RURAL WATER DISTRICT NUMBER 4
Sedgwick County
Goddard, Kansas

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

December 31, 2024 and 2023

RURAL WATER DISTRICT NUMBER 4
Sedgwick County
Goddard, Kansas

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234 South Main
Ottawa, Kansas 66067
(785) 242-3170
(785) 242-9250
www.ag.cpa WEB SITE

Agler & Gaeddert CHARTERED
Certified Public Accountants

Harold K. Mayes, CPA
Lucille L. Hinderliter, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rural Water District Number 4
Sedgwick County
Goddard, Kansas

Opinions
We have audited the accompanying financial statements of the business-type activities of Rural Water District Number 4, Sedgwick County, Kansas as of and for the year ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Rural Water District Number 4, Sedgwick County, Kansas as of December 31, 2024 and 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Rural Water District Number 4, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of 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 Rural Water District Number 4's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Rural Water District Number 4'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 Rural Water District Number 4'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
Rural Water District Number 4 has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rural Water District Number 4's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Harold K. Mayes Jr

Harold K. Mayes Jr. CPA
Agler & Gaeddert, Chartered
Ottawa, Ks.
February 12, 2025

Rural Water District Number 4
Sedgwick County
Goddard, Kansas
STATEMENT OF NET POSITION
December 31,

ASSETS

	2024	2023
Current Assets		
Cash	$ 13,628	$ 7,253
Money Market Account	1,604,662	1,496,515
Certificates of Deposit - Short Term	563,847	535,876
Accounts Receivable	(243)	50,125
Total current assets	2,181,894	2,089,769
Property, Plant and Equipment		
Land	40,963	40,963
Water Distribution System	3,848,819	3,400,247
Water Supply	106,271	106,271
Water Storage	453,476	226,476
Controls	31,665	31,665
Office Equipment	42,631	38,486
	4,523,825	3,844,108
Accumulated Depreciation	(2,591,134)	(2,496,049)
Total Property Plant and Equipment	1,932,691	1,348,059
Total Assets	$ 4,114,585	$ 3,437,828

LIABILITIES AND NET POSITION

Current Liabilities		
Accounts Payable	$ 7,290	$ 3,240
Deferred revenue	127,073	0
Total Current Liabilities	134,363	3,240
Net Position		
Net Investment in Capital Assets	1,932,691	1,348,059
Unrestricted	2,047,531	2,086,529
Total Net Position	3,980,222	3,434,588
Total Liabilities & Net Position	$ 4,114,585	$ 3,437,828

The accompanying notes are an integral part of these statements.

Rural Water District Number 4 Statement 2

Sedgwick County

Goddard, Kansas

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended December 31,

	2024	2023
Operating Revenues		
Water Sales	$ 601,776	$ 600,968
Tower Lease	0	900
Reimbursements for repairs and extensions	30,665	30,800
Total Revenues	632,441	632,668
Operating Expenses		
Audit	5,217	4,736
Certified Engineering Management Fee	17,369	16,983
Chorine	0	837
Contract Labor	1,752	1,752
Director Fees	8,812	5,960
Insurance & Bonds	7,803	8,355
KRWA	2,934	3,312
Lead & Copper Test	1,751	617
Legal	18,718	21,377
Mileage Allowance	3,600	3,600
Miscellaneous	4,875	3,726
Monthly Retainer	24,791	23,128
Office Supplies	6,448	3,971
One Call	51,112	39,276
Postage	3,483	4,218
Repair & Maintenance	50,351	10,846
Salaries	71,326	65,700
Payroll taxes	5,528	5,092
Sales Tax	3,428	3,811
Utilities - Tower	3,152	342
Utilities - Pumps	11,955	12,614
Telephone	1,160	1,072
Water Protection	3,258	3,240
Water Tower Maintenance	0	0
Wholesale Water Purchased	1,277	1,096
Depreciation - Program	94,189	71,280
Depreciation - Support	897	1,104
Total Operating Expenses	405,186	318,045
Total Operating Income (Loss)	227,255	314,623
Non-Operating Revenues (Expenses)		
Interest Income	60,606	30,797
Reimbursements for Major Projects	178,028	0
Benefit Unit Transfers	2,400	2,700
Benefit Unit Transfers	(18,525)	(15,070)
Total Non-Operating Income (Loss)	222,509	18,427
Other Revenues and Expenses		
Sale of Benefit Units	95,870	55,400
Net Income	545,634	388,450
Total Net Position, Beginning of Year	3,434,588	3,046,138
Total Net Position, End of Year	$ 3,980,222	$ 3,434,588

The accompanying notes are an integral part of these statements.

Rural Water District Number 4
Sedgwick County
Goddard, Kansas
STATEMENTS OF CASH FLOWS
For the Years Ended December 31,

	2024	2023
Cash Flows from Operating Activities		
Cash Received From Customers	$ 682,809	$ 629,256
Cash Paid to Suppliers	(229,196)	(174,778)
Cash Paid to Employees (including payroll taxes and benefits)	(76,854)	(70,792)
Net Cash Provided by (used in) Operating Activities	376,759	383,686
Cash Flows Provided by (used in) Financing Activities		
Water Benefit Units Proceeds	95,870	55,400
Reimbursements for Major Projects	305,101	0
Water Benefit Units Transfer Proceeds	2,400	2,700
Water Benefit Units Transfer Expenses	(18,525)	(15,070)
Net Cash Provided by (used in) Financing Activities	384,846	43,030
Cash Flows Provided by (used in) Investing Activities:		
Purchases of Property and Equipment	(679,717)	(362,491)
(Increase) Decrease in Certificates of Deposit	(27,972)	(2,836)
Interest Income	60,606	30,797
Net Cash Provided by (used in) Investing Activities	(647,083)	(334,530)
Net Increase (Decrease) in Cash and Cash Equivalents	114,522	92,186
Cash and Cash Equivalents, Beginning of Year	1,503,768	1,411,582
Cash and Cash Equivalents, End of Year	$ 1,618,290	$ 1,503,768
Cash Balances		
Cash	$ 13,628	$ 7,253
Money Market Account	1,604,662	1,496,515
Cash and Cash Equivalents, End of Year	$ 1,618,290	$ 1,503,768
Reconciliations of Operating Income to Net Cash Provided by (used in) Operating Activities		
Operating Income	$ 227,255	$ 314,623
Adjustments to reconcile operating income (loss) to net cash provided by (used in) Operating Activities:		
Depreciation	95,086	72,384
Changes in Assets and Liabilities Not Current Affecting Cash:		
(Increase) Decrease in Accounts Receivable	50,368	(3,411)
Increase (Decrease) in Account Payable	4,050	90
	$ 376,759	$ 383,686

The accompanying notes are an integral part of these statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting principles consistently applied in the preparation of the accompanying financial statements are noted as follows.

1. Financial Reporting Entity

The scope of the entity for financial reporting purposes is defined as those funds for which the Rural Water District Number 4 (here in referred to as the District) is considered to be financially accountable. The District's financial statements include all of its operations. The District is a separately administered organization. The District has no component units. The District is a quasi-municipality governed by an elected seven-member board.

2. Government-wide and Fund Financial Statements

Government-wide Financial Statements - The government-wide financial statements include the statement of net position. This statement reports financial information for the District as a whole. Individual funds are not displayed but the statements distinguish between governmental activities generally supported by taxes and general revenues (of which the District does not have any), from the business-types activities, generally financed in whole or in part with fees charged to external customers. The District is a special-purpose government engaged in a single governmental program (delivery of water to customers in the Goddard, Kansas area).

The statement of revenues, expenses and changes in net position reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities, expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services that report fees, fines and forfeitures, and other charges to users of the District's services; (2) members deposits for water meters. All other revenues and expenses not properly included with program revenues or meter deposits will be reported as other revenues and expenses.

The District has just one fund to present in the basic financial statements that accounts for water sales and service to customers of the District. This fund is reported as an enterprise fund.

3. Measurement focus and Financial Statement Presentation

The financial statements of the District are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when relate cash flows take place. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Reimbursements are reported as reductions to expenses or capital assets.

Operating income reported in the financial statements includes revenues and expenses related to the primary, continuing operations of the District. Operating revenues are charges to customers for sales or services. Operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Non-operating revenues and expenses consist of investment income and sales/transfers of benefit units and related expenses.

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

Budgets are adopted for internal use only and are not required to be published or approved by outside agencies. All budgets are prepared using the accrual basis of accounting.

NOTE A. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICEIES - continued

4. Fund Types and Major Funds

***Governmental funds*:** The District has no governmental funds.

***Business-type funds*:** The District has one major enterprise fund. The Water fund accounts for the operating activities of the District's water utilities services.

5. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents are short term, highly liquid investments having original maturities of three months or less, not restricted for contingencies.

6. Accounts Receivable

The direct write-off method is used for bad debts. Accounts receivable are written off when deemed uncollectible. Accordingly, no allowance for bad debts has been recorded.

7. Property, Plant and Equipment

Property, plant and equipment are reported at cost. Major improvements and betterments to existing property and equipment are capitalized. Expenditures for maintenance and repairs that do not extend the life of the applicable assets are charged to expenses as incurred. Historically, the District has received reimbursements from customers (i.e. line extensions) which are accounted for as reductions of costs.

Depreciation is provided on the straight-line basis over the estimated useful life of the assets as follows:

Water Distribution System	7 - 40 years
Water Supply	10 years
Controls	10 years
Office Equipment	5 years

9. Income Tax

The District is not subject to federal or state income taxes as a quasi-governmental unit.

10. Use of Estimates

The preparation of 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 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.

11. Revenue Recognition

The District recognizes the sale of water and related fees at the time the customer's meter is read and the information is transferred to the software program. Fees are calculated and the customer's account is updated for that calculation. As payments are received the cash/checks/bank drafts are credited to the customer's account.

NOTE A. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICEIES - continued

12. Deferred Outflows and Inflows of Resources

The District does not have any deferred outflows or inflows to report at the current time.

13. Restricted and Unrestricted Resources

The District's policy is to first expend restricted resources should the expenditure qualify for the restricted purpose before expending unrestricted funds.

14. Deferred Revenue

During the year the District received $306,418 for the purpose of constructing a water line for the Racheal Brook Addition. As of December 31, 2024 the District has expended $179,344 in the process of constructing the water line which has been capitalized as part of the water distribution system. The District has recognized as income the $179,344. The balance of the $306,418 or $127,073 has been deferred to 2025 when the water line is expected to be complete.

NOTE B - ASSETS, LIABILITIES AND NET POSITION

1. Cash and Investments; Deposits and Investments - K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the district is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would hold further limit interest rate risk.

Custodial credit risk - Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District did not have any designated "peak periods" for the current year. All deposits were legally secured at December 31, 2024 and 2023.

At year-end, the carrying amount of the District's deposits which includes certificates of deposit was $2,182,137 and $2,039,644 for 2024 and 2023 respectively. The bank balance was $2,188,117 and $2,054,977 for 2024 and 2023 respectively. The difference between book and bank balance is outstanding deposits and checks. The bank balance was held by one bank resulting in a credit risk. Of the bank balance, $250,000 and $250,000 for 2024 and 2023 respectively was covered by FDIC insurance. The balance in the bank of $1,938,117 and $1,804,977 for 2024 and 2023 respectively was collateralized with securities held by the pledging financial institutions' agents in the District's name.

Investments - K.S.A. 12-1675 authorizes the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.

NOTE B - ASSETS, LIABILITIES AND NET POSITION – continued

2. Accounts Receivable

Accounts receivable

	2024	2023
Currently due from customers	$ (243)	$ 50,125
	$ (243)	$ 50,125

3. Capital Assets are detailed as follows:

	2024			
Capital assets	Beginning Balance	Additions	Retirements	Ending Balance
Land	$ 40,963	$ 0	$ 0	$ 40,963
Water Distribution System	3,400,247	448,572	0	3,848,819
Water Supply	106,271	0	0	106,271
Water Storage	226,476	227,000	0	453,476
Controls	31,665	0	0	31,665
Office Equipment	38,486	4,145	0	42,631
Totals at cost	3,844,108	679,717	0	4,523,825
Accumulated depreciation:	2,496,049	95,085	0	2,591,134
Net Fixed Assets	$ 1,348,059	$ 584,632	$ 0	$ 1,932,691

	2023			
Capital assets	Beginning Balance	Additions	Retirements	Ending Balance
Land	$ 32,593	$ 8,370	$ 0	$ 40,963
Water Distribution System	3,046,126	354,121	0	3,400,247
Water Supply	106,271	0	0	106,271
Water Storage	226,476	0	0	226,476
Controls	31,665	0	0	31,665
Office Equipment	38,486	0	0	38,486
Totals at cost	3,481,617	362,491	0	3,844,108
Accumulated depreciation:	2,423,664	72,385	0	2,496,049
Net Fixed Assets	$ 1,057,953	$ 290,106	$ 0	$ 1,348,059

There were no impairment of capital assets as described above as of December 31, 2024 and 2023

NOTE C. - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. Budgetary Information

The District adopts an internal budget for the support and maintenance of the District.

2. Compliance with Kansas Statutes

Management is not aware of any statutory violations for the years ended December 31, 2024 and 2023

NOTE D. - OTHER INFORMATION

1. Risk Management

The District is exposed to various risks of loss related to torts' theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. During the last three years, claim settlements have not exceeded insurance coverage.

2. Net Position

Net position in proprietary fund financial statements is classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through State statute. As of December 31, 2024 and 2023 the District did not have any restricted net positions.

3. Subsequent events

Management has evaluated events through February 12, 2025. The District has no significant subsequent events to disclose.

SUPPLEMENTARY INFORMATION

Rural Water District Number 4 Schedule 1

Sedgwick County

Goddard, Kansas

SCHEDULE OF INSURANCE

For the Year Ended December 31, 2024

Employer's Mutual Casualty Company

Coverage	Expiration	Terms	Liability Limits	Annual Premium
General Liability	3/1/2025	General Aggregate	$ 1,000,000	$ 7,803
		Products	1,000,000	
		Personal Injury	500,000	
		Per Occurance	500,000	
		Damage to Rented Premises	300,000	
		Medical-Per Person	5,000	
Automobile Liability		Combined Single	500,000	
Worker's Compensation		Accident	500,000	
		Disease - Policy	500,000	
		Disease - Employee	500,000	
Property		Blanket Limit	1,033,650	
Linebacker		Aggregate	1,000,000	
		Per Occurrence	500,000	
Crime		Per Occurrence	10,000	
EDP (Data Processing)		Per Occurrence	4,480	
Cybersolutions		Computer Attack	100,000	
		Response Limit	50,000	

Rural Water District Number 4 Schedule 2

Sedgwick County

Goddard, Kansas

SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET

For the Year Ended December 31, 2024

	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Water sales	$ 600,000	$ 601,776	$ 1,776
Reimbursements for repairs and extensions	51,000	30,665	(20,335)
Total Operating Income	651,000	632,441	(18,559)
Operating Expenses			
Audit	6,500	5,217	1,283
Certified Engineering Management Fee	30,000	17,369	12,631
Chorine	1,800	0	1,800
Contract Labor	1,800	1,752	48
Director Fees	7,200	8,812	(1,612)
Insurance & Bonds	9,600	7,803	1,797
KRWA	3,504	2,934	570
Lead & Copper Test	1,200	1,751	(551)
Legal	30,000	18,718	11,282
Mileage Allowance	6,000	3,600	2,400
Miscellaneous	6,000	4,875	1,125
Monthly Retainer	26,400	24,791	1,609
Office Supplies	9,000	6,448	2,552
One Call	50,000	51,112	(1,112)
Postage	6,000	3,483	2,517
Repair & Maintenance	150,000	50,351	99,649
Salaries	67,000	71,326	(4,326)
Payroll taxes	10,992	5,528	5,464
Sales Tax	10,000	3,428	6,572
Utilities - Tower	0	3,152	(3,152)
Utilities - Pumps	24,000	11,955	12,045
Telephone	0	1,160	(1,160)
Water Protection	3,600	3,258	342
Water Tower Maintenance	3,000	0	3,000
Wholesale Water Purchased	1,200	1,277	(77)
Depreciation - Program	259,000	94,189	164,811
Depreciation - Support	0	897	(897)
Total Operating Expenses	723,796	405,186	318,610
Net Operating Income (Loss)	(72,796)	227,255	(337,169)
Non-Operating Revenues (Expenses)			
Interest Income	30,000	60,606	(30,606)
Reimbursements for Major Projects	0	178,028	(178,028)
Benefit Unit Transfers	0	2,400	(2,400)
Benefit Unit Transfers	(42,000)	(18,525)	(23,475)
Total Non-Operating Income (Loss)	(12,000)	222,509	(234,509)
Other Revenues and Expenses			
Sale of Benefit Units	84,000	95,870	(11,870)
Net Income	(796)	545,634	(546,430)
Total Net Position, Beginning of Year	3,434,588	3,434,588	0
Total Net Position, End of Year	$ 3,433,792	$ 3,980,222	$ (546,430)

See Independent Auditor's Report.