customers on a continuing basis be financed or recovered primarily through user charges (water sales). Revenues and expenses are recognized on the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Revenues, expenses, assets, and liabilities from exchange and exchange-like transactions are recognized when the exchange takes place. The Statement of Revenues, Expenses, and Change in Net Position distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses include exchange transactions associated with providing water services. Nonexchange revenues, including interest, received for purposes other than capital asset acquisition are reported as nonoperating revenues.

CLARENCE CANNON WHOLESALE WATER COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

**NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)**

**B. Basis of Accounting and Measurement Focus (Continued)**

The financial statements have been prepared in conformity with the pronouncements of the Governmental Accounting Standards Board (GASB). The commission has elected to apply all Financial Accounting Standards Board (FASB) Statements and Interpretations except for those that conflict with GASB pronouncements in accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*.

**C. Financial Reporting**

The Commission's basic financial statements are presented in conformance with the provision of Governmental Accounting Standards Board (GASB) Statement No. 63, (issued in June 2011) *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. The statement requires that the difference between assets and liabilities be reported as net position. In addition, the impact of any deferred outflow of resources or deferred inflows of resources must be explained. The statement of cash flows is prepared using the direct method. Under the direct method, unrestricted net assets are available. Under GASB, enterprise funds, such as the Commission, have the option to consistently following or not following pronouncements issued by the Financial Accounting Standards Board (FASB) subsequent to November 30, 1989. The Commission has elected not to follow FASB standards issued after that date, unless such standards are specifically adopted by GASB.

In FY 2015, the Commission adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statements No. 27, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. These statements established standards for measuring and recognizing liabilities, deferred outflows and inflows of resources and expenses for pensions that are provided to the employees of state and local government employers through pension plans administered through trusts.

**D. Assets, Liabilities, and Net Position**

1. Cash and Cash Equivalents

For the purpose of financial reporting "cash" includes the monies held in the public now checking accounts. The Commission has four interest-bearing public now checking accounts at one banking facility. The Commission has entered into contractual agreements with three member systems having rights to eighty percent of the storage space in the City of Curryville tower with the Commission retaining twenty percent in exchange for an unconstrained point-of-connection and eighty percent payment of the initial purchase cost and eighty percent maintenance costs of the tower. The Curryville Maintenance Fund account is refunded when depleted by the Commission and the contracted members reflecting their storage rights at the rate of \$7,000 annually with a maximum of \$90,775 in the account.

CLARENCE CANNON WHOLESALE WATER COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

**NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)**

**D. Assets, Liabilities, and Net Position (Continued)**

2. Investments and Investment Policy

State statutes authorize the Commission to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer’s Investment Pool. The Commission has invested monies in non-negotiable certificates of deposits exceeding 90 days in maturity with various banks. The Commission’s policy has been to invest in obligations according to state statutes.

3. Accounts Receivable

Accounts receivable consists of amounts due from contracting members of the Commission for water usage and other fees. The Commission does not maintain an allowance for uncollectible because management anticipates that all accounts eventually will be collected.

4. Inventory

Inventory consists of purchased operating water maintenance and distribution system supplies on hand of \$33,963 and various chemicals for water treatment of \$109,901 and is carried in the accounts at cost using the first-in, first-out inventory method and is subsequently charged to operations as utilized.

5. Capital Assets

Capital assets are reported on the basis of historical cost, net of allowances for depreciation. Major acquisitions are financed from bond proceeds. Other acquisitions are financed from internally generated cash flows. Capital asset costs are recovered through depreciation over the estimated useful life of the individual items. The Commission has established a capitalization threshold of \$2,500 to report capital assets. Depreciation expense is calculated using the straight-line method of depreciation with estimated lives ranging from 5-50 years as follows:

Distribution System	10-50 years	Lab equipment	5-10 years	Tools	5-10 years
Plant building	5-50 years	Equipment	5-10 years		
Lagoons	10-50 years	Vehicles	5-20 years		

6. Accounts Payable

Accounts payable consists of monthly operating expenses due to and payable at September 30, 2021, of \$165,646 along with the estimated amount for raw water processed under contract with the U.S. Army Corps of Engineers due as of September 30, 2021, for \$325,223.

CLARENCE CANNON WHOLESALE WATER COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

**NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)**

**D. Assets, Liabilities, and Net Position (Continued)**

7. Pensions

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

8. Deferred Inflows and Outflows of Resources

A deferred inflow of resources is an acquisition of net position by the Commission that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by the Commission that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statements as revenues and expenses until the period(s) to which they relate.

9. Net Position

Net Position is categorized as follows:

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted – Consists of those items that have constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation, reduced by any liabilities to be paid from these assets. The Commission’s policy is to first apply restricted resources to any obligations followed by the utilization of unrestricted resources.

Unrestricted-Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position that is not designated.

CLARENCE CANNON WHOLESALE WATER COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

**NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)**

**E. Use of Estimates**

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

**F. Budgetary Policy**

State statutes require the Commission to prepare an annual operating budget showing estimated revenues and expenses for approval by the Commission. The budget conforms to the method of accounting used for financial reporting. Requests for expenses exceeding the original amount authorized must be submitted to the Commission for approval.

**NOTE 2: CASH AND INVESTMENTS**

Cash includes monies held in four interest-bearing checking accounts designated as the operating account, a miscellaneous operating account, and a Curryville Tower Maintenance Fund. The Commission's funds are also maintained in non-negotiable certificates of deposit in three banks. These funds are available for the general operations of the Commission except as required by state law or by the various bond covenants. The Commission also has various banking accounts held on behalf of a separate banking institution for the various bond debt service and rebate accounts.

The Curryville Tower Maintenance Fund is used for the upkeep and maintenance of the City of Curryville water tower. The Commission owns 20% of the storage space in the tower while other member systems own the remaining 80% and monies are paid into this fund by the Commission and member systems monthly up to a maximum of \$90,775 over a 10-year period. At September 30, 2021, this fund had a balance of \$21,896.

**A. CUSTODIAL CREDIT RISK**

**Deposits**

At September 30, 2021, the carrying value of the Commission's bank deposits and undeposited funds was \$2,687,846 and the bank balances were \$2,647,954. Custodial credit risk is the risk that, in the event of the failure of the counterparty, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Commission has adopted an investment policy to disclose risk.

CLARENCE CANNON WHOLESALE WATER COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

**A. CUSTODIAL CREDIT RISK**

Deposits (Continued)

In accordance with state law, all uninsured deposits of Commission funds in financial institutions must be secured with acceptable collateral. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State or political subdivision debt obligations, surety bonds, or certain letters of credit. The Commission complies with various restrictions on deposits and investments, which are imposed by state law. The bank balances and certificates of deposit at September 30, 2021, were entirely covered by Federal Depository Insurance Corporation (FDIC) and with collateral held by the independent custodial banks in the Commission's name.

Investments-Certificates of Deposit

The Commission may purchase any investments allowed by the State Treasurer. These include (1) obligations of the United States government or any agency or instrumentality thereof, or (2) repurchase agreements maturing and becoming payable within ninety days secured by U.S. Treasury obligations or obligations of U.S. government agencies or instrumentalities of any maturity, as provided by law. At September 30, 2021, the Commission had certificates of deposit totaling \$472,508 whose original maturity term exceeded three months.

**B. INTEREST RATE RISK**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Commission minimizes the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by structuring the investment portfolio so that securities mature to meet cash flow and liquidity needed for operations.

**C. CONCENTRATION OF INVESTMENT CREDIT RISK**

The Commission has adopted an investment policy to minimize the risk of loss resulting from over concentration of assets by diversification of specific maturity, specific issuer, and the specific class of securities.

**NOTE 3: RESTRICTED AND DESIGNATED RESERVES**

Restricted assets consist of the following, restricted by bond covenants:

Debt Service	\$ <u>273,178</u>
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CLARENCE CANNON WHOLESALE WATER COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

**NOTE 4: ACCOUNTS RECEIVABLE**

The Commission's accounts receivable consists of amounts due from contracted members of the Commission for water usage paid in the subsequent year for water availability in September of the current year and other amounts due from customers. Management anticipates that all accounts will be collected, thus there is no provision for doubtful accounts.

**NOTE 5: REVENUES**

Revenue is recognized as services are rendered and include an estimate for water delivered but unbilled at the end of each reporting period. Operating revenues include revenues from the provision and delivery of water to wholesale customers. Operating revenues reported in the statement of revenues, expenses, and changes in net position are shown net of discounts.

**NOTE 6: CAPITAL ASSETS**

Changes in capital assets for the year were as follows:

	Beginning Balance <u>10/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>9/30/2021</u>
<u>Non-Depreciable Assets</u>				
Construction in progress	\$ -	\$ 107,345	\$ -	\$ 107,345
Land and easements	<u>615,485</u>	<u>33</u>	<u>-</u>	<u>615,518</u>
Total non-depreciable assets	615,485	107,378	-	722,863
<u>Depreciable Assets</u>				
Distribution system	35,690,429	-	-	35,690,429
Plant building	21,367,027	68,677	-	21,435,704
Lagoons	651,792	-	-	651,792
Vehicles	416,546	42,742	(42,246)	417,042
Tools	57,750	11,672	-	69,422
Lab equipment	36,759	-	-	36,759
Equipment	<u>23,406</u>	<u>4,494</u>	<u>-</u>	<u>27,900</u>
Total depreciable assets	58,243,709	127,585	(42,246)	58,329,048
Less: Accumulated Depreciation	<u>(23,166,146)</u>	<u>(1,240,758)</u>	<u>14,082</u>	<u>(24,392,822)</u>
Total Depreciable Assets, Net	<u>35,077,563</u>	<u>(1,113,173)</u>	<u>(28,164)</u>	<u>33,936,226</u>
Total Capital Assets, Net	<u>\$ 35,693,048</u>	<u>\$ (1,005,795)</u>	<u>\$ (28,164)</u>	<u>\$ 34,659,089</u>

Depreciation expense for the year ended September 30, 2021 was \$1,240,758.



CLARENCE CANNON WHOLESALE WATER COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

**NOTE 7: LONG-TERM DEBT**

	<u>AMOUNT OUTSTANDING</u>
Revenue Bonds as of September 30, 2021, are as follows:	
2005C Water Revenue Bonds, totaling \$9,700,000 dated November 30, 2005, due through July 1, 2026, bearing interest at 3.25-5.25%	\$ 2,877,500
2006A Water Revenue Bonds, totaling \$590,000 dated April 27, 2006, due July 1, 2026, bearing interest at 4.25-5.625%	175,000
2009 Water Revenue Bonds, totaling \$2,390,000 dated November 1, 2009, due July 1, 2030, bearing interest at 1.5%	1,218,300
2010 Water Revenue Bonds, totaling \$5,285,000 dated August 1, 2010, due August 1, 2030, bearing interest at 1.5%	<u>2,692,000</u>
Total Bonds Payable	<u>\$ 6,962,800</u>

The revenue bonds are to have principal paid annually and the interest paid semi-annually; however, the District pays the required principal and interest monthly.

The 2000B water revenue bonds were paid off in August 2021.

Changes in Long-Term Debt Principal for the year ended September 30, 2021 are as follows:

	Balance <u>10/1/20</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>9/30/21</u>	Amount Due Within One Year
<u>Original Issue</u>					
Series 2000	\$ 290,000	\$ -	\$ (290,000)	\$ -	\$ -
Series 2005C	3,420,000	-	(542,500)	2,877,500	550,000
Series 2006A	210,000	-	(35,000)	175,000	35,000
Series 2009	1,341,300	-	(123,000)	1,218,300	124,900
Series 2010	<u>2,964,000</u>	-	<u>(272,000)</u>	<u>2,692,000</u>	<u>276,000</u>
 Total	 <u>\$ 8,225,300</u>	 <u>\$ -</u>	 <u>\$ (1,262,500)</u>	 <u>\$ 6,962,800</u>	 <u>\$ 985,900</u>

CLARENCE CANNON WHOLESALE WATER COMMISSION  
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**NOTE 7: LONG-TERM DEBT (CONTINUED)**

The total annual payments required to amortize the revenue bonds outstanding at September 30, 2021, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 985,900	\$ 201,023	\$ 1,186,923
2023	1,009,400	167,220	1,176,620
2024	1,027,000	132,578	1,159,578
2025	1,050,600	98,347	1,148,947
2026	1,066,800	61,275	1,128,075
2027-2030	<u>1,823,100</u>	<u>61,944</u>	<u>1,885,044</u>
Total	<u>\$ 6,962,800</u>	<u>\$ 722,387</u>	<u>\$ 7,685,187</u>

**NOTE 8. EMPLOYEE RETIREMENT PLAN**

**Plan Description**

The Commission participates in the Missouri Local Area Government Employees Retirement System (LAGERS), an agent multi-employer, statewide public employee retirement plan that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability and death benefits to plan members and beneficiaries.

LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, Section RSMo 70.600 – 70.755. As such, it is the system’s responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401a and it is tax exempt.

The Missouri Local Area Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at [www.molagers.org](http://www.molagers.org) or from Missouri Local Area Government Employee Retirement System LAGERS, P.O. Box 1665, Jefferson City, MO 65102.

**Benefits Provided**

LAGERS provides retirement, death and disability benefits to employees of participating political subdivisions. All benefits vests after 5 years of credited service. Employees who retire on or after age 60 with 5 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 5 years of credit service and after attaining age 55 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.

CLARENCE CANNON WHOLESALE WATER COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 8. EMPLOYEE RETIREMENT PLAN (CONTINUED)**

**Benefits Provided (Continued)**

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% per year. If an employee leaves covered employment or dies before attaining 5 years of credited service, accumulated employee contributions are refunded to the employee or designated beneficiary. Each participating employer is required by statute to contribute the remaining amounts necessary to finance the coverage of its own employees. Benefit and contribution provisions are fixed by state statute and may be amended only by action of the state legislature.

**Funding**

Clarence Cannon Wholesale Water Commission is required to contribute to the employees' pension plan at an actuarially determined rate; the current rate is 15.9% (general) of annual covered payroll. The contribution provisions of the Commission are established by state statute.

The annual required contribution was determined as part of the February 28, 2021 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.00 percent investment rate of return and (b) projected salary increase ranging from 2.75 to 6.75 percent per year (c) pre-retirement mortality based on 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and (3) post-retirement mortality based on 115% of the PubG-2010 Retiree Mortality Table for males and females. Both (a) and (b) include an inflation component of 2.75 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2021 was 15 years.

**Pooled Funds Allocation**

As previously mentioned, LAGERS is an agent multi-employer plan. However, for purposes of certain benefit payments, LAGERS functions similar to a cost-sharing plan with pooled funds. These pooled funds are the Casualty Reserve Fund (CRF) and the Benefit Reserve Fund (BRF). The CRF is the fund in which the employer contributions and interest credits are accumulated and from which transfers are made to pay for members retired as a result of disability or duty-related death. The BRF is the fund from which all retirement, disability and survivor benefits are paid. For GASB 68 purposes, these pooled funds are allocated to participating employers using factors and formulas of actuarially computed amounts which include the present value of future benefits and the accrued liabilities for both current members and retirees. The annual change in each participating employer's proportionate share of these funds is represented as either an addition or (deduction) on the Schedule of Changes in Fiduciary Net Position by Employer. This amount will net to zero as the changes in proportionate share are fully allocated among all participating employers.

CLARENCE CANNON WHOLESALE WATER COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 8. EMPLOYEE RETIREMENT PLAN (CONTINUED)**

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

At September 30, 2021, the Commission recorded a liability of \$16,822 for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2021 and determined by an actuarial valuation as of that date. For the year ended September 30, 2021, the Commission recognized a pension expense of \$20,059, its proportionate share of the total pension expense.

<b>Total Pension Liability</b>	
Service Cost	\$ 28,682
Interest on Total Pension Liability	60,047
Difference between expected and actual experience of the Total Pension Liability	(6,429)
Changes of assumptions	(14,939)
Benefit payments, including refunds of employee contributions	<u>(45,970)</u>
Net change in total pension liability	21,391
Total pension liability—beginning	<u>836,734</u>
Total pension liability—ending	<u>\$ 858,125</u>
<b>Plan Fiduciary Net Position</b>	
Contributions—employer	\$ 40,333
Net investment income	176,006
Benefit payments, including refunds of employee contributions	(45,970)
Pension Plan Administrative Expense	(617)
Other (Net Transfer)	<u>(289)</u>
Net change in fiduciary net position	169,463
Plan fiduciary net position—beginning	<u>671,840</u>
Plan fiduciary net position—ending	<u>\$ 841,303</u>
<b>Net pension liability/(asset)</b>	<u>\$ 16,822</u>
<b>Membership</b>	
Number of	
• Retirees and Beneficiaries	2
• Inactive Non-retired Members	0
• Active Members	4
• Total	6
Covered Payroll	\$ 251,340
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	98.04%
Net Pension Liability as a Percentage of Covered Payroll	6.69%
<b>Total Pension Expense</b>	<b>\$ 20,059</b>

CLARENCE CANNON WHOLESALE WATER COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 8. EMPLOYEE RETIREMENT PLAN (CONTINUED)**

At September 30, 2021, the Commission reported deferred outflows of resources and deferred inflows of resources from the following sources related to LAGERS pension benefits:

<b>Balance of Deferred Outflows and Inflows Due to:</b>	<u>General</u>	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference between expected and actual experience	\$ 26,263	\$ (11,828)
Changes in assumptions	-	(13,436)
Net Difference between projected and actual earnings on pension plan investments	-	(82,956)
<b>Total</b>	<u>\$ 26,263</u>	<u>\$ (108,220)</u>

Amounts reported as collective deferred (inflows)/outflows of resources to be recognized in pension expense:

2022	\$ (19,702)
2023	(9,068)
2024	(22,080)
2025	(29,449)
2026	(1,658)
Thereafter	-
	<u>\$ (81,957)</u>

**Actuarial Assumptions**

Actuarial valuations of LAGERS involves estimates of the reported amount and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Significant actuarial assumptions and other inputs used to measure the total pension liability:

- Valuation Date February 28, 2021
- Notes: The roll-forward of total pension liability from February 28, 2021 to June 30, 2021 reflects expected service cost and interest reduced by actual benefit payments.
- Actuarial Cost Method Entry Age Normal and Modified Terminal Funding
- Amortization Method Level Percentage of Payroll Amortization Method
- Remaining Amortization Multiple Bases from 15 to 17 years
- Asset Valuation method 5-Year smoothed market; 20% corridor
- Inflation 2.75% wage inflation; 2.25% price inflation
- Investment Rate of Return 7.00%, net of investment expenses

CLARENCE CANNON WHOLESALE WATER COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 8. EMPLOYEE RETIREMENT PLAN (CONTINUED)**

**Actuarial Assumptions (Continued)**

- Retirement Age Experience-based table of rates that are specific to the type of eligibility condition.
- Salary Increases 2.75% to 6.75% including wage inflation.
- 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 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.

**Single Discount Rate**

GASB State No. 68 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position in future years can then be determine and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a “risk-free” rate is required.

The *single discount rate (SDR)* is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the 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 (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). For the purpose of this valuation, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 3.8%; and the resulting discount rate is 7.00% for General.

CLARENCE CANNON WHOLESALE WATER COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

**NOTE 8. EMPLOYEE RETIREMENT PLAN (CONTINUED)**

**Discount Rate Sensitivity**

The sensitivity of the Commission's net pension liability to changes in the discount rate is presented below. The Commission's net pension liability is calculated using the discount rate of 7.25% is presented as well as the net pension liability using a discount rate that is 1.0% lower (6.25%) or 1.0% higher (8.25%) than the current rate.

Discount Rate	1% Decrease ( <u>6.25%</u> )	Current Rate ( <u>7.25%</u> )	1% Increase ( <u>8.25%</u> )
Total Pension Liability	\$ 956,886	\$ 858,125	\$ 770,949
Plan Fiduciary Net Position	<u>841,303</u>	<u>841,303</u>	<u>841,303</u>
Net Pension Liability/Asset (NPL)	\$ <u>115,583</u>	\$ <u>16,822</u>	\$ <u>(70,354)</u>

**NOTE 9. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 12, 2022, the date on which the financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The continued spread of COVID-19, or any similar outbreaks in the future, may adversely impact the local, regional, national and global economies. The extent to which COVID-19 impacts the Commission's operating results is dependent on the breadth and duration of the pandemic and could be affected by other factors management is not currently able to predict. Potential impacts include, but are not limited to, additional costs for responding to COVID-19, potential shortages of personnel, potential shortages of supplies, delays, loss of, or reduction to revenue. Management believes the Commission is taking appropriate actions to respond to the pandemic; however, the full impact is unknown and cannot be reasonably estimated.

REQUIRED SUPPLEMENTAL INFORMATION



CLARENCE CANNON WHOLESAL WATER COMMISSION  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS MULTIYEAR

Fiscal Year Ending June 30,	2016	2017	2018	2019	2020	2021
<b>Total Pension Liability</b>						
Service Cost	\$ 22,005	\$ 23,621	\$ 23,053	\$ 23,336	\$ 26,427	\$ 28,682
Interest on Total Pension Liability	37,206	42,011	45,240	48,548	52,507	60,047
Difference between expected and actual	(7,976)	(12,971)	(13,869)	(8,519)	52,437	(6,429)
Change of assumptions	39,318	(15,528)	-	-	-	(14,939)
Benefit payments, including refunds	(8,581)	(8,692)	(8,820)	(9,046)	(11,567)	(45,970)
<b>Net change in total pension liability</b>	81,972	28,441	45,604	54,319	119,804	21,391
<b>Total pension liability—beginning</b>	506,594	588,566	617,007	662,611	716,930	836,734
<b>Total pension liability—ending (a)</b>	<u>\$ 588,566</u>	<u>\$ 617,007</u>	<u>\$ 662,611</u>	<u>\$ 716,930</u>	<u>\$ 836,734</u>	<u>\$ 858,125</u>
<b>Plan Fiduciary Net Position</b>						
Contributions—employer	\$ 35,388	\$ 35,637	\$ 37,605	\$ 38,382	\$ 41,385	\$ 40,333
Net investment income	(1,314)	47,936	58,399	36,761	10,151	176,006
Benefit payments, including refunds	(8,581)	(8,692)	(8,820)	(9,046)	(11,567)	(45,970)
Pension Plan Administrative Expense	(421)	(422)	(427)	(604)	(807)	(617)
Other (Net Transfer)	(762)	341	(757)	(520)	9,869	(289)
<b>Net change in fiduciary net position</b>	24,310	74,800	86,000	64,973	49,031	169,463
<b>Plan fiduciary net position—beginning</b>	372,726	397,036	471,836	557,836	622,809	671,840
<b>Plan fiduciary net position—ending (b)</b>	<u>\$ 397,036</u>	<u>\$ 471,836</u>	<u>\$ 557,836</u>	<u>\$ 622,809</u>	<u>\$ 671,840</u>	<u>\$ 841,303</u>
<b>Net pension liability/(asset)—ending (a)-(b)</b>	<u>\$ 191,530</u>	<u>\$ 145,171</u>	<u>\$ 104,775</u>	<u>\$ 94,121</u>	<u>\$ 164,894</u>	<u>\$ 16,822</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	67.46%	76.47%	84.19%	86.87%	80.29%	98.04%
<b>Covered employee payroll</b>	\$ 212,155	\$ 216,092	\$ 219,776	\$ 225,760	\$ 327,104	\$ 251,340
<b>Net pension liability as a percentage of covered employee payroll</b>	90.28%	67.18%	47.67%	41.69%	50.41%	6.69%

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

CLARENCE CANNON WHOLESALE WATER COMMISSION  
SCHEDULE OF CONTRIBUTIONS MULTIYEAR

Fiscal Year	Actuarially Determined Contribution	Actual Employer Contributions	Contribution Excess/(Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
2011	\$ 33,276	\$ 31,017	\$ 2,259	\$ 180,318	17.20%
2012	\$ 31,599	\$ 31,599	\$ -	\$ 191,510	16.50%
2013	\$ 31,516	\$ 31,516	\$ -	\$ 195,749	16.10%
2014	\$ 32,559	\$ 32,559	\$ -	\$ 203,495	16.00%
2015	\$ 33,202	\$ 33,202	\$ -	\$ 210,136	15.80%
2016	\$ 37,622	\$ 36,117	\$ 1,505	\$ 214,982	16.80%
2017	\$ 35,477	\$ 35,477	\$ -	\$ 217,648	16.30%
2018	\$ 38,314	\$ 38,314	\$ -	\$ 222,758	17.20%
2019	\$ 38,405	\$ 38,405	\$ -	\$ 229,967	16.70%
2020	\$ 41,823	\$ 41,823	\$ -	\$ 259,768	16.10%
2021	\$ 40,393	\$ 40,393	\$ -	\$ 254,043	15.90%



