RURAL WATER DISTRICT NUMBER 4
Osage County, Kansas

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

December 31, 2024

RURAL WATER DISTRICT NUMBER 4
Osage County, Kansas

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INDEPENDENT AUDITOR'S REPORT

To the Directors
Rural Water District #4 Osage County
Waverly, Ks

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

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

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

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Rural Water District Number 3, Sedgwick County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Rural Water District Number 4's internal control. Accordingly, no such opinion is expressed.

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Rural Water District Number 4's ability to continue as a going concern for a reasonable period of time.

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

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

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

Rural Water District Number 4
Osage County, Kansas
STATEMENTS OF NET POSITION
December 31,

		2024
ASSETS		
Current Assets		
Cash	$	134,675
Savings Account		6,466
Certificates of Deposit		280,309
Accounts Receivable		9,914
Total current assets		431,364
Property, Plant & Equipment		
Land		8,146
Office Furniture & Equipment		8,143
Buildings		49,735
Towers		252,750
Wells, Lines, Meters		2,794,153
		3,112,927
Accumulated Depreciation		(1,758,896)
Total Property, Plant & Equipment		1,354,031
Total Assets	$	1,785,395
LIABILITIES & NET POSITION		
Current Liabilities		
Accounts Payable	$	10,239
Credit balances in Accounts Receivable		5,885
Prepayments On Line Installations		3,300
Total Current Liabilities		19,424
Net Position		
Invested in Capital Assets, Net of Related Debt		1,354,031
Unrestricted Net Position		411,940
Total Net Position		1,765,971
Total Liabilities & Net Position	$	1,785,395

The accompanying notes are an integral part of this statement.

Rural Water District Number 4
Osage County, Kansas
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fourteen Months Ended December 31,

	2024
Operating Revenues	
Water Sales	$ 232,552
Basic Service	124,006
Capital Improvement	11,248
Late Charges and Reconnect Fees	11,195
Line Extensions and Repairs	3,626
Total Revenues	382,627
Cost of Sales	
Cost of Water and Testing	84,987
Chemicals, Supplies & Fees	27,985
Total Cost of Sales	112,972
Gross Profit	269,655
Operating Expenses	
Wages & Payroll Taxes	86,755
Repairs & Maintenance	47,256
Vehicle Expenses	21,291
Utilities & Phone	14,752
Professional Services - Attorney & Accounting	10,114
Insurance	10,739
Supplies	1,808
Contract Labor	4,754
Small Equipment	913
Mileage Reimbursement	151
Office Supplies & Postage	6,644
Warranty Services	5,600
Dues & Memberships	634
Education/Training/Conference	2,193
Director Expenses	485
Box Rent/Bank Charges/Returned Checks	1
Other	15
Depreciation	77,899
Total Operating Expenses	292,004
Total Operating Income (Loss)	(22,349)
Non-Operating Revenues (Expenses)	
Rental Income	4,200
Interest Income	17,340
Total Non-Operating Income (Loss)	21,540
Other Revenues and (Expenses)	
Sales of Benefit Units	20,000
Net Income	19,191
Net Position, Beginning of Year	1,746,780
Net Position, End of Year	$ 1,765,971

The accompanying notes are an integral part of this statement.

Rural Water District Number 4
Osage County, Kansas
STATEMENTS OF CASH FLOWS
For the Fourteen Months Ended December 31,

		2024
Cash flows from operating activities		
Cash Received From Customers	$	386,437
Cash Paid For Water		(112,972)
Cash Paid to Suppliers		(117,111)
Cash Paid to Employees (Including Payroll Taxes & Benefits)		(86,755)
Net Cash Provided By (Used In) Operating Activities		69,599
Cash flows provided by (used in) financing activities		
Water Benefit Units Proceeds		20,000
Net cash provided by (used in) financing activities		20,000
Cash flows provided by (used in) investing activities:		
Purchases of property and equipment (net of reimbursements)		(188,018)
Rental Income		4,200
(Increase) Decrease in certificates of deposit		1,574
Interest Income		17,340
Net cash provided by (used in) investing activities		(164,904)
Net increase (decrease) in cash and cash equivalents		(75,305)
Cash and cash equivalents, beginning of year		219,446
Cash and cash equivalents, end of year	$	144,141
Cash Balances		
Cash Operations	$	134,675
Savings		6,466
	$	141,141
Reconciliations of operating income to net cash provided by (used in) operating activities		
Operating income	$	(22,349)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation		77,899
Changes in assets and liabilities not current affecting cash:		
(Increase) Decrease in accounts receivable		2,310
Increase (Decrease) in account payable		10,239
Increase (Decrease) in other payables		1,500
Increase (Decrease) in payroll liabilities		0
	$	69,599

The accompanying notes are an integral part of this statement.

Rural Water District Number 4
Osage County, Kansas
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Financial Reporting Entity

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

2. Government-wide and Fund Financial Statements

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

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

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

3. Measurement focus and Financial Statement Presentation

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

Operating income reported in the financial statements includes revenues and expenses related to the primary, continuing operations of the District. Operating revenues are charges to customers for sales or services. Operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Non-operating revenues and expenses consist of gain (loss) on sales of assets, realized and unrealized gains and losses on investments, and investment income. Other revenues and expenses consist primarily of benefit units sold or refunded.

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

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

NOTE A. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICEIES - continued

4. Fund Types and Major Funds

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

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

5. Cash and Cash Equivalents

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

6. Accounts Receivable

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

7. Property, Plant and Equipment

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

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

Well Sites	40 years
Office Building & Equipment	3 to 40 years
Distribution System	10 - 40 years

The District capitalization policy is items with a cost of $5,000 or more are capitalized.

8. Income Tax

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

9. 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.

10. Revenues

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

11. Revenue Recognition
The District recognizes sales of water to customers on a monthly basis. Billings are computed based on water usage and current rates and are due upon receipt of the bill and recognized as income at that time.

NOTE A. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

12. Deferred Outflows and Inflows of Resources

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

13. Restricted and Unrestricted Resources

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

NOTE B - ASSETS, LIABILITIES AND NET POSITION

1. Cash and Investments

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the bank 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.

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

Custodial credit risk – deposits: Custodial credit risk is the risk that in the event of a bank failure, the District deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. There were no designated "peak periods" during the year. All bank deposits were legally secured on December 31, 2024.

On December 31, 2024, the carrying amount of the District's cash was $421,450 for December 31, 2024 respectively. The bank balance was $421,662 as of December 31, 2024. The bank balance was held by two banks, which reduces concentration of credit risk. The difference between carrying amount and bank balance is outstanding checks and deposits. Of the bank balance, $461,662 for December 31, 2024, was covered by federal depository insurance.

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

Interest Rate Risk
Interest rate risk is the risk that the fair value of the Districts' investments will decrease as a result of an increase in interest rates. In accordance with Kansas Statute 12-1675, the District limits its investments to maturities with less than two years.

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

1. Cash and Investments - continued

Credit Risk

Credit risk is the risk that the counterparty will not fulfill its obligations. The District does not have any investments that would be subjected to credit risk.

2. Accounts Receivable

Accounts receivable	#	2024
Currently due from customers	$	4,030
Past due from customers		5,884
	$	9,914

3. Capital Assets are detailed as follows:

	2024			
Capital assets	Beginning Balance	Additions	Retirements	Ending Balance
Land	$ 8,146	$ 0	$ 0	$ 8,146
Office Furniture & Equipment	8,143	0	0	8,143
Buildings	49,735	0	0	49,735
Towers	252,750	0	0	252,750
Wells, Lines , Meters	2,606,034	188,119	0	2,794,153
Totals at cost	2,924,808	188,119	0	3,112,927
Accumulated depreciation:	1,680,997	77,899	0	1,758,896
Net Fixed Assets	$ 1,243,811	$ 110,220	$ 0	$ 1,354,031

There was no impairment of capital assets as described above as of December 31, 2024

4. Compensated Absences

The District does not have a formal policy for accruing vacation or sick leave.

The District does not have any employee benefits.

NOTE C. - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. Budgetary Information

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

NOTE C. - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - continued

2. Compliance with Kansas Statutes

References made herein to the statutes are not intended as interpretations of law but are offered for consideration by the Director of Accounts and Reports and interpretation by the County Attorney and legal representatives of the water district. There were no apparent statutory violations during the year ended December 31, 2024.

NOTE D. - OTHER INFORMATION

1. Contracts and Concentrations

The District has a 40-year agreement with the Public Wholesale Water Supply District No. 12 (PWWSD 12) to purchase water in quantities as may be required by the District not to exceed 1,200,000 gallons per month. The District is required to purchase a minimum amount of 600,000 gallons of water per month. The District purchased 10,659,000 gallons for the year ended December 31, 2024. For the year ended December 31, 2024, the District purchases per month exceeded the 600,000 gallons minimum. Thus, the District was not required to pay any amount for being under 600,000 gallons minimum. The rate paid by the District for December 31, 2024, was $5 per 1,000 gallons for a total of $61,173 and $49,733 for December 31, 2023, and 2022 respectively.

2. Leases

The District has a lease agreement whereby the District leases a well site. The lease shall remain in full force and effect as long as the premises are used for the production of water from any water wells. In consideration, the District (lessee) guarantees payment of $1.08 per 1,000 gallons pumped, with the minimum annual amount being 3,000,000 gallons. The District agrees to pay the lessor for any gallons pumped over the minimum at a rate set by both the lessee and the lessor. In 2023 and 2022, the District pumped in excess of 3,000,000 gallons, from the Kistner Well Field. The Kistner's were charged for water usage at the same rate as other customers, which was included in water sales. Since the District exceeded the minimum number of gallons, no payment is due to Kistner for the current year end.

3. Grants

	Coffey County	Home Administration	Total
Balance, Beginning of Year	$ 456,448	$ 116,000	$ 572,448
Additions	0	0	0
Reductions	0	0	0
Balance end of Year	$ 456,448	$ 116,000	$ 572,448

4. Risk Management

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

5. Related Party

The board members of the District purchase water from the District at regular rates. The District has an employee that also provides contracting services. During the year the District paid $90,469 as of December 31, 2024.

6. Net Position

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

7. Subsequent Events

Management has evaluated events through May 12, 2025, and has determined there are no significant events that require disclosure.