CONSOLIDATED RURAL WATER DISTRICT NO. 4
SHAWNEE COUNTY

FINANCIAL STATEMENTS

For the Years Ending December 31, 2024 and 2023

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CONSOLIDATED RURAL WATER DISTRICT NO. 4 SHAWNEE COUNTY

Financial Statements
For the Years Ending December 31, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of the business-type activities of Consolidated Rural Water District No 4 Shawnee County (the District), as of and for the years ending December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Consolidated Rural Water District No. 4 Shawnee County as of December 31, 2024 and 2023, and the respective changes in financial position and cash flows thereof for the years ending in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Consolidated Rural Water District No. 4 Shawnee County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve, collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit

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

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

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

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

February 14, 2025

CONSOLIDATED RURAL WATER DISTRICT NO. 4 SHAWNEE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ending December 31, 2024 and 2023
(unaudited)

Our discussion of the financial performance of Consolidated Rural Water District No. 4, Shawnee County, Kansas (the District), provides an overview of the financial activities of the District for the fiscal year ended December 31, 2024 and comparative data for the years ended December 31, 2024 and December 31, 2023. This information is presented in conjunction with the audited financial statements that follow this section.

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

Financial Highlights

The District's total assets increased by $842,879 from December 31, 2023 to December 31, 2024. This was principally due to an increase in capital assets purchased and an increase in cash during 2024

The District's net position increased by $563,060 from December 31, 2023 to December 31, 2024. This was principally due to water sales staying consistent during 2024 when compared to 2023.

The District had income from operations of $402,434 after recognizing depreciation and amortization expense of $1,008,303 in 2024 compared to income from operations of $812,908, after recognizing depreciation and amortization expense of $788,588 in 2023.

The District's expense from non-operating revenues [expenses] was $66,626, after recognizing interest expense of $[120] and interest income of $66,746 in 2024 compared to expense from non-operating revenues [expenses] of $89,225 after recognizing interest income of $87,670, and a gain on the sale of assets of $1,555 in 2023.

Total cash on hand as of December 31, 2024 was $3,849,609 which was an increase of $2,254,802 over the cash on hand amount of $1,594,807 on December 31, 2023; short-term investments as of December 31, 2024 were $941,773 compared to $900,252 as of December 31, 2023, which is an increase of $41,521.

Overview of the Financial Statements

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

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

Notes to Basic Financial Statements

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

Net Position

The District's net position invested in capital assets (e.g., land, buildings and equipment), less any related debt outstanding used to acquire those assets decreased by $543,508 in 2024 when compared to 2023. The District uses these capital assets to provide services to its participating members (customers); consequently, these assets are not available for future spending.

The District's restricted net position is a loan reserve account required for the Water Utility system Revenue Bonds. The reserve account was $0 in 2024 and $959,279 in 2023.

The unrestricted net position may be used to meet the District's ongoing obligations to its customers and creditors. The unrestricted net position increased by $2,065,847 in 2024 over the balance in 2023.

Current Assets

The District's current assets increased by $2,355,666 in 2024 compared to 2023.

Capital Assets

The District's investment in capital assets for its business-type activities as of December 31, 2024 and 2023 was $15,496,548 and $16,050,056 respectively, (net of accumulated depreciation). This includes land, buildings, facilities, equipment and construction in progress.

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

Current Liabilities

The District's current liabilities increased by $279,819 in 2024 when compared to the 2023 balances.

Long-Term Debt

The District reduced its outstanding debt liability by $10,000 for the year ended December 31, 2024 as compared to December 31, 2023. The District reduced its outstanding debt liability by $810,000 for the year ended December 31, 2023 as compared to December 31, 2022.

Economic Factors and Next Year's Budget and Rates

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

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

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

Requests for Information

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

CONSOLIDATED RURAL WATER DISTRICT NO. 4 SHAWNEE COUNTY

STATEMENT OF NET POSITION - PROPRIETARY FUND
For the Years Ending December 31, 2024 and 2023

	2024	2023
Assets		
Current assets:		
Cash	$ 3,849,609	$ 1,594,807
Short-term investments	941,773	900,252
Accounts receivable	283,129	288,598
Inventory	265,896	201,084
Total current assets	5,340,407	2,984,741
Noncurrent assets:		
Loan reserve	-	959,279
Capital assets, nondepreciable		
Construction in progress	13,045	161,489
Land	1,060,065	1,060,065
Capital assets, depreciable	30,446,047	29,842,809
Less: accumulated depreciation	[16,022,609]	[15,014,307]
Total noncurrent assets	15,496,548	17,009,335
Total assets	$ 20,836,955	$ 19,994,076
Liabilities		
Current liabilities:		
Accounts payable	$ 133,460	$ 48,778
Line extension and meter deposits	7,125	9,805
Maintenance accruals	508,153	300,336
Current portion of bonds payable	-	10,000
Total current liabilities	648,738	368,919
Total liabilities	648,738	368,919
Net Position:		
Net investment in capital assets	15,496,548	16,040,056
Restricted	-	959,279
Unrestricted	4,691,669	2,625,822
Total net position	20,188,217	19,625,157
Total Liabilities and Net Position	$ 20,836,955	$ 19,994,076

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

CONSOLIDATED RURAL WATER DISTRICT NO. 4 SHAWNEE COUNTY

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - PROPRIETARY FUND
For the Years Ending December 31, 2024 and 2023

	2024	2023
Operating revenues		
Water sales	$ 3,457,548	$ 3,482,216
Other fees	104,246	96,012
Total operating revenues	3,561,794	3,578,228
Operating expenses		
Water purchases	116,323	103,263
Accrued expenses	252,667	239,100
Anayltical services	12,267	5,815
Chemicals	531,244	441,900
Engineering services	52,562	53,642
Fuel	21,564	23,353
Insurance	67,952	71,171
Miscellaneous	36,802	58,351
Office supplies	43,512	47,415
Postage and delivery	43,083	42,822
Professional fees	8,080	8,570
Repairs and maintenance	99,276	105,790
Rent	10,360	7,400
Sales tax	9,342	4,047
Property taxes	4,724	4,773
Telephone	16,059	15,456
Tools and supplies	15,328	14,556
Uniforms	3,345	3,285
Utilities	223,901	217,639
Water protection fees	36,969	28,589
Personnel costs	446,938	400,944
Payroll taxes	34,213	30,807
Employee benefits	64,546	48,044
Depreciation and amortization	1,008,303	788,588
Total operating expenses	3,159,360	2,765,320
Operating income [loss]	402,434	812,908
Nonoperating revenues [expenses]		
Interest income	66,746	87,670
Interest expense	[120]	-
Gain [loss] on sale of assets	-	1,555
Total nonoperating revenues [expenses]	66,626	89,225
Net income [loss] before contributions	469,060	902,133
Capital contributions from members		
Benefit units and aid in construction	94,000	39,000
Change in net position	563,060	941,133
Net position - beginning of year	19,625,157	18,684,024
Net position - end of year	$ 20,188,217	$ 19,625,157

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

CONSOLIDATED RURAL WATER DISTRICT NO. 4 SHAWNEE COUNTY

STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Years Ending December 31, 2024 and 2023

	2024	2023
Cash flows from operating activities		
Cash received from customers	$ 3,564,583	$ 3,522,923
Cash paid to suppliers of goods or services	[1,377,673]	[1,306,654]
Cash paid to employees for services	[545,697]	[479,795]
Net cash provided by operating activities	1,641,213	1,736,474
Cash flows from investing activities		
Interest received	66,746	87,670
Sale [purchase] of investments	[41,522]	[679,141]
Net cash provided by investing activities	25,224	[591,471]
Cash flows from capital and related financing activities		
Proceeds from sale of benefit units/contribution in aid	94,000	39,000
Deposit with state treasurer	-	774,435
Purchase and construction of capital assets	[454,794]	[1,333,951]
Principal repayment	[10,000]	[810,000]
Interest paid	[120]	[36,265]
Release of bond reserve	959,279	-
Proceeds from sale of capital assets	-	1,555
Net cash provided by [used in] capital and related financing activities	588,365	[1,365,226]
Net increase [decrease] in cash and cash equivalents	2,254,802	[220,223]
Cash and cash equivalents - beginning of year	1,594,807	1,815,030
Cash and cash equivalents - end of year	$ 3,849,609	$ 1,594,807
Reconciliation of operating income [loss] to net cash provided [used in] operating activities		
Operating income [loss]	$ 402,434	$ 812,908
Adjustments to reconcile operating income [loss] to net cash provided by [used in] operating activities		
Depreciation expense	1,008,303	788,588
[Increase] decrease in accounts receivable	5,469	[49,445]
[Increase] decrease in inventory	[64,812]	[21,244]
Increase [decrease] in accounts payable	84,682	15,421
Increase [decrease] in maintenance accruals	207,817	196,106
Increase [decrease] in line extensions and meter deposits	[2,680]	[5,860]
Net cash provided by [used in] operating activities	$ 1,641,213	$ 1,736,474

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

CONSOLIDATED RURAL WATER DISTRICT NO. 4 SHAWNEE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
For the Years Ending December 31, 2024 and 2023

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Consolidated Rural Water District No. 4 Shawnee County (the District) was organized under Kansas law with the purpose and objective to acquire water and water rights, and to build and acquire pipelines for the purpose of furnishing water for domestic, agriculture, and/or other purposes. The District provides services to patrons located within the District. Effective April 1, 2005, Rural Water District No. 4 of Shawnee County, Kansas, consolidated with Rural Water Districts No. 3 and 5 of Shawnee County, Kansas. The benefit units in service as of December 31, 2024 and 2023 were 4,869 and 4,853, respectively.

B. Government-wide and Fund Financial Statements

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

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

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

D. Cash and Cash Equivalents

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

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

E. Investments

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

F. Accounts Receivable

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

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

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Inventory

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

H. Benefit Units

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

I. Aid in Construction

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

J. Budget

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

K. Capital Assets

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

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

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

L. Net Position

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

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

M. Use of Estimates

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

N. Income Taxes

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

O. Compensated Absences

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

Note 2. DETAILED NOTES

A. Cash and Cash Equivalents

Cash and cash equivalents consist of the following for the years ending December 31, 2024 and 2023:

	2024	2023
Checking	$ 3,747,623	$2,453,115
Money market	101,807	100,792
Certificate of deposit	941,773	-
Petty cash	179	179
Total cash and cash equivalents	$ 4,791,382	$2,554,086

B. Deposits and Investments

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

Note 2. DETAILED NOTES (Continued)

B. Deposits and Investments (Continued)

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

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

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated ‘peak periods’ when required coverage is 50%. All deposits were legally secured as of December 31, 2024 and 2023.

As of December 31, 2024 and 2023, the District's carrying amount of deposits, including certificates of deposit, was $4,791,382 and $3,454,338, respectively, and the bank balance was $4,839,547 and $3,458,554, respectively. The bank balance was held in one bank resulting in a concentration of credit risk. Of the bank balance as of December 31, 2024, $250,000 was covered by federal depository insurance and the balance of $4,589,547 was collateralized with securities held by the pledging financial institutions’ agents in the District’s name.

C. Defined Contribution Plan

A deferred compensation plan is available to all employees of the District. Under the plan, employees may elect to defer a portion of their salaries to the plan. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death or other allowable cause. The District has the option of contributing to the plan. In 2024 and 2023, the District contributed 5% of the employees' gross salaries. Under the terms of IRC Section 457 deferred compensation plans, all deferred compensation and income attributable to the plan are property of the District and subject to the claims of the creditors of the District.

Note 2. DETAILED NOTES (Continued)

D. Capital Assets

Capital asset activity for the years ending December 31, 2024 and 2023 was as follows:

	Balance January 1, 2024	Additions	Deletions	Balance December 31, 2024
Nondepreciable assets:				
Land	$ 1,060,065	$ -	$ -	$ 1,060,065
Construction in progress	161,489	-	[148,444]	13,045
Depreciable assets:				
Wells	1,157,882	-	-	1,157,882
Distribution lines	9,100,857	165,146	-	9,266,003
Meters	1,728,672	24,697	-	1,753,369
Structures	3,982,407	-	-	3,982,407
Equipment	819,953	413,585	-	1,233,538
Plumbing	41,380	-	-	41,380
Purification	6,806	-	-	6,806
Furnitures & fixtures	55,414	-	-	55,414
Miscellaneous	6,215	-	-	6,215
Plant additions	434,409	-	-	434,409
Water treatment plant	12,508,624	-	-	12,508,624
Total capital assets	31,064,173	603,427	[148,444]	31,519,156
Less:				
Accumulated depreciation	[15,014,306]	[1,008,303]	-	[16,022,609]
Capital assets, net	$ 16,049,867	$ [404,875]	$ [148,444]	$ 15,496,548

Note 2. DETAILED NOTES (Continued)

D. Capital Assets (Continued)

	Balance January 1, 2023	Additions	Deletions	Balance December 31, 2023
Nondepreciable assets:				
Land	$ 1,060,065	$ -	$ -	$ 1,060,065
Construction in progress	164,651	161,489	[164,651]	161,489
Depreciable assets:				
Wells	1,157,882	-	-	1,157,882
Distribution lines	8,004,543	1,096,314	-	9,100,857
Meters	1,704,076	24,596	-	1,728,672
Structures	3,817,756	164,651	-	3,982,407
Equipment	775,686	44,456	-	820,142
Plumbing	41,380	-	-	41,380
Purification	6,806	-	-	6,806
Furnitures & fixtures	48,129	7,285	-	55,414
Miscellaneous	6,215	-	-	6,215
Plant additions	434,409	-	-	434,409
Water treatment plant	12,508,624	-	-	12,508,624
Total capital assets	29,730,222	1,498,791	[164,651]	31,064,362
Less:				
Accumulated depreciation	[14,225,718]	[788,588]	-	[15,014,306]
Capital assets, net	$ 15,504,504	$ 710,203	$ [164,651]	$ 16,050,056

Depreciation expense was $1,008,303 and $788,588, respectively, for the years ended December 31, 2024 and 2023.

E. Long-Term Liabilities

The changes in the District's long-term obligations for the years ending December 31, 2024 consisted of the following:

Note 2. DETAILED NOTES (Continued)

E. Long-Term Liabilities (Continued)

	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024	Amounts Due Within One Year
Water System Revenue Bonds Series 2013 A	$ 10,000	$ -	$ 10,000	$ -	$ -
Total	$ 10,000	$ -	$ 10,000	$ -	$ -

In 2013, the District issued Water System Revenue Bonds, Series A and B, to refinance existing debt related to the construction of a water treatment plant. The total amount of the Series 2013 issuances was $10,910,000. The interest rates on the bonds range from .65% to 2.70%. The bonds were paid off by the District during 2024.

F. Net Investment in Capital Assets

The following represents the net position of the District reported as net investment in capital assets as of December 31, 2024 and 2023:

	2024	2023
Capital assets, net of depreciation	$ 15,496,548	$16,050,056
Revenue bonds outstanding at year end	-	[10,000]
Net investment in capital assets	$ 15,496,548	$16,040,056

Note 3. OTHER INFORMATION

A. Commitments and Contingencies

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

Note 3. OTHER INFORMATION (Continued)

B. Risk Management

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

C. Contracts

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

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

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

D. Compliance with Kansas Statutes

References made herein to the statutes are not intended as interpretation of law but are offered for consideration of the Director of Accounts and Reports and interpretation by the County Attorney and legal representatives of the water District. District management noted no violations of Kansas statutes during the year ended December 31, 2024.

E. Line Extensions and Meter Deposits

The District requires developers to pay in advance for the cost of constructing lines and requires renters to pay deposits for water services. The entire balance of $7,125 and $9,805 as of December 31, 2024 and 2023, respectively, consists of renter deposits.

F. Related Party Transactions

During the year ended December 31, 2024, the District paid $7,572 for tire and automobile repair services to a company owned by two members of the board of directors.

G. Subsequent Events

Subsequent events for management's review have been evaluated through February 14, 2025, the date the financial statements were available to be issued.