**RURAL WATER DISTRICT NUMBER 1**
**Franklin County, Kansas**

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

December 31, 2024 and 2023

**RURAL WATER DISTRICT NUMBER 1**
**Franklin County, Kansas**

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# INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rural Water District Number 1
Franklin County, Kansas

**Opinions**
We have audited the accompanying financial statements of the business type fund (the only fund) and the aggregate remaining fund information of Rural Water District Number 1, Franklin County, Kansas and the related notes to the financial statements, which collectively comprise Rural Water District Number 1, Franklin County, Kansas 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 fund the one major fund, and the aggregate remaining fund information of Rural Water District Number 1, Franklin 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 1, Franklin County 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 1, Franklin County, Kansas 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 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 and 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 1, Franklin County, Kansas 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 1, Franklin County, Kansas ability to continue as a going concern for a reasonable period of time.

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

**Other Matters**
Rural Water District Number 1, Franklin County, Kansas has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

***Report on Supplementary Information***
Our audit was conducted for the purpose of forming an opinion on the basic financial statements as noted in the table of contents taken as a whole. The revenues and expenses compared to budget (Schedule 1 listed in the table of contents) and Schedule of Pension Liability (Schedule 2) are presented for analysis and are 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 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 statement or to the basic financial statements itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole, in accordance with accounting principles generally accepted in the United States of America.

Harold K. Mayes Jr

Harold K Mayes Jr CPA
Agler & Gaeddert Chartered
Ottawa, Kansas
April 9, 2025

**Rural Water District Number 1**
**Franklin County, Kansas**

STATEMENT OF NET POSITION
December 31,

ASSETS

| | 2024 | 2023 |
|---|---|---|
| Current Assets | | |
| Cash and Cash Equivalents | $ 507,397 | $ 513,980 |
| Certificates of Deposit | 1,293,758 | 1,227,492 |
| Accounts Receivable | 35,400 | 52,254 |
| Line Extension Receivable | 14,145 | 21,273 |
| KDOT K-33 Receivable | 26,273 | 0 |
| Prepaid Insurance | 1,404 | 1,512 |
| Total Current Assets | 1,878,377 | 1,816,511 |
| Non-Current Assets | | |
| Capital Assets | 4,186,416 | 4,014,206 |
| Accumulate Depreciation | (2,284,122) | (2,177,919) |
| Total Property Plant and Equipment | 1,902,294 | 1,836,287 |
| Deferred Outflows | | |
| KPERS Deferred Outflow | 32,391 | 52,453 |
| OPEB Deferred Outflows | 18 | 13 |
| Total Deferred Ourtflows | 32,409 | 52,466 |
| Total Assets | $ 3,813,080 | $ 3,705,264 |

LIABILITIES AND NET POSITION

| | | |
|---|---|---|
| Current Liabilities | | |
| Accounts Payable | $ 34,981 | $ 1,978 |
| Customer Credits | 7,198 | 8,662 |
| Sales Tax Payable | 169 | 238 |
| Water Protection Fee Payable | 565 | 702 |
| Payroll Liabilities | 2,344 | 2,631 |
| KPERS Liability | 0 | 751 |
| Total Current Liabilities | 45,257 | 14,962 |
| Pension Liability and Deferred Inflows | | |
| KPERS Net Pension Liability | 112,988 | 109,804 |
| OPEB Liabiltiy | 2,643 | 2,310 |
| KPERS Deferred Inflows | 3,320 | 4,487 |
| OPEB Deferred Inflows | (1,408) | (1,596) |
| Pension Liability and Deferred Inflows | 117,543 | 115,005 |
| Net Position | | |
| Invested in Capital Assets | 1,902,294 | 1,836,287 |
| Unrestricted | 1,747,986 | 1,739,010 |
| Total Net Position | 3,650,280 | 3,575,297 |
| Total Liabilities and Net Position | $ 3,813,080 | $ 3,705,264 |

The accompanying notes are an integral part of these statements.

**Rural Water District Number 1**
**Franklin County, Kansas**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended December 31,

| | 2024 | 2023 |
|---|---|---|
| Operating Revenues | | |
| Water Sales | $ 437,405 | $ 501,751 |
| Late Fees | 12,956 | 12,681 |
| Capital Improvement Revenue | 108,240 | 107,592 |
| Total Operating Revenues | 558,601 | 622,024 |
| Operating Expenses | | |
| Water Purchased | 192,994 | 206,677 |
| Clean Drinking Water Fee | 1,373 | 1,397 |
| Line Repairs | 18,831 | 13,940 |
| Vehicle Expense | 6,310 | 10,921 |
| Utilities | 12,516 | 14,433 |
| Trash | 892 | 850 |
| Insurance and Bonds | 16,958 | 14,807 |
| Tests | 1,236 | 1,174 |
| One Call Locations | 384 | 553 |
| Professional Fees | 11,077 | 8,734 |
| Feasibility Engineering Studies | 1,300 | 600 |
| Mowing | 0 | 1,100 |
| Mileage | 5 | 121 |
| Memberships | 1,273 | 1,194 |
| Board Reimbursement | 3,465 | 4,455 |
| Training | 1,471 | 1,373 |
| Repairs and Maintenance | 4,724 | 6,169 |
| Depreciation | 106,203 | 107,997 |
| Salaries and Payroll Taxes | 160,003 | 164,105 |
| Pension | 22,595 | 9,348 |
| Health Insurance | 25,514 | 22,160 |
| Supplies | 4,147 | 4,715 |
| Postage | 5,920 | 5,412 |
| Uniforms | 489 | 241 |
| Website | 590 | 457 |
| Internet | 959 | 959 |
| Materials | 23,790 | 16,054 |
| Office Rent | 3,630 | 3,630 |
| Other | 399 | 437 |
| Telephone | 2,285 | 2,150 |
| Bad Debts | 150 | 0 |
| Total Operating Expenses | 631,483 | 626,163 |
| Total Operating Income (Loss) | (72,882) | (4,139) |
| Non-Operating Revenues (Expenses) | | |
| Interest Income | 66,779 | 25,308 |
| KDOT Reimbursement | 26,273 | 0 |
| Miscellaneous | 26,813 | 19,624 |
| Total Non-Operating Income (Loss) | 119,865 | 44,932 |

The accompanying notes are an integral part of these statements.

**Rural Water District Number 1**
**Franklin County, Kansas**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended December 31,

| | 2024 | 2023 |
|---|---|---|
| Income (Loss) Before Sale of Benefit Units | $ 46,983 | $ 40,793 |
| Sale of Benefit Units | | |
| Benefit Units | 28,000 | 42,000 |
| Net Income (Loss) | 74,983 | 82,793 |
| Total Net Position, Beginning of Year | 3,575,297 | 3,492,504 |
| Total Net Position, End of Year | $ 3,650,280 | $ 3,575,297 |

The accompanying notes are an integral part of these statements.

**Rural Water District Number 1**
**Franklin County, Kansas**

STATEMENT OF CASH FLOWS
For the Year Ended December 31,

| | 2024 | 2023 |
|---|---|---|
| Cash Flows from Operating Activities | | |
| Cash Receipts from Customers | $ 554,846 | $ 625,798 |
| Cash Payments to Suppliers of Goods or Services | (332,383) | (365,109) |
| Cash Payments to Employees and Employer Benefits | (138,426) | (142,395) |
| Net Cash Provided by (Used In) Operating Activities | 84,037 | 118,294 |
| Cash Flows from Investing Activities | | |
| Cash Invested in Certificates of Deposits | (66,266) | (520,184) |
| Interest Income | 66,779 | 25,308 |
| Net Cash Provided by (Used In) Investing Activities | 513 | (494,876) |
| Cash Flows from Noncapital Financing Activities | | |
| KDOT Reimbursement | 26,273 | 0 |
| Miscellaneous Non-Operating Revenue | 26,813 | 19,624 |
| Net Cash Provided By (Used In) Investing Activities | 53,086 | 19,624 |
| Cash Flows from Capital and Related Financing Activities | | |
| Proceeds from Sale of Benefit Units | 28,000 | 42,000 |
| Acquisition and Construction of Property, Plant & Equipment | (172,219) | (132,423) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (144,219) | (90,423) |
| Net Increase (Decrease) in Cash and Cash Equivalents | (6,583) | (447,381) |
| Cash and Cash Equivalents, Beginning of Year | 513,980 | 961,361 |
| Cash and Cash Equivalents, End of Year | $ 507,397 | $ 513,980 |
| Reconciliation of Operating Income to Net Cash from Operating Activities | | |
| Operating Income (Loss) | $ (72,882) | $ (4,139) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities: | | |
| Depreciation | 106,202 | 107,997 |
| Changes in Assets and Liabilities Not Currently Affecting Cash: | | |
| (Increase) Decrease in Accounts Receivable | 16,854 | (7,524) |
| (Increase) Decrease in Line Extension Receivable | 7,128 | 7,128 |
| (Increase) Decrease in KDOT K-33 Receivable | (26,273) | 0 |
| (Increase) Decrease in Prepaid Expenses | 108 | (361) |
| (Increase) Decrease in KPERS Deferred Outflows | 20,062 | 19,301 |
| (Increase) Decrease in OPEB Deferred Outflows | 5 | 2 |
| Increase (Decrease) in Accounts Payable | 33,003 | (10,455) |
| Increase (Decrease) in Customer Credits | (1,464) | 4,170 |
| Increase (Decrease) in Sales Tax Payable | (69) | (110) |
| Increase (Decrease) in Water Protection Fee | (137) | (122) |
| Increase (Decrease) in Payroll Liabilities | (287) | (497) |
| Increase (Decrease) in KPERS Payable | (751) | (6) |
| Increase (Decrease) in KPERS Net Pension Liability | 3,184 | (930) |
| Increase (Decrease) in OPEB Net Pension Liability | 333 | 247 |
| Increase (Decrease) in KPERS Deferred Inflows | (1,167) | 3,471 |
| Increase (Decrease) in OPEB Deferred Inflows | 188 | 122 |
| Net Cash from Operating Activities | $ 84,037 | $ 118,294 |

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 1 (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 six-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 Franklin County, Kansas).

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 charges for water sales, fines, forfeitures, and other charges to users of the District. All other revenues not properly included with program revenues will be reported as other revenues.

### 3. Measurement focus and Financial Statement Presentation

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The District does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The District's statements will report using the economic resources measurement focus and the accrual basis of accounting. Reimbursements are reported as reductions to expenses or capital assets. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Operating income reported in the financial statements includes revenues and expenses related to the primary and continued 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. Other revenues and expenses are classified as non-operating in the financial statements.

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.

### 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.

**NOTE A. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**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. Line Extension Receivable**

The District incurred expenses to put in new lines when it picked up customers from another water district. This receivable is the result of those costs. The District charges a fee to those customers who were a part of the former water district to recoup those costs.

**8. Property, Plant and Equipment**

Property, plant and equipment are reported at cost. Major improvements and betterments to existing property and equipment are capitalized. Expenditure on maintenance and repairs that do not extend the life of the applicable assets are charged to expenses as incurred.

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

| | |
|---|---|
| Storage Tank | 20 years |
| Building, Pump Station, and Lines | 30 - 40 years |
| Equipment and Vehicles | 5 - 10 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. Revenues**

Operating revenues and expenses included the sale of water, and the expenses associated with pumping and cleaning the water. Non-operating revenues and expenses consist of investment income and sales of assets.

**12. Revenue Recognition**

Each month as customers use water the amount of water is monitored through a meter. The meters are read and gallons used are entered into a software program where the bill is calculated and sent out to the customer. The District records the sale at the time the bill is sent to the customer.

## 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 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 on December 31, 2024, and 2023.

At year-end, the carrying amount of the District's deposits which includes certificates of deposit was $1,801,155 and $1,741,472 for 2024 and 2023 respectively. The bank balances were $1,800,222 and $1,751,261 for 2024 and 2023 respectively. The difference between book and bank balance is outstanding deposits and checks. The bank balance was held by three banks resulting in a reduction in credit risk. Of the bank balance, $500,010 and $750,000 for 2024 and 2023 was covered by FDIC insurance. The balance in the bank of $1,300,212 and $1,001,261 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.

**2. Accounts Receivable** Water users having meters receive a water bill around the first day of each month for the prior month's usage. Payment must be made to the District office no later than the 15th day of the billing month. Bills not paid by the 16th of the month are subject to a ten percent (10%) late charge. Past due accounts are mailed a "Notice of Delinquency" documenting a discontinuation of the service date if payment is not received. Failure to make payment by the said date will result in a discontinuance of the service and possible termination. The District has not established an allowance for doubtful accounts as bad debts are not considered to be material to the financial statements.

**3. Capital Assets are detailed as follows:**

| | 2024 | | | |
|---|---|---|---|---|
| Capital assets: | Beginning Balance | Additions | Retirements | Ending Balance |
| Storage Tank | $ 282,062 | $ 0 | $ 0 | $ 282,062 |
| Buildings, Pump stations, and Lines | 3,413,357 | 0 | 0 | 3,413,357 |
| Equipment and Vehicles | 318,787 | 0 | 0 | 318,787 |
| Totals at cost | $ 4,014,206 | $ 0 | $ 0 | $ 4,014,206 |
| | | | | |
| Accumulated depreciation: | | | | |
| Storage Tank | $ 266,699 | $ 0 | $ 0 | $ 266,699 |
| Buildings, Pump stations, and Lines | 1,681,072 | 0 | 0 | 1,681,072 |
| Equipment and Vehicles | 230,145 | 0 | 0 | 230,145 |
| Total accumulated depreciation | $ 2,177,916 | $ 0 | $ 0 | $ 2,177,916 |

**NOTE B - ASSETS, LIABILITIES AND NET POSITION - continued**

**3. Capital Assets are detailed as follows:**

| | 2023 | | | |
|---|---|---|---|---|
| Capital assets: | Beginning Balance | Additions | Retirements | Ending Balance |
| Storage Tank | $ 282,062 | $ 0 | $ 0 | $ 282,062 |
| Buildings, Pump stations, and Lines | 3,280,934 | 132,423 | 0 | 3,413,357 |
| Equipment and Vehicles | 318,787 | 0 | 0 | 318,787 |
| Totals at cost | $ 3,881,783 | $ 132,423 | $ 0 | $ 4,014,206 |
| | | | | |
| Accumulated depreciation: | | | | |
| Storage Tank | $ 261,579 | $ 5,120 | $ 0 | $ 266,699 |
| Buildings, Pump stations, and Lines | 1,592,910 | 88,162 | 0 | 1,681,072 |
| Equipment and Vehicles | 215,430 | 14,715 | 0 | 230,145 |
| Total accumulated depreciation | $ 2,069,919 | $ 107,997 | $ 0 | $ 2,177,916 |

**NOTE C - DEFINED BENEFIT PENSION PLAN**

**Description of plan** – The District participates in a cost-sharing multiple-employer pension plan (Pension Plan) known as Kansas Public Employees Retirement System (KPERS) KPERS is administrator of the cost sharing multiple employer defined benefit plan (Pension Plan) as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans.* KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on KPERS www.kpers.org.

KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

- Public employees, which includes:
    - State/School employees.
    - Local employees
- Police and Firemen
- Judges

Those employees participating in the Pension Plan for the District are included in the local employee group.

Benefits are established by statute and may only be changed by the Legislature. Members (except Police and Firemen) with ten or more years of credited service, may retire as early as age 55 (Police and Firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member's combined age and years of credited service equal 85 "points" (Police and Firemen normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service).

Monthly retirement benefits are based on a statutory formula that includes the final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Members who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

**NOTE C - DEFINED BENEFIT PENSION PLAN - continued**

Members choose one of seven payment options for their monthly retirement benefits. At retirement, a member may receive a lump sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc postretirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at the age of 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A 744922.

**Contributions** - Member contributions are established by state law and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increases over the prior year contribution rate is 1.2% of total payroll.

The actuarially determined employer contribution rate and the statutory contribution rates are as follows for District.:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Actuarial Employer Rate | Statutory Employer capped rate | Actuarial Employer Rate | Statutory Employer capped rate |
| Local government employees | 9.62 % | 9.62 % | 8.43 % | 8.43 % |

Member contribution rates as a percentage of eligible compensation for fiscal year 2024 and 2023 are 6.00% and 6.00% respectively.

**Basis of Presentation** The schedules of employer and non-employer allocations and the schedules of pension amounts by employer and non-employer (the Schedules) present amounts that are elements of the financial statements of the System or of its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of either the System or its participating employers. The amounts presented in the Schedules were prepared in accordance with the accounting principles accepted in the United States of America. Such preparation requires management of the System to make a number of estimates and assumptions relating to the reported amounts. Actual results could differ from those estimates.

**NOTE C - DEFINED BENEFIT PENSION PLAN – continued**

**Employer and Non-employer Allocations** - Although KPERS administers one cost sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State
  School
- Local
- Police and Firemen
- Judges

To facilitate the separate (sub) actuarial valuations, the System maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedules of employer and non-employer allocations are applied to totals presented in the schedules of pension amounts by employer and non-employer. The allocation percentage for each group as of June 30, 2024 (rolled forward to December 31, 2024) and June 30, 2023 (rolled forward to December 31, 2023) are based on the ratio of each employer's contributions to total employer and non-employer contributions of the group for the fiscal year ended June 30, 2024 (rolled forward to December 31, 2024) and June 30, 2023 (rolled forward to December 31, 2023). The contributions used exclude contributions made for prior service, excess benefits and irregular payments. The employer allocation percentages have been rounded for presentation purposes. Therefore, the use of these percentages to recalculate individual employer amounts presented in the schedules of pension amounts by employer and non-employer may result in immaterial differences due to rounding.

**Net Pension Liability** - The components of the collective net position liability of the participating employers by each group on December 31, 2024, and 2023 were as follows:

| | December 31, 2024 | | |
|---|---|---|---|
| | Total Pension Liability | Less Fiduciary Net Position | Net Pension Liability |
| State/School | $ 25,247,290,213 | $ 18,710,873,937 | $ 6,536,416,276 |
| Local | 7,508,529,336 | 5,384,299,797 | 2,124,229,539 |
| Police & Firemen | 4,774,062,664 | 3,180,051,299 | 1,594,011,365 |
| Judges | 235,430,016 | 199,221,387 | 36,208,629 |
| | $ 37,765,312,229 | $ 27,474,446,420 | $ 10,290,865,809 |
| District | | | $ 112,988 |

**NOTE C - DEFINED BENEFIT PENSION PLAN – continued**

| December 31, 2023 | Total Pension Liability | Less Fiduciary Net Position | Net Pension Liability |
|---|---|---|---|
| State/School | $ 24,582,564,252 | $ 17,626,220,240 | $ 6,956,344,012 |
| Local | 7,124,055,778 | 5,026,150,858 | 2,097,904,920 |
| Police & Firemen | 4,557,197,869 | 2,959,942,239 | 1,597,255,630 |
| Judges | 229,842,668 | 188,346,291 | 41,496,377 |
| | $ 36,493,660,567 | $ 25,800,659,628 | $ 10,693,000,939 |
| District | | | $ 109,804 |

**Actuarial Assumptions** - The total pension liability was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement and was unchanged for the two years presented:

| | |
|---|---|
| Actuarial Cost Method | Entry age normal |
| Inflation | 2.75 percent |
| Salary increase | 3.50 to 15.50 percent, including price inflation |
| Investment Rate of Return | 7.00 percent compounded annually, net investment expense, including price inflation. |

Mortality rates were based on the RP-2014 Mortality Tables with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2021.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, dated January 7, 2020, as provided by KPERS' investment consultant, are summarized in the following table:

| Asset Class | Long-term Target Allocation | Long-term Expected Real Rate of Return |
|---|---|---|
| Non-U.S. Equities | 43.00% | 8.20% |
| Core Fixed Income | 13.00% | 2.20% |
| Yield Driven | 12.00% | 5.30% |
| Infrastructure | 3.00% | 6.80% |
| Real Estate | 15.00% | 5.70% |
| Alterantives | 11.00% | 12.00% |
| Short-term Investments | 3.00% | 0.30% |
| | 100.00% | |

**NOTE C - DEFINED BENEFIT PENSION PLAN – continued**

**Discount Rate -** The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate was based on member and employer contributions as outlined below.

In KPERS, the Local, Kansas Police and Firemen, and Judges groups are contributing at the full actuarial contribution rate. However, the State/School groups do not necessarily do so.

Based on legislation first passed in 1993, the employer contribution rates certified by KPERS Board may not increase by more than the statutory cap. Subsequent legislation in 2012 set the statutory cap at 0.90 percent for Fiscal Year 2014, 1.00 percent for Fiscal Year 2015, 1.10 percent for Fiscal Year 2016 and 1.20 percent for Fiscal Years 2017 and beyond.

In recent years, the Legislature has made several changes to statutory rates that deviate from the scheduled contribution increases set under the statutorily capped rates.

In 2015, S.B. 4 reduced the previously certified State/School statutory rate from 11.27 percent to 8.65 percent for the last half of Fiscal Year 2015. That same session, S.B. 228 recertified statutory rates to 10.91 percent for Fiscal Year 2016 and 10.81 percent for Fiscal Year 2017 in anticipation of the issuance of $1.0 billion in pension obligation bonds.

Legislation in the 2016 session (S.B. 161) provided for the delay of up to $100.0 million in State and School contributions to the Retirement System for Fiscal Year 2016. Concurrently, 2016 H. Sub for S.B. 249 provided that the delayed contributions would be paid in full, with interest at 8.00 percent, by June 30, 2018. However, legislation passed by the 2017 Legislature removed the repayment provision. In addition, 2017 S. Sub for H.B. 2052 delayed $64.0 million in Fiscal Year 2017 contributions, to be paid over 20 years in level dollar installments. The first-year payment of $6.4 million was paid in full at the beginning of Fiscal Year 2018, and appropriations for Fiscal Year 2018 were made for the State/School group at the statutory contribution rate of 12.01 percent for that year.

Additional legislation in the 2017 Session (S. Sub for H.B. 2002) provided for a reduction of $194.0 million from the previously certified contribution rate of 13.21 percent in the State/School contributions for Fiscal Year 2019. Like the Fiscal Year 2017 reduction, it is to be paid back over a 20-year period, beginning in Fiscal Year 2020. Therefore, both reductions will be accounted for as receivable by the System.

The 2018 Legislature passed H. Sub for S.B. 109 that provided additional contributions to the school group of $56.0 million in Fiscal Year 2018 and $82.0 million in Fiscal Year 2019.

The 2019 Legislature passed S.B. 9 that provided additional contributions to the school group of $115.0 million in Fiscal Year 2019. H. Sub for S.B. 25 from the 2019 Legislative session authorized additional funding for the KPERS School Group in Fiscal Year 2020 of $51.0 million.

The 2021 Legislature passed HB 2405, which authorizes the state of Kansas to issue bonds with net proceeds of $500 million to fund a portion of the School's unfunded actuarial liability. SB 159 recertified the State/School contribution rates for Fiscal Years 2023 and 2023. Fiscal Year 2023 was recertified from 14.09 percent to 13.33 percent and Fiscal Year 2023 from 13.86 percent to 13.11 percent. The bond proceeds were received by KPERS on August 26, 2021.

The 2023 Legislature passed SB 421, which authorized the state of Kansas to transfer $1.125 billion from the State General Fund directly to KPERS in Fiscal Years 2023 and 2023. The first $253.9 million pays off the outstanding accounts receivable for KPERS-School employer contributions withheld in Fiscal Year 2017 and Fiscal Year 2019, discussed previously, while the remaining $871.1 million is applied to the KPERS-School unfunded actuarial liability. In Fiscal Year 2023, $600 million was transferred to the System. In Fiscal Year 2023 SB 421 authorized transfers totaling $271.0 million. These transfers are included in the cash flow.

**NOTE C - DEFINED BENEFIT PENSION PLAN – continued**

The 2023 Legislature passed HB 2196, which expanded the Deferred Retirement Option Plan (DROP) in KP&F to include all of that System's employers as of April 27, 2023. Under that same Bill, the Kansas Department of Wildlife and Parks (KDWP) became an affiliated KP&F employer making certain law enforcement positions in the Agency eligible for KP&F future service participation as of July 1, 2023. HB 2100 was also passed, defining and establishing limits on environmental, social and governance factors when entering into contracts (including investment contracts) and when making proxy votes on behalf of the System. This latter change was not expected to materially affect the asset allocation. Neither act impacted the valuation results.

The 2024 Legislature passed HB 2711 that increased both the lump sum retiree death benefit from $4,000 to $6,000 and employer contribution rates for State/School for FY 2025 and FY 2026 and for Local employers for CY 2025 to fund this benefit improvement. The Bill also increased the employer contribution threshold for the 30% Working After Retirement (WAR) rate from $25,000 to $40,000; and the earnings limit for KP&F retirees from $25,000 to $40,000; while creating an exemption from employer contributions for nurses and direct support workers at Community Development Disability Organizations (CDDOs). Further, the Bill increased the alternative investment cap from 15% to 25% and requires the System to divest all publicly traded securities held in funds by countries of concern. None of the changes from this legislation had any impact on the valuation.

Based on the employer contribution history described above, it is a reasonable assumption that the State/School group's contribution rate may not be certified at the statutory rate at some point in the future. It has been assumed that the contribution rates will be made within the same range as have been seen in the past few years. Using this assumption, actuarial modeling indicates that employer contribution rates for the State/School group are sufficient to avoid a depletion date.

**Sensitivity of the Net Position Liability to Changes in the Discount Rate** - The following presents the net pension liability of the Pension plan as of December 31, 2024 and 2023, calculated using the discount rate of 7.00%, as well as what the pension Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate:

| | December 31, 2024 | | |
|---|---|---|---|
| | 1.00% Decrease (6.00%) | Current Discount Rate (7.00%) | 1.00% Increase (8.00%) |
| State/School | $ 9,627,654,177 | $ 6,536,416,276 | $ 3,947,095,306 |
| Local | 3,075,303,370 | 2,124,229,539 | 1,329,391,543 |
| Police & Firemen | 2,180,861,389 | 1,594,011,365 | 1,103,239,319 |
| Judges | 58,398,715 | 36,208,629 | 16,999,203 |
| | $ 14,942,217,651 | $ 10,290,865,809 | $ 6,396,725,371 |
| District | $ 163,575 | $ 112,988 | $ 70,710 |

**NOTE C - DEFINED BENEFIT PENSION PLAN – continued**

| December 31, 2023 | | | |
|---|---|---|---|
| | 1.00% Decrease (6.00%) | Current Discount Rate (7.00%) | 1.00% Increase (8.00%) |
| State/School | $ 10,005,809,203 | $ 6,956,344,012 | $ 4,408,571,911 |
| Local | 3,008,171,712 | 2,097,904,920 | 1,399,557,796 |
| Police & Fireman | 2,153,910,082 | 1,597,255,630 | 1,132,496,013 |
| Judges | 63,672,415 | 41,496,377 | 22,387,191 |
| | $ 15,231,563,412 | $ 10,693,000,939 | $ 6,963,012,911 |
| District | $ 157,488 | $ 109,804 | $ 43,134 |

**Pension Expense** - For the year ended December 31, 2024 and 2023, the District recognized pension expense of $22,595 and $9,348 respectively, which include the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

**Deferred Outflows of Resources and Deferred Inflows of Resources** - On December 31, 2024, and 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| December 31, 2024 | | |
|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between actual and expected experience | $ 13,744 | $ 15 |
| Net difference between projected and annual actual earnings on investments | 692 | 0 |
| Changes of assumptions | 6,830 | 0 |
| Changes in proportion | 11,125 | 3,320 |
| Total | $ 32,391 | $ 3,335 |

**NOTE C - DEFINED BENEFIT PENSION PLAN – continued**

| December 31, 2023 | | |
|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between actual and expected experience | $ 9,128 | $ 15 |
| Net difference between projected and annual actual earnings on investments | 6,413 | 0 |
| Changes of assumptions | 11,638 | 0 |
| Changes in proportion | 25,274 | 4,472 |
| Total | $ 52,453 | $ 4,487 |

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

| Year ended December 31, | |
|---|---|
| 2025 | $ 13,884 |
| 2026 | 12,374 |
| 2027 | 1,934 |
| 2028 | 877 |
| 2029 | 0 |
| Thereafter | 0 |

Through December 31, 2024, and as of the date of the report, the above amounts have not changed for December 31, 2024.

**NOTE D – OTHER POSTEMPLOYMENT BENEFIT PLAN**

**Plan Description** – District participates in a multiple-employer defined benefit other postemployment benefit (OPEB) plan (the Plan) which is administered by the Kansas Public Employees Retirement System (KPERS). The Plan provides long-term disability benefits and a life insurance benefit for disabled members to KPERS members, as provided by K.S.A. 74-04927. The Plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. However, because the trust's assets are used to pay employee benefits other than OPEB, the trust does not meet the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Accordingly, the Plan is considered to be administered on a pay-as-you-go basis.

**Benefits** - Benefits are established by statute and may be amended by the KPERS Board of Trustees. The Plan provides long-term disability benefits equal to 60 percent (prior to January 1, 2006, 66 2/3 percent) of annual compensation, offset by other benefits. Members receiving long-term disability benefits also receive credit towards their KPERS retirement benefits and have their group life insurance coverage continued under the waiver of premium provision.

The monthly long-term disability benefit is 60 percent of the Member's monthly compensation, with a minimum of $100 and a maximum of $5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, workers compensation benefits, other disability from any other sources by reason of employment, and earnings from any form of employment.

**NOTE D – OTHER POSTEMPLOYMENT BENEFIT PLAN – continued**

If disability begins before age, benefits are payable while the disability continues until the member's 65th birthday or retirement date, whichever occurs first. If the disability begins after age 60, benefits are payable while the disability continues, for a period of five years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited the shorter of the term of disability or 24 months per lifetime, whichever is less.

The death benefit paid to beneficiaries of disabled members is 150% of the greater of 1) the member's annual rate compensation at the time of the disability, or 2) the members previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price index, less one percentage point, to compute the death benefit. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual. insurance policy.

**Covered Employees** – District has the following employees covered by the Plan as of December 31, 2024, and 2023:

| | 2024 | 2023 |
|---|---|---|
| Inactive employees or beneficiaries currently receiving benefit payments | 0 | 0 |
| Active employees | 2 | 2 |
| Total | 2 | 2 |

**Total OPEB Liability** – Tri-Ko, Inc. total OPEB liability of $309,022 and $115,697 reported as of December 31, 2024 and 2023 respectively was measured as of June 30, 2024 and 2023 (the measurement date), and was determined by an actuarial valuation as of June 30, 2024 and 2023 which was rolled forward to December 31, 2024 and 2023 respectively, using the following actuarial assumptions:

| | 2024 | 2023 |
|---|---|---|
| Price inflation | 2.75% | 2.75% |
| Wage inflation | 3.50% | 3.50% |
| Salary increases, including wage increases | 3.50% to 10.30% | 3.50% to 11.50% |
| Discount rate (based on the 20 year municipal bond rate with an average training of AA/Aa or better, obtained from municipal Bond index | 3.39% | 3.65% |

The following actuarial assumptions were used in the development of Tri-Ko Inc's long-term disability cost projections. Where consistent with the terms of the plan, actuarial assumptions affecting active employee liabilities have utilized the assumptions for the Kansas Public Employees Retirement System (KPERS) as provided on December 31, 2023, Actuarial Valuation reports for the pension plan. These assumptions were adopted by the KPERS Board in connection with a study of experience during 2019-2023. Assumptions related to post-disability payout streams are based on historical experience of the KPERS Death and Disability Plan for all participants.

**NOTE D – OTHER POSTEMPLOYMENT BENEFIT PLAN - continued**

**Changes in Total OPEB Liability**

| | 2024 | 2023 |
|---|---|---|
| Balance beginning of year | $ 2,310 | $ 2,063 |
| Changes for the year | | |
| Service Cost | 249 | 246 |
| Interest | 93 | 82 |
| Changes in benefits terms | 0 | 0 |
| Differences between actual and expected experience | (17) | (62) |
| Changes in assumptions or other inputs | 8 | (19) |
| Benefits payments | 0 | 0 |
| Net Changes | 333 | 247 |
| Balance end of the year | $ 2,643 | $ 2,310 |

**Sensitivity Analysis** - The following presents the Tri-Ko, Inc.'s total OPEB liability calculated using the discount rate of 3.65% and 2.54% as of December 31 2024 and 2023 respectively, as well as what the Tri-Ko, Inc.'s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | December 31, 2024 | | |
|---|---|---|---|
| | 1% Decrease (2.65%) | Discount rate (3.65%) | 1% Increase (4.65%) |
| Total OPEB liability | $ 2,845 | $ 2,643 | $ 2,446 |

| | December 31, 2023 | | |
|---|---|---|---|
| | 1% Decrease (2.54%) | Discount rate (3.54%) | 1% Increase (4.54%) |
| Total OPEB liability | $ 2,499 | $ 2,310 | $ 2,126 |

**OPEB Expense** - For the year ended December 31, 2024, and 2023, the District recognized OPEB expenses of $1,063 and $605 respectively which includes the changes in the total OPEB liability, and the amortization of deferred outflows or resources and deferred inflows of resources for the current period.

**Deferred Outflows of Resources and Deferred Inflows of Resources** - On December 31, 2024, the District reported deferred inflows of resources related to OPEB from the following sources:

| | December 31, 2024 | |
|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between actual and expected experience | $ 0 | $ (559) |
| Net difference between projected and annual actual earnings on investments | 0 | 0 |
| Changes of assumptions | 18 | (849) |
| Changes in proportion | 0 | 0 |
| Total | $ 18 | $ (1,408) |

**NOTE D – OTHER POSTEMPLOYMENT BENEFIT PLAN - continued**

| December 31, 2023 | | |
|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between actual and expected experience | $ 0 | $ (627) |
| Net difference between projected and annual actual earnings on investments | 0 | 0 |
| Changes of assumptions | 13 | (969) |
| Changes in proportion | 0 | 0 |
| Total | $ 13 | $ (1,596) |

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB Expense as follows:

| Year ended December 31: | |
|---|---|
| 2025 | $ (202) |
| 2026 | (202) |
| 2027 | (202) |
| 2028 | (202) |
| 2029 | (202) |
| Thereafter | (380) |

**NOTE E. - OTHER INFORMATION**

**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.

**3. 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.

**4. Concentrations of Risk**

The District is engaged in the sale of water to customers located in Franklin County Kansas. The District grants credit to those customers and requires no collateral; therefore, the District has a concentration of accounts receivable in this community.

**5. Related Party Transactions**

The District sells water to members of the Board of Directors at standard rates.

**NOTE E. - OTHER INFORMATION - continued**

**6. Subsequent events**

Management has evaluated events through April 9, 2025, the date the financial statements were available to be issued. The District is in the process of relocating water lines near K-33. The lines are being relocated at the request of the State of Kansas. Rural Water District has an agreement with the State to move the lines and be reimbursed by the State at an estimated cost of $531,513.

## SUPPLEMENTARY INFORMATION

**Rural Water District Number 1**
**Franklin County, Kansas**

Schedule 1

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
COMPARED TO BUDGET
For the Year Ended December 31, 2024

| | Budget | Actual | Variance Over (Under) |
|---|---|---|---|
| Operating Revenues | | | |
| Water Sales | $ 532,764 | $ 437,405 | $ (95,359) |
| Late Fees | 12,000 | 12,956 | 956 |
| Capital Improvement Revenue | 0 | 108,240 | 108,240 |
| Total Operating Revenues | 544,764 | 558,601 | 13,837 |
| Operating Expenses | | | |
| Water Purchased | 216,500 | 192,994 | (23,506) |
| Clean Drinking Water Fee | 1,550 | 1,373 | (177) |
| Line Repairs | 17,000 | 18,831 | 1,831 |
| Vehicle Expense | 12,000 | 6,310 | (5,690) |
| Utilities | 16,600 | 12,516 | (4,084) |
| Trash | 900 | 892 | (8) |
| Insurance and Bonds | 17,000 | 16,958 | (42) |
| Tests | 1,500 | 1,236 | (264) |
| One Call Locations | 550 | 384 | (166) |
| Professional Fees | 10,000 | 11,077 | 1,077 |
| Feasibility Engineering Studies | 1,200 | 1,300 | 100 |
| Mowing | 0 | 0 | 0 |
| Mileage | 0 | 5 | 5 |
| Memberships | 1,200 | 1,273 | 73 |
| Board Reimbursement | 5,400 | 3,465 | (1,935) |
| Training | 1,500 | 1,471 | (29) |
| Repairs and Maintenance | 24,000 | 4,724 | (19,276) |
| Depreciation | 0 | 106,203 | 106,203 |
| Salaries and Payroll Taxes | 149,835 | 160,003 | 10,168 |
| Pension | 0 | 22,595 | 22,595 |
| Health Insurance | 37,605 | 25,514 | (12,091) |
| Supplies | 5,000 | 4,147 | (853) |
| Postage | 5,400 | 5,920 | 520 |
| Uniforms | 500 | 489 | (11) |
| Website | 550 | 590 | 40 |
| Internet | 960 | 959 | (1) |
| Materials | 10,000 | 23,790 | 13,790 |
| Office Rent | 3,600 | 3,630 | 30 |
| Other | 1,100 | 399 | (701) |
| Telephone | 3,500 | 2,285 | (1,215) |
| Bad debts | 300 | 150 | (150) |
| Total Operating Expenses | 545,250 | 631,483 | 86,233 |
| Total Operating Income (Loss) | (486) | (72,882) | (72,396) |

See Independent Auditor's Report.

**Rural Water District Number 1**
**Franklin County, Kansas**

Schedule 1

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
COMPARED TO BUDGET
For the Year Ended December 31, 2024

| | Budget | Actual | Variance Over (Under) |
|---|---|---|---|
| Non-Operating Revenues (Expenses) | | | |
| Interest Income | $ 15,000 | $ 66,779 | $ 51,779 |
| KDOT Reimbursement | 0 | 26,273 | 26,273 |
| Miscellaneous | 2,000 | 26,813 | 24,813 |
| Total Non-Operating Income (Loss) | 17,000 | 119,865 | 102,865 |
| Income (Loss) Before Sale of Benefit Units | 16,514 | 46,983 | 30,469 |
| Sales of Benefit Units | | | |
| Benefit Units | 0 | 28,000 | 28,000 |
| Net Income (Loss) | $ 16,514 | $ 74,983 | $ 58,469 |

See Independent Auditor's Report.

**Rural Water District Number 1**
**Franklin County, Kansas**

Schedule 1

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
COMPARED TO BUDGET
For the Year Ended December 31, 2023

| | Budget | Actual | Variance Over (Under) |
|---|---|---|---|
| Operating Revenues | | | |
| Water Sales | $ 518,889 | $ 501,751 | $ (17,138) |
| Late Fees | 12,000 | 12,681 | 681 |
| Capital Improvement Revenue | 112,248 | 107,592 | (4,656) |
| Total Operating Revenues | 643,137 | 622,024 | (21,113) |
| Operating Expenses | | | |
| Water Purchased | 216,500 | 206,677 | (9,823) |
| Clean Drinking Water Fee | 1,500 | 1,397 | (103) |
| Vehicle Expense | 10,000 | 10,921 | 921 |
| Utilities | 16,600 | 14,433 | (2,167) |
| Trash | 750 | 850 | 100 |
| Insurance and Bonds | 15,750 | 14,807 | (943) |
| Tests | 1,500 | 1,174 | (326) |
| One Call Locations | 350 | 553 | 203 |
| Professional Fees | 10,000 | 8,734 | (1,266) |
| Feasibility Engineering Studies | 1,200 | 600 | (600) |
| Mowing | 0 | 1,100 | 1,100 |
| Mileage | 500 | 121 | (379) |
| Memberships | 1,200 | 1,194 | (6) |
| Board Reimbursement | 5,400 | 4,455 | (945) |
| Training | 500 | 1,373 | 873 |
| Repairs and Maintenance | 35,000 | 20,109 | (14,891) |
| Depreciation | 150,000 | 107,997 | (42,003) |
| Salaries and Payroll Taxes | 154,202 | 164,105 | 9,903 |
| Pension | 0 | 9,348 | 9,348 |
| Health Insurance | 34,187 | 22,160 | (12,027) |
| Supplies | 5,000 | 4,715 | (285) |
| Postage | 4,900 | 5,412 | 512 |
| Uniforms | 500 | 241 | (259) |
| Website | 450 | 457 | 7 |
| Internet | 960 | 959 | (1) |
| Materials | 7,400 | 16,054 | 8,654 |
| Office Rent | 3,600 | 3,630 | 30 |
| Bank Charges | 0 | 0 | 0 |
| Other | 1,100 | 437 | (663) |
| Telephone | 4,220 | 2,150 | (2,070) |
| Bad debts | 300 | 0 | (300) |
| Total Operating Expenses | 683,569 | 626,163 | (57,406) |
| Total Operating Income (Loss) | (40,432) | (4,139) | 36,293 |

See Independent Auditor's Report.

**Rural Water District Number 1**
**Franklin County, Kansas**

Schedule 1

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
COMPARED TO BUDGET
For the Year Ended December 31, 2023

| | Budget | Actual | Variance Over (Under) |
|---|---|---|---|
| Non-Operating Revenues (Expenses) | | | |
| Interest Income | $ 5,000 | $ 25,308 | $ 20,308 |
| Miscellaneous | 1,000 | 19,624 | 18,624 |
| Total Non-Operating Income (Loss) | 6,000 | 44,932 | 38,932 |
| Income (Loss) Before Capital Contributions | (34,432) | 40,793 | 75,225 |
| Capital Contributions | | | |
| Benefit Units | 0 | 42,000 | 42,000 |
| Net Income (Loss) | $ (34,432) | $ 82,793 | $ 117,225 |

See Independent Auditor's Report.

**Rural Water District Number 1**
**Franklin County, Kansas**
*SCHEDULE OF PENSION LIABILITY*

Schedule 2

For The Years Ending December 31, 2024

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

| | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Employers proportion (percentage) of the collective net position liability | 0.000625493 | 0.000868497 | 0.001043432 | 0.001026877 |
| Employer's proportionate share (amount) of the collective net pension liability | $ 48,785 | $ 67,738 | $ 110,734 | $ 109,804 |
| Employer's employee payroll | $ 121,709 | $ 126,919 | $ 130,813 | $ 141,417 |
| Employer's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered-employee payroll | 0.4008331 | 0.5337105 | 0.8465061 | 0.7764554 |
| Total pension liability as a percentage of net position | 1.44% | 2.01% | 3.17% | 3.07% |

*Information is only available for 5 of the 10 years.

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

| **Total OPEB Liability** | 2022 | 2023 | 2024 |
|---|---|---|---|
| Service Costs | $ 393 | $ 246 | $ 249 |
| Interest total OPEB liability | 75 | 82 | 93 |
| Changes of benefit terms | 0 | 0 | 0 |
| Differences between actual and expected experience | (304) | (62) | (17) |
| Changes in assumptions or other inputs | 1,899 | (19) | 8 |
| Benefits payments | 0 | 0 | 0 |
| Net change in total OPEB liability | 2,063 | 247 | 333 |
| Total OPEB liability, beginning | 0 | 2,063 | 2,310 |
| Total OPEB liability, ending | $ 2,063 | $ 2,310 | $ 2,643 |
| Covered payroll | $ 130,813 | $ 141,417 | $ 138,332 |
| Total OPEB liability as a % of covered payroll | 1.58% | 1.63% | 1.91% |

Information is only available for 3 of the 10 years to be presented.

| 2024 |
| --- |
| 0.001097945 |
| 112,988 |
| 138,332 |
| 0.8167886 |
| 3.10% |

See Independent Auditor's Report.