KIENTZ & PENICK
CPAs, LLC

To the Board of Directors
Rural Water District No. 2, Dickinson County, Kansas
804 S. Buckeye
Abilene, KS 67410

June 8, 2023

We have audited the financial statements of Rural Water District No. 2, Dickinson County, Kansas (the District) as of and for the year ended December 31, 2022, and have issued our report thereon dated June 8, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 2, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Significant Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2022. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We did not identify any significant estimates.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Managements

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 8, 2023.

Eric Kientz
CPA, CMA, CNAP
Senior Audit Partner
(785) 477-9053
Eric@KPMHK.CPA

PO Box 754
Manhattan, KS 66505

KPMHK.CPA

Taylor Penick
CPA, CNAP
Managing Partner
(785) 817-7716
Taylor@KPMHK.CPA

Significant Audit Matters (Continued)

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Management Consultations with Us

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Recommendations and Other Considerations

During the audit process, it was noted the District does not have written policies for (a) document destruction and retention or (b) whistleblowers. We recommend your board obtain templates for these documents and review for future implementation.

Limitation on the Use of This Report

This information is intended solely for the use of the Board of Directors and management of Rural Water District No. 2, Dickinson County, Kansas and is not intended to be and should not be used by anyone other than these specified parties.

Kientz & Penick, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

Rural Water District No. 2, Dickinson County, Kansas

Financial Statements
As of December 31, 2022 and 2021
and For the Years Then Ended

With Report by Independent Auditors

KIENTZ & PENICK
CPAs, LLC

Table of Contents

	Page
Independent Auditor's Report	1 – 2
Financial Statements	
Statements of Net Position	3
Statements of Revenues, Expenses and Changes in Net Position	4
Statements of Cash Flows	5
Notes to Financial Statements	6 – 12

KIENTZ & PENICK
CPAs, LLC

To the Board of Directors of
Rural Water District No. 2 Dickinson County, Kansas
804 S. Buckeye
Abilene, KS 67410

June 8, 2023

Independent Auditor's Report

Opinion

We have audited the accompanying financial statements of the business-type activities of Rural Water District No. 2, Dickinson County (the District), as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the District as of December 31, 2022 and 2021, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Auditing and Accounting Guide*. Our responsibilities under those standards are further described below in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matters

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basis financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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.

Eric Kientz
CPA, CMA, CNAP
Senior Audit Partner
(785) 477-9053
Eric@KPMHK.CPA

PO Box 754
Manhattan, KS 66505

KPMHK.CPA

Taylor Penick
CPA, CNAP
Managing Partner
(785) 817-7716
Taylor@KPMHK.CPA

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	$ 804,984	$ 727,323
Accounts receivable	59,078	54,397
Inventory	35,235	28,736
Total Current Assets	899,297	810,456
Noncurrent Assets		
Capital assets, net	2,452,050	2,542,637
Restricted certificate of deposit – bond reserve	35,229	34,719
Restricted cash equivalent – loan reserve	103,772	103,772
Total Noncurrent Assets	2,591,051	2,681,128
Total Assets	$ 3,490,348	$ 3,491,584
Liabilities and Net Position		
Current Liabilities		
Accounts payable	$ -	$ 6,433
Accrued liabilities	15,590	17,389
Current portion of bond and loan payables	63,368	62,214
Total Current Liabilities	78,958	86,036
Noncurrent Liabilities		
Bond payable, net of bond discount	244,331	258,875
Loan payable	681,446	729,814
Total Noncurrent Liabilities	925,777	988,689
Total Liabilities	1,004,735	1,074,725
Net Position		
Net investment in capital assets	1,462,905	1,491,734
Restricted – bond reserve	35,229	34,719
Restricted – loan reserve	103,772	103,772
Unrestricted	883,707	786,634
Total Net Position	2,485,613	2,416,859
Total Liabilities and Net Position	$ 3,490,348	$ 3,491,584

	2022	2021
Operating Revenues		
Water sales	$ 357,764	$ 308,520
Monthly minimums	368,906	366,833
Total Operating Revenues	726,670	675,353
Operating Expenses		
Salaries	163,197	163,032
Payroll expense	13,039	12,917
Employee benefits	3,206	4,739
Repairs and maintenance	115,284	86,191
Utilities	29,554	26,077
Water purchased	107,670	90,318
Office expense	12,306	8,778
Depreciation	173,048	166,493
Insurance	24,870	23,583
Lab expense	1,106	1,491
Clean water fee	1,645	1,489
Miscellaneous expense	849	893
Profession fees	10,253	16,375
Training	2,374	102
Total Operating Expenses	658,401	602,478
Net Operating Income	68,269	72,875
Nonoperating Revenue (Expense)		
Interest income	3,156	1,509
Other charges	11,300	13,478
Gain on disposal of assets	-	17,174
Interest expense	(26,104)	(27,453)
Debt service fee	(2,554)	(2,737)
Other expense	(313)	(240)
Total Nonoperating Income (Expense)	(14,515)	1,731
Net Income Before Contributions	53,754	74,606
Capital Contributions		
Benefit unit sales	15,000	20,000
Change in Net Position	68,754	94,606
Net Position – Beginning	2,416,859	2,322,253
Net Position – Ending	$ 2,485,613	$ 2,416,859

	2022	2021
Cash Flows from Operating Activities		
Cash received from customers	$ 721,989	$ 676,626
Cash paid to suppliers	(320,642)	(220,992)
Cash paid to employees	(179,442)	(180,688)
Net Cash Provided by Operating Activities	221,905	274,946
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(82,461)	(91,515)
Payments on long term debt	(62,214)	(61,087)
Other capital activities	10,987	13,238
Change in reserves	(510)	(621)
Interest and service fees paid on bond and loan payables	(28,202)	(30,190)
Capital contributions	15,000	20,000
Net Cash Used in Capital and Related Financing Activities	(147,400)	(150,175)
Cash Flows from Investing Activities		
Interest income	3,156	1,509
Net Increase in Cash and Cash Equivalents	77,661	126,280
Cash and Cash Equivalents – Beginning	727,323	601,043
Cash and Cash Equivalents – End	$ 804,984	$ 727,323
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities		
Net operating income	$ 68,269	$ 72,875
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities		
Depreciation	173,048	166,493
Gain on disposal of assets	-	17,174
Decrease (increase) in accounts receivable	(4,681)	1,273
Decrease (increase) in inventory	(6,499)	9,045
Increase (decrease) in accounts payable	(6,433)	6,433
Increase (decrease) in accrued liabilities	(1,799)	1,653
Net Cash Provided by Operating Activities	$ 221,905	$ 274,946

Note 1: Summary of Significant Accounting Policies

Organization

The Rural Water District No. 2, Dickinson County, Kansas (the District), was declared incorporated by the Board of Commissioners of Dickinson County, Kansas, on April 21, 1972 as a quasi-municipal Corporation under Kansas Statute K.S.A. 82a-612 et seq, for the purpose of providing a water supply system for the landowners within the area of the District. The District is governed by a seven-member board of directors. The following is a summary of the District's significant accounting policies.

The Financial Reporting Entity

The financial reporting entity of the District is comprised of the primary government, the District. The accompanying financial statements present the activities and water system operating fund of the District. The District has considered all potential component units for which the District is financially accountable and other organizations for which the nature and significance of their relationships with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. This criteria includes appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the District. Based on these criteria, there are no component units to be included within the District as a reporting entity.

Basis of Presentation

Government-wide statements. The *statements of net position* and the *statements of revenues, expenses, and changes in net position* display information about the primary government, the District. These statements show that the financial activities of the overall government business-type activities are financed mostly by fees charged to external parties. Business-type activities are reported in one fund.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The District reports the following proprietary (business-type enterprise) fund:

Water Fund - This business-type enterprise fund accounts for the operation and maintenance of the water system of the District. All activities and balances of the entity are accounted for in this fund.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Proprietary Fund Financial Statements. The proprietary fund financial statements are reported using the economic resources measurement focus. The proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include special assessments, grants, entitlements, and donations.

Enterprise funds are used to account for operations operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

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 they are needed.

Cash and Cash Equivalents

The District considers all highly liquid deposits with original maturities of twelve months or less to be cash and cash equivalents. This includes investments in money market and checking accounts.

Note 1: Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable include amounts due from customers for water use. All receivables are current and, therefore, due within one year.

Allowance for Doubtful Accounts

The District bills customers monthly. Invoices not paid by the 16th day of the month incur a late fee. A notice to disconnect is sent if the invoice remains unpaid. As most customers pay before they are disconnected and there have been no amounts written off in the past three years. Management has evaluated all receivables and determined that the allowance for doubtful accounts should be $0 as of December 31, 2022 and 2021.

Inventory

Inventory is valued at the lower of cost or market and consists of pipe, valves, meters and other items needed to repair or add water lines.

Capital Assets

Capital assets purchased or built are capitalized at cost or estimated historical cost if actual cost is unavailable. The District's policy is to capitalize all assets with a cost of $1,000 or more and a useful life exceeding one year. Depreciation is recorded based on the estimated useful life of each asset using the straight-line method. The estimated useful lives of assets are as follows: water distribution system – 40 to 50 years, buildings – 20 to 40 years, machinery and equipment – 5 to 20 years, vehicles – 5 to 7 years, office equipment – 5 to 10 years.

Net Position

Net position is comprised of the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net position is classified in the following three components:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

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

Income Taxes

The District is a quasi-municipality and, as such, it is not subject to income taxes.

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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Operating Revenues and Expenses

Operating revenues and expenses consist of those revenues that result from the ongoing principal operations of the District. Operating revenues consist primarily of charges for services. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing type of activities and result from nonexchange transactions or ancillary activities.

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Contributions

Assets contributed by new benefit units are recorded as capital contributions when received. When a benefit unit is returned, operating revenue is recognized for the capital contribution that was originally recorded.

Budgetary Information

Kansas statutes provide an exemption for the District to legally adopt a budget for the fund types used by the District. The budget established by the District is for management use only. Expenditures are controlled through internal spending limits monitored by the board of directors.

Subsequent Events

Management has evaluated subsequent events through June 8, 2023 which is the date the financial statements were available to be issued.

Note 2: 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 fund 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.

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.

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 the District. Kansas statutes require the District's deposit 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%.

December 31, 2022

On December 31, 2022, the District's carrying amount of deposits was $840,213 and the bank balance was $841,253. The bank balance was held by one bank, resulting in a concentration of credit risk. Of the bank balance, $250,000 was covered by federal depository insurance and $591,253 was collateralized with securities held by the pledging financial institution's agents in the District's name. The third-party bank holding the pledged securities is independent of the pledging bank. The pledged securities are held under a tri-party custodial agreement signed by all three parties: The District, the pledging bank, and the independent third-party bank holding the pledged securities.

December 31, 2021

On December 31, 2021, the District's carrying amount of deposits was $762,042 and the bank balance was $763,175. The bank balance was held by one bank, resulting in a concentration of credit risk. Of the bank balance, $250,000 was covered by federal depository insurance and $513,175 was collateralized with securities held by the pledging financial institution's agents in the District's name. The third-party bank holding the pledged securities is independent of the pledging bank. The pledged securities are held under a tri-party custodial agreement signed by all three parties: The District, the pledging bank, and the independent third-party bank holding the pledged securities.

Note 3: Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows:

	Balance on December 31, 2021	Additions	Retirements	Balance on December 31, 2022
Nondepreciable Capital Assets				
Construction in progress	$ 1,483	$ -	$ 1,483	$ -
Depreciable Capital Assets				
Water distribution system	5,803,195	52,545	4,161	5,851,579
Buildings	240,493	15,500	-	255,993
Machinery and equipment	118,952	15,899	-	134,851
Vehicles	116,238	-	4,300	111,938
Office equipment	28,231	-	-	28,231
Total Depreciable Capital Assets	6,307,109	83,944	8,461	6,382,592
Accumulated depreciation	(3,765,955)	(173,048)	(8,461)	(3,930,542)
Total Depreciable Capital Assets, Net	2,541,154	(89,104)	-	2,452,050
Capital Assets, Net	$ 2,542,637	$ (89,104)	$ 1,483	$ 2,452,050

Capital asset activity for the year ended December 31, 2021 was as follows:

	Balance on December 31, 2020	Additions	Retirements	Balance on December 31, 2021
Nondepreciable Capital Assets				
Construction in progress	$ 2,332	$ 1,483	$ 2,332	$ 1,483
Depreciable Capital Assets				
Water distribution system	5,793,700	9,495	-	5,803,195
Buildings	240,493	-	-	240,493
Machinery and equipment	84,299	34,653	-	118,952
Vehicles	96,154	60,924	40,840	116,238
Office equipment	28,231	-	-	28,231
Total Depreciable Capital Assets	6,242,877	105,072	40,840	6,307,109
Accumulated depreciation	(3,628,051)	(166,493)	(28,589)	(3,765,955)
Total Depreciable Capital Assets, Net	2,614,826	(61,421)	12,251	2,541,154
Capital Assets, Net	$ 2,617,158	$ (59,938)	$ 14,583	$ 2,542,637

Note 4: Long-Term Debt

The following is a schedule of long-term debt activity for the year ended December 31, 2022

	Beginning Balance	Additions	Retirements	Ending Balance
Water Revenue Bonds	$ 280,000	$ -	$ 15,000	$ 265,000
Kansas Water Supply Loan	777,028	-	47,214	729,814
Total Long-Term Debt	$ 1,057,028	$ -	$ 62,214	$ 994,814

The following is a schedule of long-term debt activity for the year ended December 31, 2021

	Beginning Balance	Additions	Retirements	Ending Balance
Water Revenue Bonds	$ 295,000	$ -	$ 15,000	$ 280,000
Kansas Water Supply Loan	823,115	-	46,087	777,028
Total Long-Term Debt	$ 1,118,115	$ -	$ 61,087	$ 1,057,028

Long-term debt consists of the following on December 31, 2022 and 2021:

	2022	2021
Water Revenue Bonds. On June 15, 2012, the District issued $420,000 in Kansas Rural Water Finance Authority Revenue Bonds, Series E 2012 with effective interest rates ranging from 1.00% to 4.2%. The new bond issue paid-off the outstanding note with the United States Department of Agriculture, Rural Development. Interest payments are due semi-annually on June 1 and December 1. Principal payments are due starting on December 1, 2012 and mature in 2035.	$ 265,000	$ 280,000
Kansas Water Supply Loan. On December 21, 2011, the District entered into a loan agreement with the Kansas Department of Health and Environment (KDHE) for a Kansas Public Water Supply Loan not to exceed $1,100,742, for the purpose of furnishing a public water supply project. Funding of the loan was provided by the Environmental Protection Agency through a Capitalization Grant for Drinking Water State Revolving Fund. Interest on the loan is 2.43% per annum. The first amendment to the loan agreement was effective September 16, 2014 and established the future payment schedule of the loan. The second amendment to the loan agreement was effective September 2, 2015 and decreased the original loan amount by $63,018 bringing the new loan balance to $1,037,724 and established a revised future payment schedule. Interest payments are due semi-annually on February 1 and August 1 and principal payments are due starting on February 1, 2016 and maturing in 2035.	729,814	777,028
TOTAL LONG-TERM DEBT	994,814	1,057,028
Less: Current portion of long-term debt	(63,368)	(62,214)
Less: Unamortized bond discount	(5,669)	(6,125)
Long-Term Debt, Net of Current Portion and Discount	$ 925,777	$ 988,689

Note 4: Long-Term Debt (Continued)

Future maturities of long-term debt are as follows:

Year Ended December 31,	Principal	Interest	Service Fee	Total
2023	$ 63,368	$ 24,725	$ 2,512	$ 90,605
2024	64,550	23,337	2,342	90,229
2025	65,762	21,851	2,167	89,780
2026	67,003	20,339	1,989	89,331
2027	73,274	18,801	1,806	93,881
2028-2032	386,556	65,925	6,121	458,602
2033-2035	274,301	13,260	1,171	288,732
Total	$ 994,814	$ 188,238	$ 18,108	$ 1,201,160

The Series 2012 bonds were issued for $420,000, which included a $10,500 discount. This discount is amortized over the life of the bonds using the straight-line method because the effective yield method was determined to not be significantly different. There was $457 of bond amortization expense for each of the years ending December 31, 2022 and 2021.

Note 5: Debt Service Ratio

The bond issue covenants require the District to maintain a debt service ratio of at least 1.25. The following represents the debt service ratio calculation for the years ending December 31,:

	2022	2021
Change in net position	$ 68,754	$ 94,606
Interest expense	26,104	27,453
Depreciation	173,048	166,493
Capital contributions	(15,000)	(20,000)
Total Revenue Available for Debt Service	$ 257,903	$ 268,552
Debt service payments	$ 90,416	$ 90,980
Debt service ratio	2.80	2.95

Note 6: 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; injuries to employees; and natural disasters. To insure against risk of these types of losses, the District has purchased commercial insurance coverage from EMC Companies through Anderson Peck Agency Inc. in Topeka, Kansas. The District did not experience losses related to these risks during the years ended December 31, 2022 and 2021.

Note 7: Retirement Plan

The District provides a Savings Investment Match Plan for Employees (SIMPLE IRA) to eligible employees who earn over $5,000 during the year. The District contributes 2% of the employee's annual salary to their SIMPLE IRA. In 2022 and 2021, the District contributed $3,206 and $3,439 respectively to the retirement plan.

Note 8: Compensated Absences Policy

Sick Leave: The District provides sick leave for their eligible full-time employees at a rate of two days per month. These days may be carried forward to future years up to a maximum of 90 days. If employment is terminated, the sick leave is lost. However, an employee with a 90-day accumulation can elect upon retirement to use sick leave to retire one month early with pay.

Note 8: Compensated Absences Policy (Continued)

Vacation Leave: Upon completion of one year of continuous employment, a regular full-time employee earns vacation days as follows: After one year, five days are earned; after two years, ten days are earned; and, after three years, ten days plus one day for each year of employment after the third year. Employees cannot earn more than three weeks of vacation (15 days per year), in a single year. A maximum of one-half of earned vacation can be carried over to the following calendar year. Employees are paid all earned vacation upon termination of employment. At December 31, 2022 and 2021, the value of accrued vacation was $4,006 and $5,476, respectively and this amount has been reported on the statement of net position as part of accrued liabilities.

Note 9: Compliance with Kansas Statutes

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration of the Kansas Director of Accounts and Reports and interpretation by the Dickinson County Attorney and legal representatives of the District. There were no apparent statutory violations during the year end December 31, 2022 and 2021.