PUBLIC WHOLESALE WATER SUPPLY DISTRICT NO. 23

Independent Auditor's Report
and Financial Statement
with Supplementary Information

For the Year Ended
December 31, 2023

PUBLIC WHOLESALE WATER SUPPLY DISTRICT NO. 23

For the Year Ended December 31, 2023

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JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

INDEPENDENT AUDITOR'S REPOT

To the Board of Directors
Public Wholesale Water Supply District No. 23
Fredonia, Kansas

Adverse and Unmodified Opinions
We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Public Wholesale Water Supply District No. 23, as of and for the year ended December 31, 2023 and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Public Wholesale Water Supply District No. 23 as of December 31, 2023, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of Public Wholesale Water Supply District No. 23 as of December 31, 2023, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Basis for Adverse and Unmodified Opinions
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 Statement 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 adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles
As discussed in Note 1 of the financial statement, the financial statement is prepared by Public Wholesale Water Supply District No. 23 on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statement
Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, 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 Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is 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 statement.

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 statement, 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 statement.
- 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 statement.
- 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The schedule of receipts and expenditures-actual- regulatory basis for each individual fund (Schedule 1 as listed in the table of contents) is presented for analysis and is not a required part of the basic financial statement, however is required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all

material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of Public Wholesale Water Supply District No. 23 as of and for the year ended December 31, 2022 (not presented herein), and have issued our report thereon dated May 19, 2023, which contained an unmodified opinion on the basic financial statement. The 2022 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services. The 2022 actual column (2022 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures—actual for the year ended December 31, 2023 (Schedule 1 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2022 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2022 basic financial statement. The 2022 comparative information was subjected to the auditing procedures applied in the audit of the 2022 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2022 basic financial statement or to the 2022 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2022 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2022, on the basis of accounting described in Note 1.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

May 13, 2024
Chanute, Kansas

PUBLIC WHOLESALE WATER SUPPLY DISTRICT NO. 23
Fredonia, Kansas
Summary Statement of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2023

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash December 31, 2023
Business Funds:						
Water Utility	$ 1,206,221.47	$ 2,651,519.14	$ 2,546,783.11	$ 1,310,957.50	$ 15,750.00	$ 1,326,707.50
Water Utility Bond Reserve	1,419,175.29	53,262.75	-	1,472,438.04	-	1,472,438.04
Water Utility Replacement Reserve	117,684.62	1,537.38	-	119,222.00	-	119,222.00
Water Utility Principal and Interest	491,285.25	1,313,064.38	1,200,635.00	603,714.63	-	603,714.63
Water Utility Project	(165,053.37)	602,976.17	334,193.40	103,729.40	-	103,729.40
Total Reporting Entity	$ 3,069,313.26	$ 4,622,359.82	$ 4,081,611.51	$ 3,610,061.57	$ 15,750.00	$ 3,625,811.57

Composition of Cash:	
Bank of Commerce - Operating	$ 328,920.68
Bank of Commerce - Construction	96,495.80
Bank of Commerce - Construction Reimb	665,025.22
Bank of Commerce - Checking	1,472,438.04
Bank of Commerce - Reserve	119,222.00
Bank of Commerce - Savings	339,995.20
Bank of Commerce - Certificate of Deposit	603,714.63
Total Cash and Investments	$ 3,625,811.57

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

PUBLIC WHOLESALE WATER SUPPLY DISTRICT NO. 23

Notes to Financial Statement
For the Year Ended December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Public Wholesale Water Supply District No. 23, (the District) sells water to 20 customers in Montgomery, Neosho, Labette, Wilson, and Woodson counties. The District produces the water from the Fall River at a plant in Fredonia.

Related Municipal Entities: A related municipal entity is determined by the following criteria. Whether the District exercises oversight responsibility on financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters, scope of the public service, and significant operational or financial relationships with the District. Related municipal entities are not required to be included in the District's audit by the Kansas Municipal Audit and Accounting Guide (KMAAG).

The District has determined that no outside agency meets the above criteria and, therefore, no outside agency has been included as a related municipal entity in the financial statement.

Regulatory Basis Fund Types
A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following types of funds comprise the financial activities of the Public Wholesale Water Supply District No. 23 for the year of 2023:

Business fund – funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund etc.)

Basis of Accounting
Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The Kansas Municipal Audit and Accounting Guide (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)
The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis of accounting.

Property and Equipment
The accounting and reporting treatment used for property and equipment under the cash basis laws of Kansas require that property and equipment be recorded as an expenditure during the year of purchase.

Income Tax Status
Public Wholesale Water Supply District No. 23 is recognized by the Internal Revenue Service as a quasi-municipal corporation under K.S.A. 88a-616, and is exempt from Federal and Kansas income taxes. Accordingly, this financial statement does not present a provision for income taxes.

Accounting Estimates
The preparation of the financial statement 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 statement and the reported amounts of receipts and expenses during the reporting period. Actual results could differ from those estimates.

Reimbursed Expenses
K.S.A. 79-2934 provides that reimbursed expenditures, should be recorded as reductions in expenditures rather than as receipts. In the financial statement presented in this report, reimbursements and refunds are recorded as receipts. The reimbursements are recorded as receipts when received by the District and are often difficult to identify the exact expenditure which they are reimbursing.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Revenue Bond Covenants
The District is required, under the ordinances on Revenue Bond Issues, to maintain in its Enterprise Funds certain restricted accounts. The ordinances provide that the following reserve accounts be set up in amounts described below:

RESERVE ACCOUNTS	REQUIRED AMOUNT	ACTUAL AMOUNT
Principal and Interest Account for Water Revenue Bonds Series 2017, 2018-A, 2018-B, 2021-A & 2021-B – requires transfers. monthly of 1/12 of next maturing interest and 1/12 of next maturing principal.	$ 116,636.00	$ 603,714.63
Debt Service Reserve Account for Water Revenue Bonds Series 2017 - requires $5,842.25 Per month until $675,401.30 is reached.	675,401.30	1,472,438.04
TOTAL RESERVES AT DECEMBER 31, 2023	$ 908,673.35	$2,076,152.67

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

The District agrees to fix, establish, maintain and collect such rates, fees or charges for Water Utility service which will be sufficient to enable the District to have, in each fiscal year, a net revenue in an amount that will be not less than 110% amount required to be paid by the District during that fiscal year on account of both principal and interest of all Water Utility System Bonds of the District at the time outstanding. Net revenue is defined as gross income less operating expenses, but before any transfers, depreciation and capital expense. For the year ended December 31, 2023, the District had net revenues available for debt service of $1,449,600.88 which is 120.74% of the principal and interest requirements for 2023. Therefore, the District was in compliance with this covenant.

Compliance with Kansas Statutes
As shown in Statement 1, the District was in apparent compliance with Kansas cash basis laws.

3. 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 branch or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk

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

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.

At December 31, 2023, the District's carrying amount of deposits, including certificates of deposit was $3,625,811.57 and the bank balance was $3,728,673.83. The bank balance was held at one bank, resulting in a concentration of credit risk. Of the bank balance, $450,000.00 was covered by federal depository insurance (FDIC), $1,937,463.26 was secured by sweep accounts and the remaining $1,341,210.57 was collateralized by pledged securities held under joint custody receipts by a third-party bank in the District's name.

4. CONCENTRATION OF RISK

The District's customers are located in Montgomery, Neosho, Labette, Wilson, and Woodson counties. Risk of accounting loss exists from the possibility that numerous customers would no longer purchase water from the District. However, the District has minimum purchase contracts with their customers that reduce the risk of lower sales. Impact of potential risk cannot be determined. Accounts receivable consists of unsecured receivable from the sales of water to customers of the District. The District is subject to the credit risk inherent in the rural water district business.

5. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employee; employees' health and life; and natural disasters. The District manages these risks of loss through the purchase of various insurance policies.

6. DEFINED BENEFIT PENSION 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 statement 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 or 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 and 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 (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.43% for the fiscal year ended December 31, 2023. Contributions to the pension plan from the District were $23,514.18 for the year ended December 31, 2023.

6. DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability

At December 31, 2023, The District's proportionate share of the collective net pension liability reported by KPERS was $273,441.00. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30, 2023. The District's proportion of the net pension liability was based on the ratio of the District's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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 are publicly available on the website at www.kpers.org or can be obtained as described above.

7. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Death and Disability Other Post-Employment Benefits

As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2023.

All full-time employees of the District with one year of employment are eligible for vacation benefits of ten days per year, plus one day for each year of employment. The maximum vacation time earned per year is twenty days. In the event of termination, unused accrued vacation time is paid.

Sick leave accrues to all full-time employees at the rate of one day per month. Unused sick leave may be added carried over to the subsequent year, up to a maximum of twelve days. Employees who terminate by other than retirement or death will not be paid for accumulated sick leave.

The District determines a liability for compensated absences when the following conditions are met:

1. The District's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

In accordance with the above criteria, the District has estimated a liability for vacation pay in the amount of $13,542.01. The District has not estimated a liability for sick pay, which has been earned, but not taken by District employees, inasmuch as the amount cannot be reasonably estimated at this time.

8. LONG-TERM DEBT

Changes in long-term debt for the District for the year ended December 31, 2023, were as follows:

Issue	Interest Rates	Date of Issue	Original Amount of Issue	Date of Final Maturity	Balance Beginning of Year		Additions	Reductions/ Payments	Balance End of Year	Interest Paid
Revenue Bonds										
Paid with Utility Receipts										
Series 2017	1.1%-4.125%	September 19, 2017	$ 9,295,000.00	December 1, 2048	$ 7,720,000.00	*	$ -	$ -	$ 7,720,000.00	$ 289,057.50
Series 2018-A	1.875%	October 24, 2018	9,900,000.00	October 24, 2058	9,207,221.19		-	(181,388.60)	9,025,832.59	172,635.40
Series 2018-B	1.875%	October 24, 2018	3,604,000.00	October 24, 2058	3,351,796.57		-	(66,033.81)	3,285,762.76	62,846.19
Series 2021-A	1.750%	June 3, 2021	2,960,000.00	June 30, 2061	2,908,259.00		-	(52,646.47)	2,855,612.53	50,894.53
Series 2021-B	.03%-3.50%	June 16, 2021	6,570,000.00	December 1, 2050	6,195,000.00		-	(180,000.00)	6,015,000.00	145,132.50
Total Contractual Indebtedness					$ 29,382,276.76		$ -	$ (480,068.88)	$ 28,902,207.88	$ 720,566.12

* = beginning balance was adjusted for 2021A bond defeased not previously reported

8. LONG-TERM DEBT (Continued)

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity is as follows:

Principal	2024	2025	2026	2027	2028	2029-2032	2033-2037
Revenue Bonds							
Series 2017	$ 200,000.00	$ 205,000.00	$ 210,000.00	$ 220,000.00	$ 220,000.00	$ 965,000.00	$ 1,425,000.00
Series 2018-A	184,780.17	188,244.80	191,774.39	195,370.16	199,033.35	834,158.45	1,133,754.59
Series 2018-B	67,267.45	68,528.71	69,813.63	71,122.63	72,456.18	303,667.39	412,732.49
Series 2021-A	53,430.87	54,502.82	55,456.62	56,427.11	57,288.21	239,759.12	324,110.50
Series 2021-B	180,000.00	180,000.00	180,000.00	185,000.00	185,000.00	775,000.00	1,050,000.00
Total Principal Payments	685,478.49	696,276.33	707,044.64	727,919.90	733,777.74	3,117,584.96	4,345,597.58
Interest							
Revenue Bonds							
Series 2017	289,057.50	284,557.50	279,637.50	278,072.50	134,066.25	1,134,263.75	1,038,875.00
Series 2018-A	169,235.20	165,770.57	162,240.98	158,645.21	154,982.02	449,203.03	636,322.26
Series 2018-B	61,608.45	60,347.19	59,062.27	57,753.27	56,419.72	211,836.21	231,647.01
Series 2021-A	50,110.13	49,038.18	48,084.38	47,113.89	46,252.79	174,404.88	193,594.50
Series 2021-B	144,142.50	142,882.50	141,352.50	139,552.50	68,712.50	591,132.50	570,500.00
Total Interest Payments	714,153.78	702,595.94	690,377.63	681,137.37	460,433.28	2,560,840.37	2,670,938.77
Total Principal and Interest	$ 1,399,632.27	$ 1,398,872.27	$ 1,397,422.27	$ 1,409,057.27	$ 1,194,211.02	$ 5,678,425.33	$ 7,016,536.35

Principal	2038-2042	2043-2047	2048-2052	2053-2057	2058-2061	Total
Revenue Bonds						
Series 2017	$ 1,715,000.00	$ 2,090,000.00	$ 470,000.00	$ -	$ -	$ 7,720,000.00
Series 2018-A	1,244,105.37	1,365,196.84	1,498,074.41	1,643,884.63	347,455.43	9,025,832.59
Series 2018-B	452,904.63	496,986.81	545,359.63	598,440.66	126,482.55	3,285,762.76
Series 2021-A	353,491.88	385,537.13	420,442.59	458,623.85	396,541.83	2,855,612.53
Series 2021-B	1,175,000.00	1,355,000.00	750,000.00	-	-	6,015,000.00
Total Principal Payments	4,940,501.88	5,692,720.78	3,683,876.63	2,700,949.14	870,479.81	28,902,207.88
Interest						
Revenue Bonds						
Series 2017	739,200.00	362,381.28	19,387.50	-	-	4,559,498.78
Series 2018-A	525,971.48	404,880.01	272,002.44	126,191.62	6,550.65	3,231,995.47
Series 2018-B	191,474.87	147,392.69	99,020.07	45,938.84	2,388.03	1,224,888.62
Series 2021-A	164,213.12	132,167.87	97,262.41	59,081.15	17,622.17	1,078,945.47
Series 2021-B	443,580.00	264,350.00	47,075.00	-	-	2,553,280.00
Total Interest Payments	2,064,439.47	1,311,171.85	534,747.42	231,211.61	26,560.85	12,648,608.34
Total Principal and Interest	$ 7,004,941.35	$ 7,003,892.63	$ 4,218,624.05	$ 2,932,160.75	$ 897,040.66	$ 41,550,816.22

9. INTERFUND TRANSFERS

Operating transfers were as follows:

From Fund:	To Fund:	Statutory Authority:	Amount:
Water Utility	Water Utility Principal & Interest	K.S.A. 12-825d	$1,294,608.00

10. SUBSEQUENT EVENTS

Public Wholesale Water Supply District No. 23 evaluated events and transactions occurring subsequent year end, and there were no subsequent events requiring recognition in the financial statement.

SUPPLEMENTARY INFORMATION

PUBLIC WHOLESALE WATER SUPPLY DISTRICT NO. 23
Fredonia, Kansas
Water Utility Fund
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2022)

	Prior Year Actual	Current Year Actual
Receipts		
Charges for Services		
Water Sales	$ 2,363,083.61	$ 2,599,449.63
Use of Money and Property		
Interest Income	5,719.90	33,905.11
Other Receipts		
Insurance Proceeds	3,188.72	1,785.72
Miscellaneous Income	4,440.45	-
Reimbursements	7,447.53	16,378.68
Total Receipts	2,383,880.21	2,651,519.14
Expenditures		
Operating Expenditures		
Personal Services		
Salaries and Fringe	388,216.89	321,784.63
Contractual Services		
Mileage/Vehicle Expense	30,563.64	34,702.70
Contract Labor	15,843.50	7,199.18
Legal and Professional	6,139.64	49,090.69
Utilities	200,234.20	243,168.42
Dues, Subscriptions, and Meetings	520.80	1,306.79
Permits	1,297.85	1,137.71
Insurance	78,078.62	32,608.88
Miscellaneous	5.38	-
Commodities		
Chemicals	343,132.18	444,569.57
Supplies	52,016.60	66,349.69
Capital Outlay		
Capital Outlay	77,838.04	50,256.85

PUBLIC WHOLESALE WATER SUPPLY DISTRICT NO. 23
Fredonia, Kansas
Water Utility Fund
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2022)

	Prior Year Actual	Current Year Actual
Expenditures (Continued)		
Operating Transfers to		
Water Utility Principal and Interest Fund	$ 1,294,608.00	$ 1,294,608.00
Total Expenditures	2,488,495.34	2,546,783.11
Receipts Over (Under) Expenditures	(104,615.13)	104,736.03
Unencumbered Cash, Beginning	1,310,836.60	1,206,221.47
Unencumbered Cash, Ending	$ 1,206,221.47	$ 1,310,957.50

PUBLIC WHOLESALE WATER SUPPLY DISTRICT NO. 23
Fredonia, Kansas
Water Utility Bond Reserve Fund
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2022)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Interest Income	$ 7,197.39	$ 53,262.75
Total Receipts	7,197.39	53,262.75
Expenditures		
Capital Improvements		
Capital Outlay	-	-
Total Expenditures	-	-
Receipts Over (Under) Expenditures	7,197.39	53,262.75
Unencumbered Cash, Beginning	1,411,977.90	1,419,175.29
Unencumbered Cash, Ending	$ 1,419,175.29	$ 1,472,438.04

PUBLIC WHOLESALE WATER SUPPLY DISTRICT NO. 23
Fredonia, Kansas
Water Utility Replacement Reserve Fund
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2022)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Interest Income	$ 403.35	$ 1,537.38
Total Receipts	403.35	1,537.38
Expenditures		
Capital Improvements		
Capital Outlay	-	-
Total Expenditures	-	-
Receipts Over (Under) Expenditures	403.35	1,537.38
Unencumbered Cash, Beginning	117,281.27	117,684.62
Unencumbered Cash, Ending	$ 117,684.62	$ 119,222.00

PUBLIC WHOLESALE WATER SUPPLY DISTRICT NO. 23
Fredonia, Kansas
Water Utility Principal and Interest Fund
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2022)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Interest Income	$ 1,228.04	$ 18,456.38
Operating Transfers from		
Water Utility Fund	1,294,608.00	1,294,608.00
Total Receipts	1,295,836.04	1,313,064.38
Expenditures		
Debt Service		
Interest	730,442.86	720,566.12
Principal	669,609.63	480,068.88
Total Expenditures	1,400,052.49	1,200,635.00
Receipts Over (Under) Expenditures	(104,216.45)	112,429.38
Unencumbered Cash, Beginning	595,501.70	491,285.25
Unencumbered Cash, Ending	$ 491,285.25	$ 603,714.63

PUBLIC WHOLESALE WATER SUPPLY DISTRICT NO. 23
Fredonia, Kansas
Water Utility Project Fund
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2022)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental		
Federal Grant - Rural Development	$ 1,694,716.40	$ 600,000.00
Use of Money and Property		
Interest Income	2,245.53	2,976.17
Total Receipts	1,696,961.93	602,976.17
Expenditures		
Contractual Services		
Permits	123.80	-
Capital Improvements		
Capital Outlay	2,113,667.64	334,193.40
Total Expenditures	2,113,791.44	334,193.40
Receipts Over (Under) Expenditures	(416,829.51)	268,782.77
Unencumbered Cash, Beginning	251,776.14	(165,053.37)
Unencumbered Cash, Ending	$ (165,053.37)	$ 103,729.40

Jarred Gilmore Phillips

Board of Directors
Public Wholesale Water
Supply District No. 23
Fredonia, Kansas

In planning and performing our audit of the financial statement of Public Wholesale Water Supply District No. 23 as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered Public Wholesale Water Supply District No. 23's system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Public Wholesale Water Supply District No. 23's internal control. Accordingly, we do not express an opinion on the effectiveness of Public Wholesale Water Supply District No. 23's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in internal control to be material weaknesses:

Segregation of Duties

An internal control structure is, quite simply, the procedures and policies in effect which ensure that the District's financial activity is properly recorded, processed, summarized, and reported in the financial statement. A weakness in the control structure occurs when one person is responsible for all of the accounting activities such as receipt of cash, preparing the bank deposits, reconciling the bank account to the ledger book, and preparing cash payments. We would remind the District board members responsible for approval and the signing of checks to be diligent in his/her responsibilities. All disbursements approved should have original invoices attached and should be reviewed thoroughly before approval.

This communication is intended solely for the information and use of management, the Board of Directors, and others within Public Wholesale Water Supply District No. 23, and is not intended to be, and should not be, used by anyone other than these specified parties.

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

May 13, 2024
Chanute, Kansas