CONSOLIDATED RURAL WATER DISTRICT NO. 4
SHAWNEE COUNTY

FINANCIAL STATEMENTS

For the Years Ending December 31, 2023 and 2022

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CONSOLIDATED RURAL WATER DISTRICT NO. 4 SHAWNEE COUNTY

Financial Statements
For the Years Ending December 31, 2023 and 2022

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 5
Basic Financial Statements:	
Statement of Net Position - Proprietary Fund	6
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	7
Statement of Cash Flows - Proprietary Fund	8
Notes to Financial Statements	9 - 16

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Consolidated Rural Water District No. 4 Shawnee County

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Consolidated Rural Water District No 4 Shawnee County (the District), as of and for the years ending December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Consolidated Rural Water District No. 4 Shawnee County as of December 31, 2023 and 2022, and the respective changes in financial position and cash flows thereof for the years ending in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the *Kansas Municipal Audit and Accounting Guide*. 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 Consolidated Rural Water District No. 4 Shawnee 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 amount and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Government 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 inquires, 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.

Gordon CPA LLC
Certified Public Accountant
Lawrence, Kansas

March 6, 2024

CONSOLIDATED RURAL WATER DISTRICT NO. 4 SHAWNEE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ending December 31, 2023 and 2022
(unaudited)

Our discussion of the financial performance of Consolidated Rural Water District No. 4, Shawnee County, Kansas (the District), provides an overview of the financial activities of the District for the fiscal year ended December 31, 2023 and comparative data for the years ended December 31, 2023 and December 31, 2022. This information is presented in conjunction with the audited financial statements that follow this section.

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

Financial Highlights

The District's total assets increased by $300,535 from December 31, 2022 to December 31, 2023. This was principally due to an increase in capital assets purchased during 2023.

The District's net position increased by $941,133 from December 31, 2022 to December 31, 2023. This was principally due to the increase water sales during 2023.

The District had income from operations of $812,908 after recognizing depreciation and amortization expense of $788,588 in 2023 compared to income from operations of $684,494, after recognizing depreciation and amortization expense of $749,252 in 2022.

The District's expense from non-operating revenues [expenses] was $89,225, after recognizing interest income of $87,670, and a gain on the sale of assets of $1,555 in 2023 compared to expense from non-operating revenues [expenses] of $[946] after recognizing interest expense of $[52,802], interest income of $35,356, and a gain on the sale of assets of $16,500 in 2022.

Total cash on hand as of December 31, 2023 was $1,594,807 which was a decrease of $220,223 over the cash on hand amount of $1,815,030 on December 31, 2022; short-term investments as of December 31, 2023 were $900,252 compared to $221,111 as of December 31, 2022, which is an increase of $$679,141. In addition, deposits with the State Treasurer for future bond payments were $0 in 2023 and $774,435 in 2022.

Overview of the Financial Statements

The financial statements presented herein include all the activities of the District.

The District's basic financial statements comprise two components: 1) basic financial statements, and 2) notes to financial statements.

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the figures provided in the financial statements. The notes to basic financial statements can be found on pages 9-16 of this report.

Net Position

The District's net position invested in capital assets (e.g., land, buildings and equipment), less any related debt outstanding used to acquire those assets increased by $1,355,363 in 2023 when compared to 2022. The District uses these capital assets to provide services to its participating members (customers); consequently, these assets are not available for future spending.

The District's restricted net position is a loan reserve account required for the Water Utility system Revenue Bonds. The reserve account remained the same in 2023 as it was in 2022.

The unrestricted net position may be used to meet the District's ongoing obligations to its customers and creditors. The unrestricted net position decreased by $414,230 in 2023 over the balance in 2022.

Current Assets

The District's current assets increased by $300,535 in 2023 compared to 2022.

Capital Assets

The District's investment in capital assets for its business-type activities as of December 31, 2023 and 2022 was $16,050,056 and $15,504,693 respectively, (net of accumulated depreciation). This includes land, buildings, facilities, equipment and construction in progress.

Additional information on the District's capital assets can be found in Note 2D on pages 7-8 of this report.

Current Liabilities

The District's current liabilities decreased by $630,598 in 2023 when compared to the 2022 balances.

Long-Term Debt

The District reduced its outstanding debt liability by $810,000 for the year ended December 31, 2023 as compared to December 31, 2022. The District reduced its outstanding debt liability by $790,000 for the year ended December 31, 2022 as compared to December 31, 2021.

Economic Factors and Next Year's Budget and Rates

The annual budget outlines Management's plan to carry out the District's mission of providing a safe and dependable supply of potable water for the customers the District serves.

As a product of an ongoing examination of how the District conducts its business, the budget seeks to assure that the District has the necessary funds to accomplish its objectives, while ensuring that the rates and charges remain as competitive as possible.

Continued slow growth within the District is anticipated. The potential consolidation with a surrounding district and cities is a factor that could have an impact on operations, the Board of Directors continues to monitor and participate in that process.

Requests for Information

This financial report is designed to provide citizens, customers, investors and creditors with a general overview of the District's finances, and to demonstrate the District's financial accountability. If you have any questions about this report or desire any additional information, contact the general manager at 1741 NE 46th Street, Topeka, KS 66617 or by phone (785) 286-1729.

CONSOLIDATED RURAL WATER DISTRICT NO. 4 SHAWNEE COUNTY

STATEMENT OF NET POSITION - PROPRIETARY FUND
For the Years Ending December 31, 2023 and 2022

	2023	2022
Assets		
Current assets:		
Cash	$ 1,594,807	$ 1,815,030
Short-term investments	900,252	221,111
Accounts receivable	288,598	239,153
Deposit with state treasurer	-	774,435
Inventory	201,084	179,840
Total current assets	2,984,741	3,229,569
Noncurrent assets:		
Loan reserve	959,279	959,279
Capital assets, nondepreciable		
Construction in progress	161,489	164,651
Land	1,060,065	1,060,065
Capital assets, depreciable	29,842,809	28,505,696
Less: accumulated depreciation	[15,014,307]	[14,225,719]
Total noncurrent assets	17,009,335	16,463,972
Total assets	$ 19,994,076	$ 19,693,541
Liabilities		
Current liabilities:		
Accounts payable	$ 48,778	$ 33,357
Accrued interest	-	36,265
Line extension and meter deposits	9,805	15,665
Maintenance accruals	300,336	104,230
Current portion of bonds payable	10,000	810,000
Total current liabilities	368,919	999,517
Noncurrent liabilities:		
Bonds payable, less current portion	-	10,000
Total noncurrent liabilities	-	10,000
Total liabilities	368,919	1,009,517
Net Position:		
Net investment in capital assets	16,040,056	14,684,693
Restricted	959,279	959,279
Unrestricted	2,625,822	3,040,052
Total net position	19,625,157	18,684,024
Total Liabilities and Net Position	$ 19,994,076	$ 19,693,541

The notes to the basic financial statements are an integral part of this statement.

CONSOLIDATED RURAL WATER DISTRICT NO. 4 SHAWNEE COUNTY

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - PROPRIETARY FUND
For the Years Ending December 31, 2023 and 2022

	2023	2022
Operating revenues		
Water sales	$ 3,482,216	$ 3,138,109
Other fees	96,012	79,274
Total operating revenues	3,578,228	3,217,383
Operating expenses		
Water purchases	103,263	95,399
Accrued expenses	239,100	134,259
Anayltical services	5,815	7,167
Chemicals	441,900	345,803
Engineering services	53,642	16,717
Fuel	23,353	28,385
Insurance	71,171	69,696
Miscellaneous	58,351	37,961
Office supplies	47,415	41,314
Postage and delivery	42,822	41,716
Professional fees	8,570	12,342
Repairs and maintenance	105,790	159,528
Rent	7,400	8,880
Sales tax	4,047	2,963
Property taxes	4,773	4,263
Telephone	15,456	12,225
Tools and supplies	14,556	31,428
Uniforms	3,285	4,635
Utilities	217,639	228,792
Water protection fees	28,589	27,338
Personnel costs	400,944	389,199
Payroll taxes	30,807	29,860
Employee benefits	48,044	53,767
Depreciation and amortization	788,588	749,252
Total operating expenses	2,765,320	2,532,889
Operating income [loss]	812,908	684,494
Nonoperating revenues [expenses]		
Interest income	87,670	35,356
Interest expense	-	[52,802]
Gain [loss] on sale of assets	1,555	16,500
Total nonoperating revenues [expenses]	89,225	[946]
Net income [loss] before contributions	902,133	683,548
Capital contributions from members		
Benefit units and aid in construction	39,000	211,200
Change in net position	941,133	894,748
Net position - beginning of year	18,684,024	17,481,169
Prior period adjustment	-	308,107
Net position - beginning of year, restated	18,684,024	17,789,276
Net position - end of year	$ 19,625,157	$ 18,684,024

The notes to the basic financial statements are an integral part of this statement.

CONSOLIDATED RURAL WATER DISTRICT NO. 4 SHAWNEE COUNTY

STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Years Ending December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Cash received from customers	$ 3,522,923	$ 3,185,396
Cash paid to suppliers of goods or services	[1,306,654]	[1,203,578]
Cash paid to employees for services	[479,795]	[472,826]
Net cash provided by operating activities	1,736,474	1,508,992
Cash flows from investing activities		
Interest received	87,670	35,356
Sale [purchase] of investments	[679,141]	-
Net cash provided by investing activities	[591,471]	35,356
Cash flows from capital and related financing activities		
Proceeds from sale of benefit units/contribution in aid	39,000	211,200
Deposit with state treasurer	774,435	[181,705]
Purchase and construction of capital assets	[1,333,951]	[828,550]
Principal repayment	[810,000]	[790,000]
Interest paid	[36,265]	[31,312]
Proceeds from sale of capital assets	1,555	16,500
Net cash provided by [used in] capital and related financing activities	[1,365,226]	[1,603,867]
Net increase [decrease] in cash and cash equivalents	[220,223]	[59,519]
Cash and cash equivalents - beginning of year	1,815,030	1,874,549
Cash and cash equivalents - end of year	$ 1,594,807	$ 1,815,030
Reconciliation of operating income [loss] to net cash provided [used in] operating activities		
Operating income [loss]	$ 812,908	$ 684,494
Adjustments to reconcile operating income [loss] to net cash provided by [used in] operating activities		
Depreciation expense	788,588	749,252
[Increase] decrease in accounts receivable	[49,445]	[29,507]
[Increase] decrease in inventory	[21,244]	119,820
Increase [decrease] in accounts payable	15,421	21,064
Increase [decrease] in maintenance accruals	196,106	[33,651]
Increase [decrease] in line extensions and meter deposits	[5,860]	[2,480]
Net cash provided by [used in] operating activities	$ 1,736,474	$ 1,508,992

The notes to the basic financial statements are an integral part of this statement.

CONSOLIDATED RURAL WATER DISTRICT NO. 4 SHAWNEE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
For the Years Ending December 31, 2023 and 2022

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Consolidated Rural Water District No. 4 Shawnee County (the District) was organized under Kansas law with the purpose and objective to acquire water and water rights, and to build and acquire pipelines for the purpose of furnishing water for domestic, agriculture, and/or other purposes. The District provides services to patrons located within the District. Effective April 1, 2005, Rural Water District No. 4 of Shawnee County, Kansas, consolidated with Rural Water Districts No. 3 and 5 of Shawnee County, Kansas. The benefit units in service as of December 31, 2023 and 2022 were 4,853 and 4,846, respectively.

B. Government-wide and Fund Financial Statements

The statement of net position and the statement of revenues, expenses, and changes in net position report information on the District as a whole. All activities of the District are business-type activities operated as a single proprietary fund.

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

The District's financials are prepared in accordance with generally accepted accounting principles (GAAP) for an enterprise fund using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred. Operating revenues and expenses generally result from providing services. All other revenues and expenses not meeting this definition are nonoperating. The statement of cash flows provides information about how the District meets the cash flow needs of its activities.

D. Cash and Cash Equivalents

The District’s cash and cash equivalents are considered to be cash on hand, demand deposits, with original maturities of three months or less from the date of acquisition.

The District invests its unrestricted cash in a financial institution in northeast Kansas.

E. Investments

The investments represent certificates of deposit. The certificates of deposit are recorded at cost because they are not affected by market rate changes.

F. Accounts Receivable

Accounts receivable are carried at original billed amount less any estimate made for doubtful receivables based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts.

The meters in the District are read between the 10th and 20th of each month. All readings are processed and then prepared for mailings on the 1st day of the month following the reading. Payments for water are due the 20th day of the following month or will be subject to a 10% late charge. The base rate charge includes a capital improvement fee of $5.00 and a base rate that varies from $20 to $100 based on the size of the water line and usage is billed at a rate of $4.25 per 1,000 gallons.

The last water rate adjustment by the District was on September 2, 2022.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Inventory

The District's inventory is valued at cost. Cost is determined using the average cost method.

H. Benefit Units

Benefit units are rights that entitle the holder to water service. Benefit units are presently sold for $5,000 for a 3/4-inch meter, $7,000 for a one-inch meter and $10,000 for a two-inch meter.

I. Aid in Construction

Aid in construction represents contributions from members of the District for line extensions.

J. Budget

The District prepares its budget for the fiscal year using the same basis of accounting as the financial statements. A comparison of actual to budget activity is not presented in these financial statements.

K. Capital Assets

Property, plant and equipment are recorded at cost less accumulated depreciation. Improvements and betterments to existing property and equipment are capitalized. Expenditures for maintenance and repair which do not extend the life of the applicable assets are charged to expense as incurred. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income for the period.

Property, plant and equipment of the District are depreciated using the straight-line method over the following useful lives:

	Capitalization Policy	Useful Life
Wells	$ 5,000	10 to 20 years
Distribution Lines	5,000	10 to 20 years
Meters	5,000	40 years
Structures	5,000	10 years
Equipment	5,000	10 to 30 years
Plumbing	5,000	3 to 10 years
Purification	5,000	10 to 20 years
Furniture & Fixtures	5,000	3 to 10 years
Miscellaneous	5,000	3 to 10 years

L. Net Position

The District's net position is displayed in three components as follows:

Net Investment in Capital Assets - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted - This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislations.

Unrestricted - This consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

The District's restricted net position is comprised of a loan reserve account that is required by the indebtedness.

M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

N. Income Taxes

The District is considered a municipality and is therefore a tax-exempt entity and is not subject to income taxes at either the federal or state level.

O. Compensated Absences

The District has a paid time off policy program for employees, which includes vacation, sickness or other personal needs. Full-time employees with one year of service are eligible for two weeks of vacation. All employees accrue a 1/2 day of sick leave for every month of service and up to 30 days of sick leave can be retained, no accrued vacation or sick leave is included in these financial statements as management believes the amount is immaterial. The District's policy is to recognize the costs of compensated absences when actually paid to employees.

Note 2. DETAILED NOTES

A. Cash and Cash Equivalents

Cash and cash equivalents consist of the following for the years ending December 31, 2023 and 2022:

	2023	2022
Checking	$ 2,453,115	$1,068,565
Money market	100,792	746,286
Petty cash	179	179
Total cash and cash equivalents	$ 2,554,086	$1,815,030

B. 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.

Note 2. DETAILED NOTES (Continued)

B. Deposits and Investments (Continued)

K.S.A. 12-1675 limits 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.

Concentration of credit risk. State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk - deposits. 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%. All deposits were legally secured as of December 31, 2023 and 2022.

As of December 31, 2023 and 2022, the District's carrying amount of deposits, including certificates of deposit, was $3,454,338 and $2,995,418, respectively, and the bank balance was $3,458,554 and $3,792,964, respectively. The bank balance was held in one bank resulting in a concentration of credit risk. Of the bank balance as of December 31, 2023, $250,000 was covered by federal depository insurance and the balance of $3,208,554 was collateralized with securities held by the pledging financial institutions’ agents in the District’s name.

C. Defined Contribution Plan

A deferred compensation plan is available to all employees of the District. Under the plan, employees may elect to defer a portion of their salaries to the plan. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death or other allowable cause. The District has the option of contributing to the plan. In 2023 and 2022, the District contributed 5% of the employees' gross salaries. Under the terms of IRC Section 457 deferred compensation plans, all deferred compensation and income attributable to the plan are property of the District and subject to the claims of the creditors of the District.

Note 2. DETAILED NOTES (Continued)

D. Capital Assets

Capital asset activity for the years ending December 31, 2023 and 2022 was as follows:

	Balance January 1, 2023	Additions	Deletions	Balance December 31, 2023
Nondepreciable assets:				
Land	$ 1,060,065	$ -	$ -	$ 1,060,065
Construction in progress	164,651	161,489	[164,651]	161,489
Depreciable assets:				
Wells	1,157,882	-	-	1,157,882
Distribution lines	8,004,543	1,096,314	-	9,100,857
Meters	1,704,076	24,596	-	1,728,672
Structures	3,817,756	164,651	-	3,982,407
Equipment	775,686	44,267	-	819,953
Plumbing	41,380	-	-	41,380
Purification	6,806	-	-	6,806
Furnitures & fixtures	48,129	7,285	-	55,414
Miscellaneous	6,215	-	-	6,215
Plant additions	434,409	-	-	434,409
Water treatment plant	12,508,624	-	-	12,508,624
Total capital assets	29,730,222	1,498,602	[164,651]	31,064,173
Less:				
Accumulated depreciation	[14,225,718]	[788,588]	-	[15,014,306]
Capital assets, net	$ 15,504,504	$ 710,014	$ [164,651]	$ 16,049,867

Note 2. DETAILED NOTES (Continued)

D. Capital Assets (Continued)

	Restated Balance January 1, 2022	Additions	Deletions	Balance December 31, 2022
Nondepreciable assets:				
Land	$ 1,060,065	$ -	$ -	$ 1,060,065
Construction in progress	93,028	71,623	-	164,651
Depreciable assets:				
Wells	1,157,882	-	-	1,157,882
Distribution lines	8,003,884	659	-	8,004,543
Meters	1,256,285	447,791	-	1,704,076
Structures	3,815,036	2,720	-	3,817,756
Equipment	617,058	207,374	[48,556]	775,876
Plumbing	41,380	-	-	41,380
Purification	6,806	-	-	6,806
Furnitures & fixtures	26,333	21,796	-	48,129
Miscellaneous	5,170	1,045	-	6,215
Plant additions	434,409	-	-	434,409
Water treatment plant	12,508,624	-	-	12,508,624
Total capital assets	29,025,960	753,008	[48,556]	29,730,412
Less:				
Accumulated depreciation	[13,525,022]	[749,252]	48,556	[14,225,718]
Capital assets, net	$ 15,500,938	$ 3,756	$ -	$ 15,504,694

Depreciation expense was $788,588 and $749,252, respectively, for the years ended December 31, 2023 and 2022.

E. Long-Term Liabilities

Long-term obligations of the District consist of the following as of December 31, 2023:

Revenue Bonds	Interest Rate	Amount Outstanding	Original Amount	Date of Issue	Final Maturity
Series 2013 A	2.0 - 2.7%	$ 10,000	$ 9,790,000	2/28/2013	2/1/2027
Total Revenue Bonds		$ 10,000	$ 9,790,000		

The changes in the District's long-term obligations for the years ending December 31, 2023 consisted of the following:

Note 2. DETAILED NOTES (Continued)

E. Long-Term Liabilities (Continued)

	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023	Amounts Due Within One Year
Water System Revenue Bonds Series 2013 A	$ 820,000	$ -	$ 810,000	$ 10,000	$ 10,000
Total	$ 820,000	$ -	$ 810,000	$ 10,000	$ 10,000

In 2013, the District issued Water System Revenue Bonds, Series A and B, to refinance existing debt related to the construction of a water treatment plant. The total amount of the Series 2013 issuances was $10,910,000. The interest rates on the bonds range from .65% to 2.70%.

Future maturities of the long-term debt as of December 31, 2023 is as follows:

Year Ending December 31,	Principal	Interest	Total
2024	$ 10,000	$ 240	$ 10,240

As part of the long-term debt agreements, the District is required to maintain a debt service coverage ratio of 1.15 and establish a loan reserve account in the amount of $959,279. The debt service coverage ratio was 2.01 and 1.81, respectively, for the years ended December 31, 2023 and 2022.

F. Net Investment in Capital Assets

The following represents the net position of the District reported as net investment in capital assets as of December 31, 2023 and 2022:

	2023	2022
Capital assets, net of depreciation	$ 16,050,056	$15,504,693
Revenue bonds outstanding at year end	[10,000]	[820,000]
Net investment in capital assets	$ 16,040,056	$14,684,693

Note 3. OTHER INFORMATION

A. Commitments and Contingencies

The District's management and legal counsel anticipate that the potential claims against the District not covered by insurance, if any, would not materially affect the financial position of the District.

Note 3. OTHER INFORMATION (Continued)

B. Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; business interruptions; errors and omissions and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded the commercial coverage in any of the three preceding years. There have not been significant reductions in coverage from prior years.

C. Contracts

The District has a contract with the City of Topeka, Kansas for the purchase of water.

In 2009, the District entered into a 20-year contract with Rural Water District No. 1, Jackson County, Kansas for the distribution of water.

In 2014, the District entered into an agreement with Consolidated Rural Water District No. 2, Shawnee County, Kansas for the distribution of water, which began in 2020.

D. Compliance with Kansas Statutes

References made herein to the statutes are not intended as interpretation of law but are offered for consideration of the Director of Accounts and Reports and interpretation by the County Attorney and legal representatives of the water District. District management noted no violations of Kansas statutes during the year ended December 31, 2023.

E. Line Extensions and Meter Deposits

The District requires developers to pay in advance for the cost of constructing lines and requires renters to pay deposits for water services. The entire balance of $9,805 and $15,665 as of December 31, 2023 and 2022, respectively, consists of renter deposits.

F. Related Party Transactions

During the year ended December 31, 2023, the District paid $2,175 for tire and automobile repair services to a company owned by two members of the board of directors.

G. Subsequent Events

Subsequent events for management's review have been evaluated through March 6, 2024, the date the financial statements were available to be issued.