RURAL WATER DISTRICT NO. 7
JOHNSON COUNTY, KANSAS

FINANCIAL STATEMENTS
FOR THE YEARS ENDED

DECEMBER 31, 2024 AND 2023

TOGETHER WITH

INDEPENDENT AUDITOR'S REPORT

RURAL WATER DISTRICT NO. 7
JOHNSON COUNTY, KANSAS

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Troutt Beeman & Co., P.C.
CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Rural Water District No. 7
Johnson County, Kansas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities of Rural Water District No. 7, Johnson County, Kansas (the District), as of and for the years ended December 31, 2024 and 2023 and 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of December 31, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years 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 (GAAS). 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 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 opinions.

Responsibilities of Management for the Financial Statements

The District's 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 the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 GAAS, 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 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 judgment, 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of the Employer's Proportionate Share of the Net Pension Liability and Related Ratios, the Schedule of Contributions, and the OPEB Information on pages 4-11 and 33-35 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 Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Tuttle, Brennan & C, P.C.
Olathe, Kansas
August 08, 2025

WATER DISTRICT NO. 7
JOHNSON COUNTY, KANSAS
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September 12, 2025

MANAGEMENT DISCUSSION & ANALYSIS REPORT
JANUARY 1, 2024 – DECEMBER 31, 2024

In accordance with guidelines as prescribed in the Governmental Accounting Standards Board (GASB), Statement No. 34, Rural Water District No. 7, Johnson County, Kansas, is submitting this Management Discussion & Analysis Report (MD&A) along with a copy of the audited financial statements performed by the accounting firm Troutt, Beeman & Co., P.C., of Olathe, Kansas. The MD&A report is provided to give the reader a general overview of the activities of the District in its fiscal year 2024, while the audited financial statements provide a general overview of the District's financial position.

General Information

The District was formed and incorporated in 1968. The District secured financing from Farmer's Home Administration (FmHA) in 1974 and began construction of the water system. Construction was completed in 1975, with service to nearly 600 customers realized. The District serves established territories in Johnson, Miami & Douglas Counties in Kansas.

The District is governed by a nine (9) member Board of Directors (BOD) that oversees the total operations and management of the District. The BOD has regularly scheduled monthly meetings to address any concerns, issues, or actions that are needed for the management and operation of the District. The BOD employs a manager who is responsible for the water system's daily activities, operations, and maintenance. The manager is also responsible for the District staffing. The District has a staff of nine (9) individuals who perform the duties necessary for its daily operations.

The District has "Service Area Agreements" with most of its municipal city neighbors, including Olathe, Gardner, Spring Hill, Edgerton, and the Johnson County Airport Commission. These agreements stipulate the service area for each entity's boundary with the other, normally defined by a boundary line. This allows each entity to plan its existing and future service areas, as well as its capital improvements within these defined areas. Ideally, this will promote cooperation between the entities and enable the services to these areas to be provided at a reasonable cost without questioning which entity will be serving the area.

Water Supply

When first formed, the District had a single source of water supply, the City of Olathe. Since that time, it has developed other supply sources, as well as emergency interconnections, that are used to provide the overall wholesale supply and emergency service for the District. The wholesale supply sources are further summarized:

- City of Olathe: This wholesale supply source supplies the northern half of the District's South Pressure Zone. The Point of Delivery (POD) is located at 151st Street, west of Old Highway 56. Olathe has informed the District that it will cease providing a wholesale supply to the District at the termination of this contract, which is December 31, 2031. In the interim, the District is working on replacing the 151st Street connection supply with another wholesale source.

- WaterOne of Johnson County: This is the most recent wholesale supply the District has established, which was put into service in May 2023. It replaces a wholesale supply that had provided service to CRWD6 by the City of Olathe for several decades. This connection is along the 135th Street corridor, west of Hedge Lane Road, in western Olathe. This connection includes a Booster Pump Station, which will assist the District in meeting system demands for many years. The agreement between the District and WaterOne extends to December 2041, with an option to extend it an additional 10 years.

- Hillsdale Reservoir: This Corps of Engineers' reservoir source was established as a wholesale source of water for the District in 1987. The Hillsdale supply is purchased through a raw water assuredness (marketing) contract with the Kansas Water Office (KWO). The District belongs to a nine-member Interlocal group called the "Hillsdale Area Water Cooperative" (aka HAWC). This consortium, with the assistance of the KWO, combined all water marketing contracts at Hillsdale, along with the needs of its members, into one collective amount and purchased the entire allocation of the Kansas Water Marketing Program at Hillsdale Reservoir. The term of this contract, between HAWC and the KWO, is to the year 2053.

  Regarding this same source, the District then contracts with Rural Water District No. 2, Miami County, to withdraw, treat, and deliver this supply into the District's distribution system using their water treatment plant facility. Miami #2 is obligated to meet all federal and state requirements for a public drinking water supply. This source provides approximately 50% of the total supply to the District. The contract term with Miami #2 remains in effect for as long as the water treatment plant is in operation.

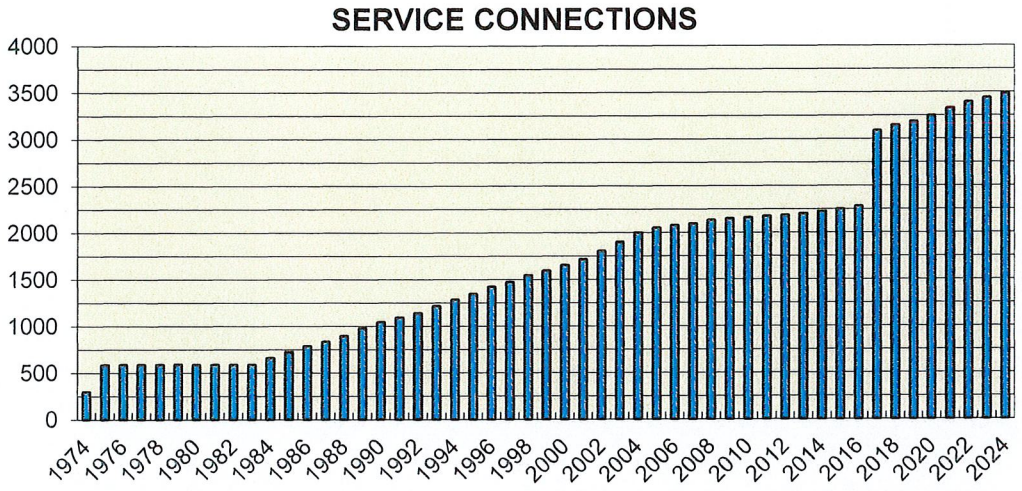
- Three other public water supply systems (City of Gardner, Johnson County Airport Commission, and Douglas County RWD #4) are contracted to supply wholesale water to isolated areas within the District. These supplies provide less than 1% of the total supply to the District.

- Emergency Interconnections have been established by the District with municipalities and other rural water districts. These interconnections allow for the flow of a water supply during emergency situations. Emergency interconnections are with the City of Gardner, the City of Edgerton, and the City of De Soto.

General Statistics for 2024:

Benefit Units (Service Connections)

The District's boundaries are located in an area within the State of Kansas that generally experiences a higher rate of growth. This can be impacted by national recessions, housing market adjustments, and lending rates to homebuyers, but overall patterns tend to be linear with a ~2% growth over the last several years. In fiscal year 2017, the District acquired the CRWD6 service area, which included an addition of 691 residential users. This unusual spike is indicated in the graph below. In 2024, the District sold 43 benefit units (service connections) for a year-end total of 3482 active service connections. Management has assumed that this trending pattern of lower benefit unit sales is largely due to the lending rates for homebuyers. (See Chart below)



Most of the District's annual growth can be attributed to residential homes; however, it has been noted that a recent surge in commercial/industrial inquiries has occurred.

Residential growth has continued to slow somewhat in the last few years, likely due to several factors, including borrowing rates for home buyers, building material pricing, land prices, and construction pricing. Although there continues to be a slowdown with residential homes, there are several residential developments planned within its service area, adjacent to De Soto, Gardner, and Spring Hill. As interest rates drop, the housing market will likely react, and sales will increase in that regard.

Regarding the commercial/industry growth within the District, it is worth noting that some of the state's largest economic development projects have been constructed within, or adjacent to, the service area of the District. Listed are some ongoing projects that are within the District's service area:

- BNSF's rail yard is located within the City of Edgerton, Kansas, and began operations in October 2013. The area surrounding the IMF is being developed into *Logistics Park Kansas City (LPKC)*. This provides warehousing and distribution centers within proximity of the IMF. Currently, there are approximately 15.5 M square feet of warehouses in operation within LPKC and another 11 M square feet of building capacity available.

- In De Soto, Kansas, Panasonic has officially opened its new $4 billion lithium-ion battery manufacturing facility at the Astra Enterprise Park, marking a major milestone in U.S. manufacturing investment. This facility is expected to create up to 4,000 jobs and significantly contribute to the regional economy. Although this facility is outside the District's service area, the residual impact on neighboring properties within the District is already being anticipated. Located within the District's service area, and adjacent to the Astra Enterprise Park, is the *Flint Commerce Center*, where the first building has been completed and additional development is underway. Interest in the De Soto area continues to grow, with the same company also considering the construction of multi-family housing in the vicinity.

- In Olathe, Kansas, the "I-35 Logistics Park" is being developed. Although not initially served by the District, it is located within its service area. The City of Olathe and the District have agreed to a 10-year period during which the City will provide the water services for the development. This will allow the District some time to extend its services to the area. In the year 2031, the District will acquire the infrastructure for the development and commence its service.

- In New Century, Kansas, another industrial development is being constructed. The "New Century Commerce Center" consists of approximately 825 developable acres. Three buildings have been constructed and fully leased, with a fourth building set for delivery in Quarter 3 of 2025. Similarly, the District is working with the Johnson County Airport Commission on serving the development until some additional infrastructure can be extended by the District. The extension of infrastructure is expected to be in place before December 31, 2031.

In these commercial areas, the domestic water supply needs are expected to gradually increase as construction of the developments occurs. The District is working with the appropriate zoning jurisdictions and developers in determining the water system needs of their growth areas and enhancing its system to accommodate the expected growth.

Water Purchases and Water Loss:

Wholesale water purchases increased by less than 1% in 2024 compared to 2023; further, the number of gallons purchased from customers increased 3% for these same comparison years. Overall, the District's wholesale supplies were maintained and proved adequate in meeting the demands of the water system and its customers. This indicates good planning on behalf of the District and its Board of Directors. It is the general consensus that the District's piping system, infrastructure, and contracted wholesale supplies met the challenges of 2024; however, the District is not "static" in its future planning. It is currently weighing its options for other wholesale supply sources, and/or increases to those sources, that will continue to provide the District with a long-term supply source for its customer base and service area. Regardless, the District's Board of Directors is actively reviewing the system's water supply needs for the future.

Regarding Water Purchases, Sold & Loss: Public water supply systems typically record the number of gallons purchased, gallons sold, and subsequent gallons of water loss to determine the performance of the piping system. High water loss percentages indicate potential operational issues with pipes, valves, or leaks in a water system. Total water loss is isolated into two categories (Accounted and Unaccounted). Accounted water loss is water used for flushing and normal operational duties. Unaccounted water loss is water most likely attributed to leaks in the water

system itself that cannot be specifically identified. Achieving an unaccounted water loss of 15% or less is the District's goal. In 2024, the District's unaccounted water loss was 15.9%. The District continues to actively research methods for lowering this ratio.

Financial Statistics for 2024:

Statement of Net Position Summary (Table 1) – This table summarizes the Total Assets, Total Liabilities, and Net Position of the District for FY 2024 and FY 2023. Total Assets increased 15% ($7.5M) in 2024, of which $6.9M was related to new Capital Assets. This indicates the robust construction activity within the District. Long-term Debt decreased ($77,000) in 2024, largely associated with the District's infrastructure loans secured through KDHE's SRF program. These have helped fund water main improvements, a booster pump station, and establish a new wholesale supply for the District. These all indicate another strong performance and commitment by the Board of Directors in planning for the District's future and maintaining the integrity of the water system.

TABLE 1

Statement of Net Position Summary

	2024	2023	Difference	%
Current Assets	$ 9,539,042	$ 8,932,298	$ 606,744	7%
Capital Assets	$ 39,323,865	$ 32,342,387	$ 6,981,478	22%
Restricted Assets	$ 199,975	$ 199,836	$ 139	0%
Other Assets	$ 725,797	$ 779,413	$ (53,616)	-7%
Deferred Outflows	$ 221,616	$ 199,253	$ 22,363	11%
Total Assets & Deferred Outflows	**$ 50,010,295**	**$ 42,453,187**	**$ 7,557,108**	**15%**
Current Liabilities	$ 737,677	$ 508,011	$ 229,666	45%
Net Pension Liability	$ 709,705	$ 607,658	$ 102,047	17%
OPEB	$ 6,576	$ 6,327	$ 249	4%
Noncurrent Long-Term Debt	$ 8,267,038	$ 8,344,114	$ (77,076)	-1%
Deferred Inflows	$ 1,206,427	$ 340,200	$ 866,227	255%
Net Position	$ 39,082,872	$ 32,646,877	$ 6,435,995	20%
Total Net Position, Liabilities, & Deferred Inflows of Resources	**$ 50,010,295**	**$ 42,453,187**	**$ 7,557,108**	**15%**

Statement of Revenues, Expenses, & Changes in Net Position Summary (Table 2) – Operating Revenues increased 1% in 2024 relative to the 1% increase in water sold in 2024. The District's Board of Directors adopted a 4% rate increase effective September 2024, but it likely had little impact on the revenues for that year, given its implementation date. The Operating Expenses of the District increased 10% during 2024. Several factors influenced this, including increases in the cost of wholesale water sources, system repairs, salaries, and benefits. Helping offset these increases was the District's income from investments. Managing water demands from higher-priced wholesale sources, during demand times, with contract limitations (minimums and maximums), adds a level of diligence in the oversight of these wholesale purchases. Additional purchase volumes, an increased cost from its wholesale suppliers, as well as the aging infrastructure have impacted these values each year. Capital Contributions, largely consisting of water main improvements donated to the District, were over $6.4M in 2024, indicating a strong capital environment for the District. This carried over to the Net Income for 2024 of $6.4M. Overall, this leaves the District's Net Position, at the end of 2024, to be over $39.0M.

TABLE 2

STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION

	2024	2023	Difference	%
Operating Revenues	$ 4,010,711	$ 3,960,408	$ 50,303	1%
Operating Expenses	$ 4,230,407	$ 3,817,823	$ 412,584	10%
Net Operating Income	**$ (219,696)**	**$ 142,585**	**$ (362,281)**	**165%**
Non-Operating Revenues	$ 241,819	$ 69,967	$ 171,852	71%
Net Income before Contributions	**$ 22,123**	**$ 212,552**	**$ (190,429)**	**-90%**
Capital Contributions	$ 6,413,872	$ 1,084,677	$ 5,329,195	491%
Net Income	**$ 6,435,995**	**$ 1,297,229**	**$ 5,138,766**	**396%**
Beginning Net Position	$ 32,646,877	$ 31,349,648	$ 1,297,229	4%
Ending Net Position	**$ 39,082,872**	**$ 32,646,877**	**$ 6,435,995**	**20%**

Regarding other financial matters, it is noted that the BOD annually approves a budget for the ensuing year. Financial statements are prepared monthly for the BOD's review. Also included for their review are monthly comparisons of the previous year and "year-to-date" totals.

Debt Obligations

The District had four debt obligations at the beginning of 2024, with one of these being retired. The total debt obligations of the District are $8.3M. The outstanding loans are outlined within the "Notes" section of the following audit. Regarding this, the District has retained a consultant to review its "debt capacity", if not every year, every other year, and provide a report to the BOD on its financial status with the additions of debt.

All debt obligations were met by the District for the year, whereas approximately $156,095 of debt was retired in 2024.

Rates & Fees – 2024

The BOD annually reviews the rate structure of the District. It has also retained the assistance of a consultant to assist with this review. Due to these reviews, the customer rates were adjusted by 4% effective with the September 1, 2024, billing cycle. Depending on the size of service, the current water rate schedule is summarized in Table 3:

TABLE 3
Water Rate Schedule

	5/8" x 3/4" Meter	3/4" Meter	1" Meter	1 1/2" Meter	2" Meter
Monthly Minimum Charge	$23.62	$23.62	$23.62	$49.99	$66.42
Per 100-gallon rate	$0.729	$0.729	$0.729	$0.729	$0.729

The BOD also generates capital for water system improvements by making available the purchase of benefit units, or rights to water service connections, to those desiring a public water supply. This

fee is primarily used for funding capital improvements within the District. The BOD reviews these fees during its annual review process.

Operations & Activities in 2024

The BOD discussed and approved certain system enhancements in 2024. These include the following:

- The District entered into a long-term wholesale supply with WaterOne of Johnson County in 2023. Other features of establishing that connection included water mains, a booster pump station, PRV stations, and a 0.5 MG elevated water storage tank currently being constructed. This tank will be put into operation in late 2025 or early 2026. Portions of this project are being funded through the Kansas State Revolving Loan Fund (SRF #2947), which was identified with the acquisition of the CRWD6 water system, while other portions are funded through SRF #3039, which are projects needed for the establishment of the new wholesale supply with WaterOne. Once the tank is operational, the financing will be closed.
- As noted earlier in Table 2, the District experienced a high volume of "Capital Contributions" for enhancements to the water system. These were primarily in the way of water main improvements and relocations paid for by other entities. The District also invested in some of these improvements by enhancing the water main size to allow for future capacity.
- The District purchased approximately 34 acres within its service area for a future building site and complex for the growing needs of the District. The site will likely have an elevated water storage tank, offices, and a shop facility.
- The District continued funding the Meter Replacement Program and the GPS/GIS Mapping Program.

Conclusion

As highlighted in this report, the District continues to meet and exceed the challenges of a public water supply system in Kansas. It is anticipated that a rate increase will once again be considered by the BOD in FY 2025, due to increasing wholesale water supply costs and operational expenses. Rate increases reinforce the BOD's position that maintaining a reasonable rate structure, meeting the debt obligations, and providing adequate reserves, is a priority and responsible management of the District. It is management's opinion that the financial outlook of the District is promising. New customer growth (both residential and commercial/industrial) is occurring. The District has two major highway corridors that bisect its service area: K-10 Highway and I-35 Highway. A high amount of land interest and growth is expected along these corridors, as well as within the interior portions of the District. Interest in residential growth has certainly increased in the District's service area in and around Spring Hill, Gardner & De Soto. This is expected to remain steady, if not increase, in 2025 and beyond. The District's BOD remains committed to improving the water system to accommodate this growth.

The District continues to meet and exceed the Debt Service Coverage Ratio (DSCR) requirements of its loan covenants. Rates and fees are commensurate with its neighboring entities. The District's Water Supply Contracts will allow the probability of a quality long-term water source; however, more work on this is needed in 2025. The District takes this very seriously and believes that its advancement of the System Analysis Update is an indication of this commitment. Operations of the District consistently reveal an aggressive approach to steady improvements and replacement of its older facilities and water mains, with some attaining the 50-year mark. The District has Service Area Agreements in place with all but one of its municipal neighbors. This has allowed the Board of Directors to provide systematic, well-planned growth and expansion of services into defined

areas, without risking abandonment of facilities or costly litigation. This is all indicative of the foresight and direction provided by the BOD.

In conclusion, this report was provided to give a brief overview of the District and its activities in FY 2024. This, in addition to the 2024 audited financial statements, should provide the reader with a general outline of the District and its operations.

If there are any questions regarding this information, please feel free to contact the District as provided on the front page of this report.

Respectfully submitted,



Allan Soetaert, Manager
Water District No. 7, Johnson County, Kansas

RURAL WATER DISTRICT NO. 7
JOHNSON COUNTY, KANSAS

STATEMENTS OF NET POSITION
DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 8,941,150	$ 8,198,260
Accounts receivable, net of allowance	345,320	331,372
Interest receivable	30,396	30,396
Inventories	216,430	245,813
Prepaid expenses	5,746	126,457
Total current assets	9,539,042	8,932,298
NONCURRENT ASSETS:		
Cash and cash equivalents restricted	199,975	199,836
Intangible assets, net of amortization	725,797	779,413
Capital assets:		
Land	105,972	105,972
Buildings and improvements	989,971	975,317
Water system	52,404,568	45,690,272
Operating equipment	848,589	710,937
Construction in progress	2,058,852	688,560
Accumulated depreciation	(17,084,087)	(15,828,671)
Total capital assets	39,323,865	32,342,387
Total noncurrent assets	40,249,637	33,321,636
TOTAL ASSETS	49,788,679	42,253,934
DEFERRED OUTFLOWS OF RESOURCES		
Pension	221,399	199,020
Other post employment benefits	217	233
TOTAL DEFERRED OUTFLOWS OF RESOURCES	221,616	199,253
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 50,010,295	$ 42,453,187
LIABILITIES		
CURRENT LIABILITIES:		
Current maturities of long-term debt	$ 110,617	$ 86,411
Accounts payable	496,776	304,134
Accrued expenses	130,284	117,466
Total current liabilities	737,677	508,011
NONCURRENT LIABILITIES:		
Net pension liability	709,705	607,658
Other post employment benefits	6,576	6,327
Bonds and notes payable, less current maturities	8,267,038	8,344,114
Total noncurrent liabilities	8,983,319	8,958,099
TOTAL LIABILITIES	9,720,996	9,466,110
DEFERRED INFLOWS OF RESOURCES		
Pension	1,157	1,782
Other post employment benefits	8,736	8,525
Developer fees	1,196,534	329,893
TOTAL DEFERRED INFLOWS OF RESOURCES	1,206,427	340,200
NET POSITION		
Invested in capital assets, net of related debt	31,672,007	24,691,275
Restricted for debt service	199,975	199,836
Unrestricted	7,210,890	7,755,766
TOTAL NET POSITION	39,082,872	32,646,877
TOTAL NET POSITION, LIABILITIES, AND DEFERRED INFLOWS OF RESOURCES	$ 50,010,295	$ 42,453,187

See accompanying notes.

RURAL WATER DISTRICT NO. 7
JOHNSON COUNTY, KANSAS

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
OPERATING REVENUES:		
Retail water sales	$ 3,670,009	$ 3,568,468
Wholesale water sales	296,940	335,263
Delinquency charges	37,682	44,147
Other charges	6,080	12,530
	4,010,711	3,960,408
OPERATING EXPENSES:		
Source of supply:		
Water purchases	1,504,517	1,402,204
Depreciation and amortization	1,309,032	1,185,260
Utilities	31,757	34,479
Repairs	126,583	54,039
Supplies	22,264	16,483
Meter reading	18,041	18,037
Water protection fee	23,140	18,842
Plant management fees	13,037	12,282
Salaries and wages	851,832	747,369
Vehicle	37,077	39,320
Insurance	180,196	160,613
Payroll taxes and benefits	247,136	220,994
Office	92,499	76,284
Professional fees	74,817	32,098
Engineering	14,221	45,573
Capitalized salary, payroll taxes and benefits	(413,893)	(342,147)
Miscellaneous	98,151	96,093
	4,230,407	3,817,823
Net operating income (loss)	(219,696)	142,585
NON-OPERATING REVENUE (EXPENSE):		
Interest income	360,243	200,605
Miscellaneous income	23,014	12,394
Fire meter rental	28,800	50,400
Gain (loss) on disposal of assets	20,225	(742)
Interest expense	(190,463)	(192,690)
	241,819	69,967
Net income before contributions	22,123	212,552
CAPITAL CONTRIBUTIONS	6,413,872	1,084,677
	6,435,995	1,297,229
NET POSITION:		
Beginning of year	32,646,877	31,349,648
End of year	$ 39,082,872	$ 32,646,877

See accompanying notes.

RURAL WATER DISTRICT NO. 7
JOHNSON COUNTY, KANSAS

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Received from customers	$ 4,862,990	$ 4,093,278
Payments to suppliers	(1,479,671)	(2,492,326)
Payments to employees	(1,090,810)	(942,584)
Other receipts	151,972	111,524
Net cash provided by operating activities	2,444,481	769,892
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital contributions received	1,917,468	580,287
Proceeds from capital debt	103,225	5,656,423
Acquisition and construction of assets	(3,740,488)	(2,175,657)
Principal paid on capital debt and leases	(156,095)	(3,094,848)
Interest paid on capital debt and leases	(185,805)	(157,954)
Net cash provided (used) by capital and related financing activities	(2,061,695)	808,251
CASH FLOWS FROM INVESTING ACTIVITIES,		
Investment income	360,243	200,605
Net increase in cash and cash equivalents	743,029	1,778,748
Cash and cash equivalents, Beginning of the year	8,398,096	6,619,348
Cash and cash equivalents, End of the year	$ 9,141,125	$ 8,398,096
Cash and cash equivalents	$ 8,941,150	$ 8,198,260
Cash and cash equivalents restricted	199,975	199,836
	9,141,125	8,398,096

See accompanying notes.

RURAL WATER DISTRICT NO. 7
JOHNSON COUNTY, KANSAS

STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Reconciliation of operating income to net cash provided by operating activities:		
Operating loss	$ (219,696)	$ 142,585
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization expense	1,309,032	1,185,260
Miscellaneous nonoperating income	51,814	62,794
Receivables, net of allowance	(13,948)	(33,408)
Inventories	29,383	21,861
Prepaid items	120,711	(12,890)
Gain on disposal of non assets	20,225	-
Accounts payable and accrued liabilities	200,800	(836,818)
Net pension and OPEB	102,296	97,560
Deferred outflows, net	843,864	142,948
Total adjustments	2,664,177	627,307
Net cash provided by operating activities	$ 2,444,481	$ 769,892
Noncash capital financing activities:		
Assets contributed by developers & governments	$ 4,496,404	$ 450,777
Capital asset write-offs	-	2,017
	4,496,404	452,794

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization: Rural Water District No. 7, Johnson County, Kansas (the District), is incorporated as a public corporation in accordance with Kansas statutes. The District provides water service primarily to residents of southern Johnson and northern Miami counties. The District provided service to 3,482 and 3,439 customers at December 31, 2024 and 2023, respectively. Credit is extended to these customers in the ordinary course of business.

The District is considered a governmental unit for financial reporting purposes. The District does not have any component units as defined by the criteria set forth in generally accepted accounting principles.

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. These accounts are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The District records all of its activity in one fund, the Proprietary Fund. Proprietary funds are used to account for operations that are financed and conducted in a manner similar to private business enterprises where the intent is that costs be recovered through user charges.

Accrual Accounting: The financial statements of the District are prepared using the accrual method of accounting. Accordingly, income is recorded as earned and expenses are charged as incurred, regardless of the timing of payments.

Accounts Receivable: The District uses the allowance method to compute bad debt expense. At December 31, 2024 and 2023, the District had a $5,500 and $5,500, respectively, allowance for uncollectible accounts.

Inventories: Inventories of materials and supplies are valued at the lower of cost, determined on the first-in, first-out basis, or market.

Capital Assets: Capital assets with an initial, individual cost of $500 or more and expected useful lives in excess of one year are reported at historical cost. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets except land and construction in progress is provided using the straight-line method over estimated useful lives as follows:

Rural water system	20 - 40 years
Buildings and improvements	15 - 40 years
Operating equipment	5 - 10 years

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Cash and Cash Equivalents: Refers to cash on hand, cash in demand accounts at financial institutions, and short-term, highly liquid investments that are readily convertible to known amounts of cash and so close to maturity that they present insignificant risk of change in value due to changes in interest rates.

Bond Discounts and Issuance Costs: Bond discounts and issuance costs are expensed as incurred.

Fund Equity - Government-Wide Statements: Equity is classified as net position and displayed in three components:

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

2. Restricted net assets: Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

3. Unrestricted net assets: All other net assets that do not meet the definition of "restricted."

It is the Board's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

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.

Statement of Cash Flows: A statement of cash flows has been presented in accordance with Governmental Accounting Standards Board Statement 9 for the Board as it operates predominantly as a proprietary fund. For purposes of the statement of cash flows, demand deposits and all highly liquid investments, are considered to be cash equivalents.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Compensated Absences: The District's policy allows full-time employees to accumulate one and a half times the amount of their annual vacation accrual. Pay cannot be received in lieu of unused vacation days. Upon resignation or termination, an employee will be compensated for any accrued but unused vacation leave. Sick leave and personal leave accrue at eight days and three days per year respectively. Unused sick leave and personal leave cannot be carried over to the next year and is not paid upon resignation or termination.

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

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of net position will sometimes report a separate element for the deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an expense until then. The District has two items that which qualify for reporting in this category, deferrals of pension expense that result from the implementation of GASB Statement 68 and the deferrals of OPEB.

In addition to liabilities, the statement of net position will sometimes report a separate element for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items which qualify for reporting in this category. Accordingly, deferrals of income related to pension net position acquisition, OPEB dealing with the reported differences between expected and actual experience and developer advances are reported in this category on the statement of net position. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Operating Revenues and Expenses: Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods and/or services in connection with proprietary funds principal ongoing operations. The principal operating revenue of the District's water proprietary fund is charges to customers for sales and services. Operating expenses are those that are incurred to provide those goods or services. Operating expenses include the costs of sales and services, administrative expense and depreciation on capital assets. Non-operating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

Revenue Recognition: Customer meters are read and bills are rendered on a cycle basis. Revenues are recorded when earned in accordance with the customary practices of the industry.

Income Tax Status: The District is a political corporation of the state of Kansas and, as such, is exempt from paying income tax.

2. DEPOSITS:

At December 31, 2024 and 2023, cash balances were comprised of demand deposits and certificates of deposit. As required by law, the depository banks are to pledge securities in addition to Federal Deposit Insurance Corporation (FDIC) insurance or obtain surety bonds to equal the amount on deposit at all times.

3. RESTRICTED CASH:

Restricted cash at December 31 consisted of the following:

	2024	2023
Bond Principal and Interest	$ 199,975	$ 199,836

NOTES TO FINANCIAL STATEMENTS

4. CAPITAL ASSETS:

A summary of changes in capital assets for 2024 follows:

	Beginning Balance 1/1/2024	Additions	Retirements	Ending Balance 12/31/2024
Capital assets not being depreciated:				
Land and improvements	$ 105,972	$ -	$ -	$ 105,972
Construction in progress	688,560	2,827,822	1,457,530	2,058,852
Total capital assets not being depreciated	794,532	2,827,822	1,457,530	2,164,824
Capital assets being depreciated:				
Buildings	156,205	-	-	156,205
Improvements	819,112	14,654	-	833,766
Operating equipment	710,937	137,652	-	848,589
Water system	45,690,272	6,714,296	-	52,404,568
Total capital assets being depreciated	47,376,526	6,866,602	-	54,243,128
Less accumulated depreciation:				
Buildings	131,439	4,114	-	135,553
Improvements	378,028	32,199	-	410,227
Operating equipment	545,595	85,105	-	630,700
Water system	14,773,609	1,133,998	-	15,907,607
Total accumulated depreciation	15,828,671	1,255,416	-	17,084,087
Total capital assets being depreciated, net	31,547,855	5,611,186	-	37,159,041
Capital assets, net	$ 32,342,387	$ 8,439,008	$ 1,457,530	$ 39,323,865

NOTES TO FINANCIAL STATEMENTS

5. LONG-TERM DEBT:

Long-term debt at December 31, consisted of the following:

	2024	2023
Central Bank of the Midwest, loan, interest of 2.65%, due in monthly installments of $5,970.24 until maturity on January 23, 2025	-	46,675
Kansas State Revolving Loan Fund (SRF) projects 2947 & 3039 not yet complete, payment schedule has not been finalized	5,500,911	5,467,359
2023 USDA Rural Development loan, interest at 3%, due in monthly installments of $10,558 until maturity of February 2063	2,876,744	2,916,491
	8,377,655	8,430,525
Less: current maturities	110,617	86,411
	$ 8,267,038	$ 8,344,114

Changes in long-term debt of the District for the year ended December 31, 2024, consisted of the following:

	Balance December 31, 2023	Additions	Retirements	Balance December 31, 2024	Amounts Due within One Year
Note Payable	$ 46,675	$ -	$ 46,675	$ -	$ -
Kansas SRF	5,467,359	103,225	69,673	5,500,911	69,673
USDA RD Loan	2,916,491	-	39,747	2,876,744	40,944
Compensated absences *	41,825	25,502	-	67,327	67,327
	$ 8,472,350	$ 128,727	$ 156,095	$ 8,444,982	$ 177,944

* Current year compensated absences activity is shown net

5. LONG-TERM DEBT (Continued):

Aggregate annual principal and interest payments applicable to long-term debt are:

Years Ending December 31,	Principal	Interest	USDA RD Loan
2025	$ 40,945	$ 85,752	$ 126,697
2026	42,190	84,506	126,696
2027	43,473	83,223	126,696
2028	44,795	81,901	126,696
2029	46,158	80,538	126,696
2030 - 2034	252,722	380,758	633,480
2035 - 2039	293,567	339,913	633,480
2040 - 2044	341,012	292,468	633,480
2045 - 2049	396,124	237,356	633,480
2050 - 2054	460,144	173,336	633,480
2055 - 2059	534,513	98,967	633,480
2060 - 2063	381,101	18,839	399,940
	$ 2,876,744	$ 1,957,557	$ 4,834,301

At December 31, 2024, the District had watermain projects financed by Kansas SRLF in the construction phase. These uncompleted projects do not have payment schedules and are not shown in the above table.

6. CAPACITY AGREEMENTS:

In 1987, the District entered into a water supply agreement with Rural Water District No. 2, Miami County, Kansas, to purchase water from the Hillsdale Lake Water Treatment Facility. In addition to the variable and fixed operating costs of the water, the District is also required to pay 20% of the debt retirement funds required for initial construction of the facility and 10% of the expansion project. The contract, amended in 1998, is valid as long as the Hillsdale Lake Water Treatment Facility is in operation. The agreement was paid off as scheduled in 2008. The District uses the same method of amortization as it uses for depreciation of fixed assets; straight-line amortization over the 40 year term.

In 2021 The District entered into a water supply agreement with Water District No. 1 of Johnson County, Kansas (WaterOne), to purchase water from WaterOne. In addition to the variable and fixed operating costs of the water, the District paid upfront non-refundable fees for the right to connect to WaterOne in the amount of $561,489, this included capacity development and infrastructure. The agreement will last for 20 years through 2043 and has additional renewal options. The agreement is being amortized over 20 years.

6. CAPACITY AGREEMENTS (Continued):

In 2013, The District entered into a water supply agreement with the City of Olathe, to purchase water from the City. The contract expires on December 31, 2031.

The District also has two minor agreements (Gardner & Johnson County Airport Commission) to provide water to specific customers within the district's boundaries.

7. RETIREMENT PLAN:

General Information about the Pension Plan

Plan description: The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org, by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions: K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009 and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members.

Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate and the statutory contribution rate was 9.26% for the fiscal year ended December 31, 2024. Contributions to the pension plan from the District were $68,289 and $54,469 for the years ended December 31, 2024 and 2023, respectively.

7. RETIREMENT PLAN (CONTINUED):

Net Pension Liability: At December 31, 2024, the District's proportionate share of the collective net pension liability reported by KPERS was $709,705. The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to June 30, 2024. The District's proportion of the net pension liability was based on the ratio of the District's contribution to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS.

Actuarial assumptions: The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increase	3.5% to 11.65%, including inflation
Investment rate of return	7.00% compounded annually, net of investment expense and including price inflation

Mortality rates were based on the Pub 2010 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 model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equities	43.0%	8.20%
Core Fixed Income	13%	2.20%
Yield Driven	12%	5.30%
Infrastructure	3%	6.80%
Real Estate	15%	5.70%
Alternatives	11%	12.00%
Short-term Investments	3%	30.00%

7. RETIREMENT PLAN (CONTINUED):

Discount rate: The discount rate used to measure the total pension liability is 7.00%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.00%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

	1% Decrease 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
Net Pension Liability (NPL)	$ 1,027,459	$ 709,705	$ 444,150

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2024, the employer recognized pension expense of $79,519. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	$ 86,331	$ -
Difference in earnings	4,348	-
Change in proportion	87,822	(1,157)
Differences in assumptions	42,898	-
Total	$ 221,399	$ (1,157)

7. RETIREMENT PLAN (CONTINUED):

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

Year Ending	Net Deferred Inflows of Resources
2025	$ 64,700
2026	97,947
2027	40,060
2028	17,535
2029	-
Thereafter	-
	$ 220,242

Payable to the Pension Plan

At December 31, 2024, the District reported a payable of $0 for the outstanding amount of contributions to the pension plan.

The complete actuarial valuation report including all actuarial assumptions and methods and the report on the allocation of the KPERS collective net pension liability to all participating employers is publicly available on the website at www.kpers.org.

NOTES TO FINANCIAL STATEMENTS

8. SUMMARY OF INSURANCE COVERAGE:

The following is a schedule of the District's insurance coverage at December 31, 2024:

Insurer/Type of Coverage	Policy Period	Coverage	Premium
Employers Mutual			
Real and personal property	2/1/24-2/1/25	$ 8,350,656	$ 16,378
General liability	2/1/24-2/1/25	$ 1,000,000	$ 6,153
$1,000,000 per occurrence			
$2,000,000 aggregate			
Equipment	2/1/24-2/1/25	$ 102,446	$ 1,283
Employee dishonesty	2/1/24-2/1/25	$ 250,000	$ 204
Employers Mutual			
Business automobile liability	2/1/24-2/1/25	$ 1,000,000	$ 10,601
Directors and officers liability	2/1/24-2/1/25	$ 1,000,000	$ 5,291
EMCASCO Insurance Co.			
Workers' compensation	2/1/24-2/1/25		$ 5,400
Bodily injury by accident-ea. accident		$ 500,000	
Bodily injury by disease-ea.		$ 500,000	
Bodily injury by disease-policy limit		$ 500,000	
Employers Mutual			
Umbrella policy	2/1/24-2/1/25	$ 1,000,000	$ 5,613
Cyber solutions	2/1/24-2/1/25	$ 250,000	$ 1,089

9. RISK MANAGEMENT:

The Water 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. The Water District joined together with other entities in the State to participate in Employers Mutual Insurance Corp. (EMC), a public entity risk pool currently operating as a common risk management and insurance program for the participating members.

The Water District pays an annual premium to EMC for its insurance coverage. The agreement to participate provides that EMC will be self-sustaining through member premiums. Additional premiums may be due if total claims for the pool are different than what has been anticipated by EMC management.

NOTES TO FINANCIAL STATEMENTS

10. TAX-EXEMPT STATUS:

The District's management believes it has operated as a tax-exempt municipal corporation within the meaning of all applicable federal and state laws. Therefore, no provision has been made in the financial statements for income taxes.

11. COMPLIANCE WITH KANSAS STATUTES and CONTINGENCIES:

Management is aware of no statutory violations for the period covered by the audit.

The District participates in federal and state programs that are fully or partially funded by grants/loans received from other governmental units. Expenditures financed are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with program regulations, the District may be required to reimburse the grantor government. As of December 31, 2024, significant amounts of expenditures have not been audited by grantor governments.

12. CONTRIBUTED CAPITAL:

A summary of contributed capital from inception is as follows:

	2024	2023
GOVERNMENT CONTRIBUTIONS:		
Balance, Beginning of year	$ 7,853,455	$ 7,853,455
Construction contributions	3,011,862	-
Balance, End of year	10,865,317	7,853,455
MEMBER CONTRIBUTIONS:		
Balance, Beginning of year	12,320,093	11,749,711
Benefit units sold	449,014	570,382
Balance, End of year	12,769,107	12,320,093
DEVELOPER CONTRIBUTIONS:		
Balance, Beginning of year	10,795,854	10,281,559
Contributions for capital improvements	2,952,996	514,295
Balance, End of year	13,748,850	10,795,854
Total contributed capital	$ 37,383,274	$ 30,969,402

13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS:

Plan Description: The District participates in the Kansas Public Employees (KPERS) Death and Disability Plan, a multiple-employer defined benefit plan. This plan provides long term disability (LTD) and life insurance benefits to eligible employees. Eligible employees consist of all individuals who are currently active members of KPERS. For GASB 75 purposes, the District is considered to be participating in a single employer long-term disability plan.

Benefits Provided: Retirees and their dependents have the same benefits as active employees. Retiree coverage terminates either when the retiree becomes covered under another employer health plan or when the retiree reaches Medicare eligibility age which is currently age 65. Spousal coverage is available until the retiree becomes covered under another employer health plan, attains Medicare eligibility age or dies.

Funding Policy: GASB Statement 75 does not require funding of the OPEB liability and the District has chosen not to fund it. District policy dictates the payment of retiree claims as they become due. For 2024, retiree premiums are the same as employees.

Net OPEB Liability: The District's net OPEB liability was measured as of June 30, 2024 and the total OPEB liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023.

Actuarial Assumptions: The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods including in the measurement:

Salary increases including inflation	3.5%
Inflation	2.75%
Discount rate	3.93%
Actuarial cost method	Entry Age Normal
Mortality rates	90% of RP-2014 M +2
	90% of RP-2014 F +1

14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued):

Changes in the Net OPEB Liability:

Balance as of June 30, 2023	$	6,327
Changes for the year:		
Service cost		1,557
Interest on total OPEB liability		288
Effect of plan changes		-
Effect of economic/demographic gain or losses		(1,623)
Effect of assumption changes or inputs*		27
Benefits payments		-
Balance as of June 30, 2024	$	6,576

* Discount rate change from 3.65% to 3.93%

Discount Rate Sensitivity Analysis: The following presents the total OPEB liability of the employer as of June 30, 2024, calculated using the discount rate of 3.93%, as well as what the employer's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.93%) or one percentage point higher (4.93%) than the current rate.

	1% Decrease 2.93%	Discount rate 3.93%	1% Increase 4.93%
Total OPEB liability	$ 6,852	$ 6,576	$ 6,292

The following presents the total OPEB liability of the employer as of June 30, 2024, calculated using the current healthcare cost trend rates as well as what the employer's total OPEB liability would be if it were calculated using trend rates that are one percentage point lower or one percentage point higher than the current trend rates. Healthcare trend rates do not affect the liabilities related to the long-term disability benefits.

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	$ 6,576	$ 6,576	$ 6,576

14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued):

OPEB liabilities and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs: For the year ended June 30, 2024, the plan reported a liability of $6,576. The plan reported deferred outflows and inflow of resources related to OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (7,710)
Changes in assumptions	217	(1,026)
Total	$ 217	$ (8,736)

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

Fiscal Year Ending	Net Deferred Outflows of Resources
2025	$ (1,369)
2026	(1,366)
2027	(1,334)
2028	(1,245)
2029	(1,112)
Thereafter*	(2,093)
	$ (8,519)

*Note that additional future deferred inflows and outflows of resources may impact these numbers

15. CONSTRUCTION COMMITMENTS:

At December 31, 2024, the District has construction commitments of $1,688,955.

16. CHANGE IN ACCOUNTING PRINCIPLE:

During the year, the District implemented GASB Statement No. 100, *Accounting Changes and Error Corrections*. The implementation of the Statement had no impact on the District's beginning of year net position.

During the year, the District implemented GASB Statement No. 101, *Compensated Absences*. The implementation of the Statement had no impact on the District's beginning of year net position. Current year changes in compensated absences due to the implementation of Statement No. 101 are shown in footnote #5.

NOTES TO FINANCIAL STATEMENTS

17. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through August 08, 2025, which is the date the financial statements were evaluated to be issued.

RURAL WATER DISTRICT NO. 7 JOHNSON COUNTY, KANSAS
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Employer's Proportionate Share of the Net Pension Liability and Related Ratios
Last 10 Fiscal Years

Fiscal year ending June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the Net Pension Liability	0.03341%	0.02897%	0.02571%	0.02592%	0.02488%	0.02322%	0.02238%	0.01990%	0.02057%	0.01861%
Proportionate share of the Net Pension Liability	$ 709,705	$ 607,658	$ 511,166	$ 310,993	$ 431,368	$ 324,498	$ 311,986	$ 288,315	$ 318,239	$ 244,397
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	70.70%	70.70%	69.75%	76.40%	66.30%	69.88%	68.88%	67.12%	65.10%	64.95%
Covered Employee Payroll	$ 817,795	$ 722,898	$ 527,545	$ 502,790	$ 489,584	$ 441,214	$ 432,634	$ 326,369	$ 341,449	$ 346,362
Proportionate share of the Net Pension Liability as a percentage of covered employee payroll	86.78%	84.06%	96.90%	61.85%	88.11%	73.55%	72.11%	88.34%	93.20%	70.56%

Notes to schedule:

RURAL WATER DISTRICT NO. 7 JOHNSON COUNTY, KANSAS
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 68,289	$ 54,469	$ 45,916	$ 43,667	$ 41,112	$ 37,094	$ 33,753	$ 31,135	$ 32,906	$ 28,464
Contributions in relation to the actuarially determined contribution	68,289	54,469	45,916	43,667	41,112	37,094	33,753	31,135	32,906	28,464
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 817,795	$ 722,898	$ 527,545	$ 502,790	$ 489,584	$ 441,214	$ 432,634	$ 326,369	$ 341,449	$ 346,362
Contributions as a percentage of covered-employee payroll	8.35%	7.53%	8.70%	8.68%	8.40%	8.41%	7.80%	9.54%	9.64%	8.22%
Valuation date	12/31/2023									

Notes to schedule:

The roll-forward of total pension liability from December 31, 2023 to June 30, 2024 reflects expected service cost and interest reduced by actual benefit payments.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Price inflation	2.75%
Salary increase	3.5 - 11.65%, including price inflation
Investment rate of return	7.00% compounded annually, net of investment expense, and including price inflation
Mortality	Mortality rates were based on the Pub 2010 mortality tables, with age setbacks and age set forwards based on different membership groups. Future mortality improvements are anticipated using scale MP-2021.

RURAL WATER DISTRICT NO. 7
JOHNSON COUNTY, KANSAS

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in OPEB Liability and Related Ratios
Last eight fiscal year

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service Cost	$ 1,557	$ 1,279	$ 2,375	$ 2,212	$ 1,670	$ 1,500	$ 1,496	$ 1,500
Interest	288	231	221	221	322	336	276	205
Benefit Changes	-	-	-	-	-	-	-	-
Difference between expected and actual experience	(1,623)	(413)	(3,788)	(2,365)	(2,097)	(1,542)	(735)	(100)
Assumption Changes	27	(29)	(1,400)	5	344	49	(46)	-
Benefit Payments	-	-	-	-	-	-	-	-
Net Change in Total OPEB Liability	249	1,068	(2,592)	73	239	343	991	1,605
Total OPEB Liability, beginning	6,327	5,259	7,851	7,778	7,539	7,196	6,205	4,600
Total OPEB Liability, ending	$ 6,576	$ 6,327	$ 5,259	$ 7,851	$ 7,778	$ 7,539	$ 7,196	$ 6,205
Covered Employee Payroll	$ 817,795	$ 722,898	$ 527,545	$ 479,000	$ 437,000	$ 411,000	$ 391,221	$ 324,000
Total OPEB Liability as a percentage of covered employee payroll	0.80%	0.88%	1.00%	1.64%	1.78%	1.83%	1.84%	1.92%

Notes to schedule:
Only eight years are being shown, as other years become available they will be included until 10 years of data is shown.

Changes is assumption: In 2024, discount rate changed from 3.65% to 3.93%.