SSC CPAs, P.A.

# LEAVENWORTH WATERWORKS BOARD

FINANCIAL STATEMENTS
AND REQUIRED SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT

**DECEMBER 31, 2024 AND 2023**

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SSC CPAs, P.A.

# Independent Auditor's Report

To the Board of Directors
Leavenworth Waterworks Board
Leavenworth, Kansas

**Opinion**
We have audited the accompanying financial statements of Leavenworth Waterworks Board, Leavenworth, Kansas, as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the 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 financial position of Leavenworth Waterworks Board, Leavenworth, Kansas, as of December 31, 2024 and 2023, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Leavenworth Waterworks Board, Leavenworth, Kansas, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America and *Kansas Municipal Audit and Accounting Guide* (KMAAG) 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 Leavenworth Waterworks Board, Leavenworth, Kansas', 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 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Leavenworth Waterworks Board, Leavenworth, Kansas', 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 Leavenworth Waterworks Board, Leavenworth, Kansas', ability to continue as a going concern for a reasonable period of time.

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

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the schedules of employer's required contributions and employer's proportionate share of the net pension liability, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of costs of production, distribution and administration expenses, and investments are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedules of operating expenses and investments are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

SSC CPAs, P.A.

SSC CPAs, P.A.
Overland Park, Kansas

June 9, 2025

**LEAVENWORTH WATERWORKS BOARD**
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the Leavenworth Waterworks Board's ("the Board" or "the Waterworks") financial performance provides a narrative overview of the Board's financial activities for the fiscal year ended December 31, 2024. Please read it in conjunction with the accompanying financial statements which begin on page 8.

## HISTORY AND OVERVIEW

The Leavenworth City and Fort Leavenworth Water Company, the "Water Company", was incorporated on March 16, 1881. In 1882, the Water Company began to construct and maintain a water system that pumped and treated water from the Missouri River into a distribution system and reservoir.

The City of Leavenworth purchased the system from the Water Company and operated the water system from January 1921 to 1937. In 1932, Fort Leavenworth constructed its own water treatment plant and took over operation of the distribution system within the Fort.

In 1937, citizens voted to establish a governing board separate from the City Commission and a water supply utility that would function independently from the City public works services. The Leavenworth Waterworks Board and the Leavenworth Waterworks operate today as established in 1937 and pursuant to K.S.A 13-2414 through K.S.A 13-2429.

In 1938, the original water treatment plant was upgraded to a four-million gallon per day (MGD) capacity water-filtration plant and a high-service pumping station. Later upgrades expanded the capacity to six MGD and added lime softening. With additional growth, a second water treatment plant was completed in 1978. The water source for the South Plant is alluvial ground water pumped from a horizontal collector well completed in 2021 as well as ten vertical wells. The rated capacity of the South Plant is six MGD. A variety of upgrades to each Plant have been completed over the years, in response to both changing EPA regulations and repair and replacement needs.

Today, Leavenworth Waterworks operates two water treatment plants, a booster station, a water-storage facility, and 198.44 miles of distribution system. Safe drinking water is provided to the citizens of Leavenworth, Federal Correctional Institution Leavenworth (formerly United States Penitentiary Leavenworth), Lansing Correctional Facility, and seven rural water districts. The total number of taps served by the Waterworks is nearly 12,000 in the water-service area.

### 2024 EVENTS OF SIGNIFICANCE

Water consumption in 2024 continued at a lower rate than in the past but did manage to increase by two percent over 2023. During the year, the Board approved raising rates, effective April 1, 2025, by more than 10 percent, to generate revenue, allowing for significant capital improvements in the future as well as responding to inflationary pressures.

In 2024, three watermain replacement projects combining for 3.32 miles were completed, bringing the total for the last decade to 25.4 miles replaced. This is approximately 12.8 percent of the distribution system in service. With the commitment to expand the capacity of the South Treatment Plant (STP) to address the riverbed degradation affecting the North Treatment Plant's (NTP) intake, money for watermain replacement will be reduced in the future.

To minimize the cost to customers related to the expansion, two applications for federal grants were submitted under the Bipartisan Infrastructure Law to help finance the STP project. Unfortunately, neither application was successful the first time. The Board also submitted the project to KDHE for a loan under the Kansas Public Water Supply Loan Fund (KPWSLF) program. Although qualified, the State had insufficient money to fund this project. The Board intends to continue to apply for grants and loans while increasing rates to pay back future debt financing, if necessary. Unfortunately, construction costs continue to rise and the current estimate for the whole project now stands at nearly $57 million.

After two long years of waiting, the Waterworks finally received a permanent easement from the US Department of Justice for property on which to construct an additional water storage tank to complement the 140-year-old storage tank located on Pilot Knob. Drawdowns began in 2024 on a $7 million KPWSLF 20-year loan, with an interest rate of 1.34 percent, obtained to finance construction. Part of the impetus for this project is the construction of the new Federal Corrections Institution (FCI) by the US Bureau of Prisons (BOP) to replace the US Penitentiary – Leavenworth. A payment of $2.7 million to the Waterworks was received from the BOP to provide 500,000 gallons of dedicated water storage for the new FCI within the Waterworks system in lieu of the BOP constructing an elevated tank on site. This payment is reported as deferred revenue until the new tank is constructed. With the delays in receiving the easement, the project is now estimated at $7.2 million with the Board absorbing the cost overrun. Completion of the tank is expected in mid-December 2025.

Finally, the engineering firm, HDR, has completed the basic designs for the New Centennial Bridge Replacement project. KDOT is now proceeding with the acquisition of the right of way to the north side of the existing bridge. Unfortunately, this means property will be taken from the NTP and transmission mains will have to be relocated to accommodate the bridge construction. While supportive of the bridge project, the Board firmly believes KDOT should be responsible for all costs related to the relocation of waterlines and security of the Plant site.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This report consists of three parts - management's discussion and analysis (this section), the basic financial statements, and supplementary information.

The notes to the financial statements provide additional information and more detailed data about some of the information reported in the basic financial statements.

One of the most important questions asked about the Board's finances is, "Is the Board as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about the Board as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting which is similar to the accounting used by most private-sector companies. All the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash was received or paid.

These two statements report the Board's net position and changes in it. You can think of the Board's net position - the difference between assets and liabilities - as one way to measure the Board's financial health, or financial position. Over time, increases or decreases in the Board's net position are one indicator of whether its financial health is improving or deteriorating.

The Board operates as a proprietary fund or business enterprise. Revenues consist of fees charged to customers for services provided and expenses consist of the cost incurred to provide those services.

## ANALYSIS OF THE FINANCIAL STATEMENTS

As of December 31, 2024, the Board's net position at year end increased $860,226, to result in a balance of $47,621,742.

Table 1
Waterworks Board
Condensed Statement of Net Position

| | Proprietary Funds | | Total Percentage Change |
|---|---|---|---|
| | **2023** | **2024** | **2023-2024** |
| Current and other assets | $ 12,729,615 | $ 12,413,753 | (2.48)% |
| Certificates of deposit | 1,778,047 | 1,891,582 | 6.39 % |
| Capital assets | 44,936,524 | 46,952,516 | 4.49 % |
| **Total assets** | **59,444,186** | **61,257,851** | **3.05 %** |
| Deferred outflows of resources | 645,614 | 494,350 | (23.43)% |
| **Total deferred outflows of resources** | **645,614** | **494,350** | **(23.43)%** |
| Current liabilities | 2,326,343 | 3,184,959 | 36.91 % |
| Long-term liabilities | 10,911,945 | 10,813,285 | (0.90)% |
| **Total liabilities** | **13,238,288** | **13,998,244** | **5.74 %** |
| Deferred inflows of resources | 89,996 | 132,215 | 46.91 % |
| **Total deferred inflows of resources** | **89,996** | **132,215** | **46.91 %** |
| **Net position:** | | | |
| Net investment in capital assets | 39,222,577 | 40,595,827 | 3.50 % |
| Unrestricted | 7,538,939 | 7,025,915 | (6.80)% |
| **Total net position** | **$ 46,761,516** | **$ 47,621,742** | **1.84 %** |

Current and Other Assets - Total current and other assets decreased approximately $.3M.

Capital Assets - Capital assets, net of accumulated depreciation increased approximately $2 million as there were more additions in the current year and depreciation expense remained consistent.

Liabilities - Current liabilities increased from the prior year by $0.8 million. The majority of this increase is attributable to accounts payable timing, increase of the sludge accrual, and increase in current portion of the loan payable.

Long-term Liabilities – Total long-term liabilities decreased by approximately $99 thousand due to loan payments and an increase in the current portion vs. the long-term portion of the loans outstanding.

Net Position – As noted above, net position increased by approximately $1.3 million from the prior year.

Table 2
Waterworks Board
Condensed Statement of Revenues, Expenses and Changes in Net Position

| | Proprietary Funds | | Total Percentage Change |
|---|---|---|---|
| | **2023** | **2024** | **2023-2024** |
| **Revenues:** | | | |
| City services billing | $ 362,828 | $ 425,177 | 17.18 % |
| Water sales | 7,091,054 | 7,856,574 | 10.80 % |
| Reconnect and service fees | 85,363 | 69,044 | (19.12)% |
| Plumbing supply sales | 10,977 | 14,628 | 33.26 % |
| Non-operating | 272,607 | 828,050 | 203.75 % |
| **Total revenues** | **7,822,829** | **9,193,473** | **17.52 %** |
| **Expenses:** | | | |
| Production | 3,535,982 | 3,631,795 | 2.71 % |
| Distribution & administration | 2,964,498 | 2,918,934 | (1.54)% |
| Depreciation | 1,710,667 | 1,745,021 | 2.01 % |
| Interest | 149,372 | 151,291 | 1.28 % |
| Non-operating | 36,283 | 33,056 | (8.89)% |
| **Total expenses** | **8,396,802** | **8,480,097** | **0.99 %** |
| **Net Income (loss) before capital contributions** | **$ (573,973)** | **$ 713,376** | **(224.29)%** |

Revenues - Overall, revenues increased by approximately $1.4 million from the prior year.

Expenses - Expenses increased from the prior year by approximately $83 thousand.

Capital Contributions - Within the year, the Board recognized $146,850 in capital contributions.

Please refer to Note 6 for more detailed information regarding capital asset activity during the year ended December 31, 2024.

**ECONOMIC FACTORS**

The Board continuously investigates ways to improve and reduce costs. Ever-changing water treatment regulations will impact both operating and capital improvement cost. Currently, several construction projects are underway.

**CONTACTING THE BOARD'S FINANCIAL MANAGEMENT**

This report is intended to provide citizens, customers, and creditors with a general overview of the Board's finances and to demonstrate the Board's accountability for the revenues received and funds spent. Questions about the report, and requests for additional information, should be directed to the Chair of the Waterworks Board or the Board's Manager of Collections and Accounts, 601 Cherokee, Leavenworth, Kansas 66048.

**LEAVENWORTH WATERWORKS BOARD**

**STATEMENTS OF NET POSITION**

| December 31, | 2024 | (Restated) 2023 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents | $ 419,349 | $ 427,630 |
| Certificates of deposit and investments | 9,416,150 | 10,207,946 |
| Accounts receivable | 1,134,022 | 889,405 |
| Accrued interest receivable | 23,579 | 10,659 |
| Inventory | 1,123,472 | 882,317 |
| Prepaid expenses | 229,194 | 209,677 |
| Subscription assets | 67,987 | 101,981 |
| **Total current assets** | **12,413,753** | **12,729,615** |
| **Noncurrent assets** | | |
| Certificates of deposit | 1,891,582 | 1,778,047 |
| Capital assets, net | 46,952,516 | 44,936,524 |
| **Total noncurrent assets** | 48,844,098 | 46,714,571 |
| **TOTAL ASSETS** | **61,257,851** | **59,444,186** |
| **Deferred outflows of resources** | | |
| Deferred outflows - pensions | 494,350 | 645,614 |
| **Total deferred outflows of resources** | 494,350 | 645,614 |
| **TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES** | **$ 61,752,201** | **$ 60,089,800** |

**LEAVENWORTH WATERWORKS BOARD**

**STATEMENTS OF NET POSITION**

| December 31, | 2024 | (Restated) 2023 |
|---|---|---|
| **LIABILITIES AND NET POSITION** | | |
| **Current liabilities** | | |
| Accounts payable | $ 1,104,681 | $ 677,954 |
| Accrued expenses | 182,493 | 186,339 |
| Meter deposits | 523,833 | 561,256 |
| Accrued interest on meter deposits | 70,607 | 59,478 |
| Accrued interest on loan payable | 63,527 | 60,882 |
| Accrued sludge removal | 482,820 | 303,850 |
| Loan payable, current portion | 678,980 | 370,109 |
| Subscription liabilities | 78,018 | 106,475 |
| **Total current liabilities** | **3,184,959** | **2,326,343** |
| **Noncurrent liabilities** | | |
| Compensated absences | 441,348 | 342,683 |
| Loan payable | 5,677,709 | 5,769,268 |
| Net pension liability | 2,003,573 | 2,109,339 |
| Deferred revenue | 2,690,655 | 2,690,655 |
| **Total noncurrent liabilities** | **10,813,285** | **10,911,945** |
| **Deferred inflows of resources** | | |
| Deferred inflows - pensions | 132,215 | 89,996 |
| **Total deferred inflows of resources** | **132,215** | **89,996** |
| **TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES** | **14,130,459** | **13,328,284** |
| **Net position** | | |
| Net investment in capital assets | 40,595,827 | 39,222,577 |
| Unrestricted - undesignated | 7,016,437 | 7,537,670 |
| Unrestricted - designated | 9,478 | 1,269 |
| **Total net position** | **47,621,742** | **46,761,516** |
| **TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION** | **$ 61,752,201** | **$ 60,089,800** |

**LEAVENWORTH WATERWORKS BOARD**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

| | | (Restated) |
|---|---|---|
| **For the years ended December 31,** | **2024** | **2023** |
| **Revenue** | | |
| City services billing fees | $ 425,177 | $ 362,828 |
| Water sales | 7,856,574 | 7,091,054 |
| Reconnect and service fees | 69,044 | 85,363 |
| Plumbing supply sales | 14,628 | 10,977 |
| **Total revenue** | **8,365,423** | **7,550,222** |
| **Costs of production** | | |
| Pumping | 745,115 | 729,134 |
| Purification | 412,633 | 537,202 |
| Softening | 699,476 | 789,210 |
| General plant | 1,774,571 | 1,480,436 |
| **Total costs of production** | **3,631,795** | **3,535,982** |
| **Operating margin** | 4,733,628 | 4,014,240 |
| **Operating expenses** | | |
| Distribution | 1,901,888 | 1,969,527 |
| Administration | 1,017,046 | 994,971 |
| Depreciation and amortization | 1,745,021 | 1,710,667 |
| **Total operating expenses** | **4,663,955** | **4,675,165** |
| **Operating income (loss)** | 69,673 | (660,925) |
| **Nonoperating revenue (expenses)** | | |
| Income from investments | 486,542 | 282,217 |
| Miscellaneous revenue, net of expenses | 31,172 | (39,685) |
| Rent income | 29,371 | 25,667 |
| Interest on meter deposits | (33,056) | (27,780) |
| Loan issuance expense | - | (8,503) |
| Loan interest expense | (149,467) | (148,347) |
| Subscription asset interest | (1,824) | (1,025) |
| Gain on disposal of assets | 280,965 | 4,408 |
| **Total nonoperating revenue (expenses), net** | **643,703** | **86,952** |
| **Income (loss) before capital contributions** | 713,376 | (573,973) |
| Patron capital contributions | 146,850 | 425,430 |
| **Change in net position** | 860,226 | (148,543) |
| Net position, beginning of year | 46,761,516 | 46,910,059 |
| **Net position, end of year** | **$ 47,621,742** | **$ 46,761,516** |

**LEAVENWORTH WATERWORKS BOARD**

**STATEMENTS OF CASH FLOWS**

| For the years ended December 31, | 2024 | (restated) 2023 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Cash received from customers | $ 8,120,806 | $ 7,362,748 |
| Cash paid to employees and suppliers | (6,067,337) | (5,969,932) |
| Other receipts | 37,918 | 6,864 |
| **NET CASH PROVIDED BY OPERATING ACTIVITIES** | 2,091,387 | 1,399,680 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Proceeds from sale of investments | 1,150,000 | - |
| Net investment activity | 1,883 | 58,647 |
| Purchase of certificates of deposit | - | (1,500,000) |
| **NET CASH PROVIDED BY INVESTING ACTIVITIES** | 1,151,883 | (1,441,353) |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | |
| Proceeds from the sale of assets | 361,526 | 16,000 |
| Purchase of capital assets | (3,807,580) | (2,655,823) |
| Proceeds received for water tank project | - | 2,785,000 |
| Patron contributions | 146,850 | - |
| Proceeds from issuance of long-term debt | 901,637 | - |
| Principal payments debt/subscriptions | (714,606) | (309,367) |
| Interest and fees paid on debt/subscriptions | (146,822) | (160,651) |
| Interest paid on meter deposits | (21,927) | (13,197) |
| Rent income | 29,371 | 25,667 |
| **NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES** | (3,251,551) | (312,371) |
| **Net increase (decrease) in cash and cash equivalents** | (8,281) | (354,044) |
| Cash and cash equivalents, beginning of year | 427,630 | 781,674 |
| **Cash and cash equivalents, end of year** | **$ 419,349** | **$ 427,630** |

**LEAVENWORTH WATERWORKS BOARD**

**STATEMENTS OF CASH FLOWS**

| **Reconciliation of operating income to net cash provided by operating results** | | **2024** | | (restated) **2023** |
|---|---|---|---|---|
| Operating income (loss) | $ | 69,673 | $ | (660,925) |
| **Adjustments to reconcile operating income to: net cash provided by operating activities:** | | | | |
| Depreciation and amortization | | 1,745,021 | | 1,744,661 |
| Miscellaneous income (expense), net | | 31,172 | | (39,685) |
| **(Increase) decrease in operating assets:** | | | | |
| Accounts receivable | | (244,617) | | (93,129) |
| Inventory | | (241,155) | | 78,772 |
| Prepaid expenses | | (19,517) | | 30,034 |
| Deferred outflows | | 151,264 | | 49,759 |
| **Increase (decrease) in operating liabilities:** | | | | |
| Accounts payable | | 426,727 | | 87,430 |
| Accrued expenses | | 137,701 | | 251,824 |
| Accrued employee benefits | | 98,665 | | (14,867) |
| Net pension liability | | (105,766) | | 125,867 |
| Deferred revenue | | - | | (94,345) |
| Deferred inflows | | 42,219 | | (65,716) |
| **NET CASH PROVIDED BY OPERATING ACTIVITIES** | **$** | **2,091,387** | **$** | **1,399,680** |
| | | | | |
| **Noncash investing/financing activities** | | | | |
| Patron contributions of capital assets | $ | - | $ | 425,430 |
| Right to use subscription assets | | - | | 135,975 |
| Lease liability | | - | | (135,975) |
| Gain on disposition of assets | | 280,965 | | 4,408 |
| Total noncash investing/financing activities | **$** | **280,965** | **$** | **429,838** |

## 1. SUMMARY OF SIGNFICIANT ACCOUNTING POLICIES

**Reporting entity**

The Leavenworth Waterworks Board (the "Board") as provided in the Kansas Statutes Annotated 13-2414 through 13-2428, has full control of the municipal water plant of Leavenworth, Kansas. The Governing Board is comprised of five members; each elected to serve for a term of four years, by the voters of the City of Leavenworth, Kansas. Elections are held every two years with alternating positions being voted upon. In the case of a vacancy, the remaining members shall appoint a successor to serve out the term until the next ensuing city election (K.S.A. 13-2416). By resolution of the Board, officers are to be elected from its membership at the first meeting in May of each year. The Governing Board establishes, under Kansas Statutes, all rules and procedures concerning the Leavenworth Waterworks Board.

The same statutes establish the positions of Manager of Production and Distribution and Manager of Collections and Accounts. Persons in those positions serve at the direction of the Governing Board and manage the Waterworks Board's daily operations. The Governing Board also has authorization to appoint other positions such as Engineer or Operations manager to supplement positions established by state statutes.

**Government-wide and fund financial statements**

The government-wide financial statements (e.g., the statements of net position and the statements of revenues, expenses and changes in net position) report all information on the activities of the Board.

The statements of revenues, expenses and changes in net position demonstrate the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers who purchase, use, or directly benefits from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment.

The Board only has one category of fund: a proprietary or business-type fund.

Proprietary funds are used to account for activities that are financed and operated in a manner similar to private business enterprises - where the stated intent is that the costs of providing goods or services to the general public on a continuing basis be financed or removed primarily through user charges - of where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management controls, accountability, or other purposes. Amounts reported as program revenues include (1) charges to customers or applications for goods, services, or privileges provided, (2) operating grants and contributions and (3) capital grants and contributions, including special assessments.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services, producing and delivering goods in connection with the fund's principal ongoing operation.

**Measurement focus, basis of accounting, and basis of presentation**

The government-wide/proprietary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses

are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

This system of accounting is in compliance with the applicable laws of the State of Kansas.

**Equity classifications**
Equity is classified as net position and displayed in three components:

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

Restricted net position consists of net position with constraints placed on the use either by external groups, such as through debt covenants, grantors, contributors, or laws and regulations of other governments, or by law through constitutional provisions, or enabling legislation. As of the year ending December 31, 2024 and 2023, the Board did not have any restricted net position.

Unrestricted net position does not meet the definition of restricted or "invested in capital assets." The Board has designated a portion of its unrestricted net position to be used for continuing education.

**Statements of cash flows**
Statements of cash flows are presented in accordance with Governmental Accounting Standards Board Statement No. 9 for the proprietary fund. For purposes of the statements of cash flows, demand deposits and all highly liquid investments (including restricted assets) with a maturity date of three months or less when purchased are considered cash equivalents.

**Cash and investments**
At December 31, 2024, the Board's cash was deposited in demand accounts, Kansas Municipal Investment Pool (KMIP) and certificates of deposits held by different financial institutions. The Board records investments in money market interests, including certificates of deposit, at cost plus any accrued interest.

**Prepaid expenses**
Prepaid balances are for payments made by the Board in the current year to provide services occurring in the subsequent year.

**Capital assets**
The Board has amassed various capital assets that are being capitalized and amortized over their useful lives. Purchases are recorded at their actual value, estimated historical cost based on appraisals, or deflated current replacement cost. Contributed capital assets are reported at their estimated fair value at the time received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset life are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Capital assets are depreciated by the Board using the straight-line method over the following estimated useful lives:

| | |
|---|---|
| Building and plants | 10 - 100 years |
| Water distribution system | 10 - 100 years |
| Wells | 20 - 50 years |
| Tools and equipment | 5 - 15 years |
| Office furniture and equipment | 3 - 25 years |
| Vehicles | 3 - 5 years |
| Computer system | 3 - 5 years |

**Use of estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management 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 basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant of these estimates are related to the depreciation of capital assets and the net pension liability.

**Revenues**

Billings for water revenues, along with charges for City services, are rendered monthly. Under an agreement with the City of Leavenworth, Kansas, the Board bills and collects sewer and refuse charges from water customers as a part of their billing procedures for the City. Under the terms of this agreement, a fee is charged to the City for said billing and collection services. This fee is calculated on an annual basis and collected over the course of the year.

**Accounts receivable**

Accounts receivable consists of accounts due to the Board and unbilled revenues. During the year, customer water meters are read, and bills rendered throughout the monthly periods. Because not every meter is read on the same date, revenue for water distributed but not yet billed is accrued at year end to match revenues with related expenses.

The Board has adopted a policy to write-off directly all accounts that are 12-months overdue. With the current software capability, in management's opinion, direct write-offs are an accurate method of determining the loss due to credit losses. Management considers all remaining accounts receivable to be collectible. Accordingly, there is no allowance for credit losses factored into the presentation of accounts receivable. Write-offs for fiscal years 2024 and 2023 were $7,251 and $6,819, respectively, or 0.092 and 0.096% of Water Sales Revenue, respectively. The industry average for write-offs is between 3 – 5%.

**Compensated absences**

All full-time employees are granted 8 hours of vacation each month from their first year through their fifth year of service. The vacation allowance increases to 10 hours per month at the beginning of an employee's sixth year of service. There is a 200-hour maximum accumulation at the end of any year with 100% vesting upon an employee’s retirement or death.

All full-time employees are granted eight hours of sick leave a month with no maximum limitation on accumulation. Upon retirement or death, employees will be paid for 40% of their accumulated, unused sick leave. Should a full-time exempt employee provide six months of prior written notification of their intent to

retire, the amount of accumulated, unused sick leave paid to the employee will be increased by an additional 20%. Full-time employees providing such notice that have more than ten years of service will be granted an additional 1% for each additional year, up to 10%. Additional expense will be recognized once planned retirement is known.

As of December 31, 2024 and 2023, the Board's liability for accumulated compensated absences totaled $441,348 and $342,683, respectively. The change in compensated absences for the years ending December 31, 2024 and 2023 totaled $99,159 and $(14,058), respectively. Compensated absences are presented on a net basis within noncurrent liabilities on the statements of net financial position.

**Deferred outflows and inflows of resources**

In addition to assets, the statements of net financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until then. The Board has calculations related to its pension plan that qualify for reporting in this category.

In addition to liabilities, the statements of net financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The Board has calculations related to its pension plan that qualify for reporting in this category.

**Inventory**

Inventories consisting of materials and supplies are valued at the lower of cost or market. Cost is determined on a weighted average basis.

**Capital contributions**

Contributions in aid to construction were not capitalized prior to the year ended April 30, 1975. It was the opinion of management that the amounts by which the financial statements might change, if these items were included, were not material to the financial statements.

**Budget**

The Board is not subject to statutory budget requirements. Accordingly, budgetary comparison schedules have not been included within as required supplementary information. The Board is not legally required to establish a budget; however, for monitoring purposes, the Board creates and utilizes operating budgets for operations control and compliance with debt service requirements.

**Reclassifications**

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**2. RISK MANAGEMENT**

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board has purchased commercial insurance to offset these certain risks. The Board reviews insurance coverage annually to determine that insurance policies in effect are appropriate and written with insurance companies authorized to transact business in the state of Kansas. The Board has insurance coverage for property, fire, and theft.

### 3. FIDELITY BONDS

Fidelity bonds of elected and appointed officials were in effect on December 31, 2024 and 2023. These bonds met statutory requirements and were approved by the Board.

### 4. COMPLIANCE WITH KANSAS STATUTES

Management is not aware of any statutory violations for the periods under audit.

### 5. CASH AND INVESTMENTS

The designation of depositories for public funds is detailed within K.S.A 9-1401. This statute states the Governing Board shall designate by official action the financial institutions which will serve as depositories of funds. The statute also indicates for a bank, savings and loan association, and/or savings bank to be eligible to hold the Board's funds, there must be a main branch office within the county in which the Board is located, or in an adjoining county if such institution has been designated as an official depository. The depository bank is required to provide an acceptable rate of return on deposited funds and required to secure, pledge collateral, for the funds deposited in excess of the Federal FDIC coverage.

Investment of public moneys is also subject to K.S.A. 12-1675 which limits the Board's investment of idle funds in certain types of accounts. Allowable investments include temporary notes or no-fund warrants; saving deposits, demand deposits, time deposits, open accounts and certificates of deposits with allowable financial institutions with maturities of not more than two years; in repurchase agreements; in direct obligations of or obligations that are insured as to principal and interest for the United States or any agency thereof (not including mortgage-backed securities) but not exceeding two years; and in the Kansas Municipal Investment Pool established in K.S.A. 12-1677a.

At December 31, 2024, the Board's carrying amount of cash and investments (including certificates of deposit accounts) totaled $11,727,081. The bank balance of $7,238,971 was held by five different financial institutions resulting in a concentration of credit risk.

**Custodial credit risk - deposits**

Custodial credit risk is the risk that in the event of bank failure, the Board's deposits may not be returned to it. State statutes require that the Board funds deposited in financial institutions be entirely covered by federal depositor 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. As of December 31, 2024, $41,047 was uninsured and not collateralized by securities held in the Board's name. There were no uninsured funds as of December 31, 2023.

**Concentration of credit risk**

State statutes place no limits on the amount the Board may invest/entrust in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The Board's allocation of investments as of December 31, 2024, are as follows:

| Investment Type | Rating | Percentage |
|---|---|---|
| **Certificates of deposit** | | |
| Exchange Bank & Trust | Not Available | 5.8% |
| Mutual Savings Association | Not Available | 11.7% |
| Citizens Savings & Loan Assoc. | Not Available | 13.8% |
| Commerce Bank | Not Available | 5.2% |
| Country Club Bank | Not Available | 17.2% |
| Kansas Municipal Investment Pool | Not Available | 41.4% |
| U.S. Treasury STRIPS | Not Available | 5.0% |

At December 31, 2024 and 2023, the Board had funds totaling $4,680,964 and $5,620,439, respectively, invested in the Kansas Municipal Investment Pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The Kansas Municipal Investment Pool Board is comprised of the State Treasurer and four additional members appointed by the Governor of Kansas. The Kansas Municipal Investment Pool Board reports annually to the Kansas legislature. State pooled moneys may be invested in direct obligations of, or obligations that are insured as to principal and interest by the U.S. Government or any agency thereof, with maturities up to four years. No more than ten percent (10%) of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

**Custodial credit risk - investments**

Custodial credit risk for investments is the risk that in the event of the failure of the issuer or counterparty, the Board would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

At December 31, 2024, the Board had the following investments and maturities, including certificates of deposits:

| | | | Investment Maturities in |
|---|---|---|---|
| **Investment Type** | **Fair Value** | **Less than 1 year** | **1-5 years** |
| **Certificates of deposit** | | | |
| Exchange Bank & Trust | $ 651,669 | $ 651,669 | $ - |
| Mutual Savings Association | 1,322,136 | - | 1,322,136 |
| Citizens Savings & Loan Assoc. | 1,558,108 | 1,558,108 | - |
| Commerce Bank | 584,545 | 584,545 | - |
| Country Club Bank | 1,940,864 | 1,940,864 | - |
| **Other investments** | | | |
| Kansas Municipal Investment Pool | 4,680,964 | 4,680,964 | - |
| U.S. Treasury STRIPS | 569,446 | - | 569,446 |
| | **$ 11,307,732** | **$ 9,416,150** | **$ 1,891,582** |

At December 31, 2023, the Board had the following investments and maturities, including certificates of deposits:

| Investment Type | Fair Value | Investment Maturities in Less than 1 year | 1-5 years |
|---|---|---|---|
| **Certificates of deposit** | | | |
| Exchange Bank & Trust | $ 640,423 | $ 640,423 | $ - |
| Mutual Savings Association | 1,257,315 | 1,257,315 | - |
| Citizens Savings & Loan Assoc. | 1,509,352 | 1,509,352 | - |
| Commerce Bank | 537,423 | 537,423 | - |
| Country Club Bank | 1,862,786 | 642,994 | 1,219,792 |
| **Other investments** | | | |
| Kansas Municipal Investment Pool | 5,620,439 | 5,620,439 | - |
| U.S. Treasury STRIPS | 558,255 | - | 558,255 |
| | **$ 11,985,993** | **$ 10,207,946** | **$ 1,778,047** |

## 6. CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2024 and 2023, is as follows:

| | December 31, 2023 | Increases | Decreases | December 31, 2024 |
|---|---|---|---|---|
| **Capital assets, not being depreciated** | | | | |
| Real estate | $ 820,673 | $ - | $ - | $ 820,673 |
| Construction in progress | 1,944,466 | 2,046,901 | 3,806,571 | 184,796 |
| Other assets | 731,588 | 1,285,558 | 29,584 | 1,987,562 |
| **Total capital assets, not being depreciated** | **3,496,727** | **3,332,459** | **3,836,155** | **2,993,031** |
| Capital assets, being depreciated | | | | |
| **Administrative** | | | | |
| Office building | 608,571 | - | - | 608,571 |
| Furniture and equipment | 106,313 | 2,943 | 11,801 | 97,455 |
| Office computer system | 631,895 | 17,041 | 64,052 | 584,884 |
| Administrative car | 21,101 | - | - | 21,101 |
| **Distribution** | | | | |
| System | 35,862,529 | 4,221,155 | - | 40,083,684 |
| Center | 685,130 | - | - | 685,130 |
| Booster station | 238,092 | - | - | 238,092 |
| Pilot knob cottage | 190,460 | - | - | 190,460 |
| Tools and equipment | 1,227,055 | 317,075 | 454,583 | 1,089,547 |
| Trucks | 375,031 | 79,191 | 112,957 | 341,265 |
| Furniture and equipment | 2,470 | - | 990 | 1,480 |
| Computer system | 20,119 | 3,371 | 2,661 | 20,829 |

| | | | | |
|---|---|---|---|---|
| **North Plant** | | | | |
| Buildings and equipment | 4,746,153 | - | 176,565 | 4,569,588 |
| Softening equipment | 608,830 | - | - | 608,830 |
| Intake building | 1,327,784 | - | 4,446 | 1,323,338 |
| Computer system | 568,924 | 2,247 | 6,653 | 564,518 |
| Tools and equipment | 101,043 | - | 1,079 | 99,964 |
| Trucks | 22,732 | - | - | 22,732 |
| Furniture and equipment | 3,540 | - | - | 3,540 |
| Purification | 3,011,649 | 14,011 | - | 3,025,660 |
| **South Plant** | | | | |
| Buildings and equipment | 7,549,492 | - | 50,813 | 7,498,679 |
| Lagoons | 318,170 | - | 63,257 | 254,913 |
| Wells | 8,837,988 | 40,280 | - | 8,878,268 |
| Computer system | 578,055 | 3,371 | 15,629 | 565,797 |
| Tools and equipment | 104,779 | - | 4,147 | 100,632 |
| Trucks | 53,772 | - | 3,461 | 50,311 |
| Furniture and equipment | 12,018 | - | 4,925 | 7,093 |
| Purification | 2,533,980 | 8,895 | 607 | 2,542,268 |
| Pumping | 742,925 | 10,750 | - | 753,675 |
| Softening equipment | 411,822 | - | - | 411,822 |
| Hwy 5 Building and equipment | 51,212 | - | - | 51,212 |
| **Total capital assets, being depreciated** | **71,553,634** | **4,720,330** | **978,626** | **75,295,338** |
| **Less accumulated depreciation for** | | | | |
| **Administrative** | | | | |
| Office building | 555,400 | 7,013 | - | 562,413 |
| Furniture and equipment | 106,313 | 167 | 11,801 | 94,679 |
| Office computer system | 516,712 | 20,778 | 63,382 | 474,108 |
| Administrative car | 21,101 | - | | 21,101 |
| **Distribution** | | | | |
| System | 9,229,989 | 658,739 | - | 9,888,728 |
| Center | 557,474 | 19,861 | - | 577,335 |
| Booster station | 206,933 | 6,012 | - | 212,945 |
| Pilot knob cottage | 101,106 | 12,093 | - | 113,199 |
| Tools and equipment | 983,861 | 63,701 | 412,162 | 635,400 |
| Trucks | 237,037 | 47,019 | 105,143 | 178,913 |
| Furniture and equipment | 2,470 | - | 990 | 1,480 |
| Computer system | 14,895 | 3,393 | 2,661 | 15,627 |
| **North Plant** | | | | |
| Buildings and equipment | 3,745,197 | 138,179 | 176,565 | 3,706,811 |
| Softening equipment | 473,347 | 14,592 | - | 487,939 |
| Intake building | 931,152 | 35,927 | 4,445 | 962,634 |
| Computer system | 381,727 | 54,920 | 6,653 | 429,994 |
| Tools and equipment | 90,152 | 3,014 | 1,079 | 92,087 |
| Trucks | 22,732 | - | - | 22,732 |
| Furniture and equipment | 2,974 | 194 | - | 3,168 |
| Purification | 2,221,196 | 58,619 | - | 2,279,815 |

| | | | | |
|---|---|---|---|---|
| **South Plant** | | | | |
| Buildings and equipment | 5,103,175 | 176,272 | 50,814 | 5,228,633 |
| Lagoons | 229,869 | 9,834 | 63,257 | 176,446 |
| Wells | 2,053,239 | 198,914 | - | 2,252,153 |
| Computer system | 392,678 | 54,730 | 15,629 | 431,779 |
| Tools and equipment | 64,828 | 6,890 | 4,147 | 67,571 |
| Trucks | 53,772 | - | 3,461 | 50,311 |
| Furniture and equipment | 9,959 | 399 | 4,925 | 5,433 |
| Purification | 1,849,170 | 57,031 | 607 | 1,905,594 |
| Pumping | 211,246 | 49,188 | - | 260,434 |
| Softening equipment | 160,280 | 19,336 | - | 179,616 |
| Hwy 5 Building and equipment | 9,283 | 7,494 | - | 16,777 |
| **Total accumulated depreciation** | **30,539,267** | **1,724,309** | **927,721** | **31,335,855** |
| **Total capital assets, being depreciated, net** | **41,014,367** | **2,996,021** | **50,905** | **43,959,483** |
| **Total capital assets, net** | **$ 44,511,094** | **$ 6,328,480** | **$ 3,887,060** | **$ 46,952,516** |

| | December 31, 2022 | Increases | Decreases | December 31, 2023 |
|---|---|---|---|---|
| **Capital assets, not being depreciated** | | | | |
| Real estate | $ 818,410 | $ 2,263 | $ - | $ 820,673 |
| Construction in progress | 498,790 | 1,796,520 | 350,844 | 1,944,466 |
| Other assets | 577,390 | 376,598 | 222,400 | 731,588 |
| **Total capital assets, not being depreciated** | **1,894,590** | **2,175,381** | **573,244** | **3,496,727** |
| Capital assets, being depreciated | | | | |
| **Administrative** | | | | |
| Office building | 610,834 | - | 2,263 | 608,571 |
| Furniture and equipment | 114,206 | - | 7,893 | 106,313 |
| Office computer system | 556,919 | 76,923 | 1,947 | 631,895 |
| Administrative car | 21,101 | - | - | 21,101 |
| **Distribution** | | | | |
| System | 35,377,872 | 484,657 | - | 35,862,529 |
| Center | 878,258 | - | 193,128 | 685,130 |
| Booster station | 254,163 | 10,254 | 26,325 | 238,092 |
| Pilot knob cottage | 190,460 | - | - | 190,460 |
| Tools and equipment | 1,224,776 | 63,399 | 61,120 | 1,227,055 |
| Trucks | 425,756 | - | 50,725 | 375,031 |
| Furniture and equipment | 2,420 | 50 | - | 2,470 |
| Computer system | 18,053 | 2,066 | - | 20,119 |
| **North Plant** | | | | |
| Buildings and equipment | 4,735,520 | 226,080 | 215,447 | 4,746,153 |
| Softening equipment | 579,527 | 29,303 | - | 608,830 |
| Intake building | 1,651,604 | - | 323,820 | 1,327,784 |
| Computer system | 798,875 | 63,983 | 293,934 | 568,924 |
| Tools and equipment | 105,095 | - | 4,052 | 101,043 |
| Trucks | 22,732 | - | - | 22,732 |
| Furniture and equipment | 5,251 | - | 1,711 | 3,540 |
| Purification | 2,915,989 | 95,660 | - | 3,011,649 |

| | | | | |
|---|---|---|---|---|
| **South Plant** | | | | |
| Buildings and equipment | 7,777,315 | 192,946 | 420,769 | 7,549,492 |
| Lagoons | 329,159 | - | 10,989 | 318,170 |
| Wells | 8,795,100 | 42,888 | - | 8,837,988 |
| Computer system | 514,073 | 63,982 | - | 578,055 |
| Tools and equipment | 118,975 | - | 14,196 | 104,779 |
| Trucks | 46,872 | 6,900 | - | 53,772 |
| Furniture and equipment | 12,018 | - | - | 12,018 |
| Purification | 2,464,946 | 69,234 | 200 | 2,533,980 |
| Pumping | 742,925 | - | - | 742,925 |
| Softening equipment | 468,041 | - | 56,219 | 411,822 |
| Hwy 5 Building and equipment | 19,430 | 31,782 | - | 51,212 |
| **Total capital assets, being depreciated** | **71,778,265** | **1,460,107** | **1,684,738** | **71,553,634** |
| **Less accumulated depreciation for** | | | | |
| **Administrative** | | | | |
| Office building | 547,992 | 7,408 | - | 555,400 |
| Furniture and equipment | 113,829 | 377 | 7,893 | 106,313 |
| Office computer system | 495,648 | 23,010 | 1,946 | 516,712 |
| Administrative car | 21,101 | - | - | 21,101 |
| **Distribution** | | | | |
| System | 8,629,864 | 600,125 | - | 9,229,989 |
| Center | 573,910 | 17,545 | 33,981 | 557,474 |
| Booster station | 226,837 | 6,421 | 26,325 | 206,933 |
| Pilot knob cottage | 89,014 | 12,092 | - | 101,106 |
| Tools and equipment | 969,341 | 75,314 | 60,794 | 983,861 |
| Trucks | 240,415 | 42,696 | 46,074 | 237,037 |
| Furniture and equipment | 2,463 | 7 | - | 2,470 |
| Computer system | 11,253 | 3,642 | - | 14,895 |
| **North Plant** | | | | |
| Buildings and equipment | 3,626,489 | 141,154 | 22,446 | 3,745,197 |
| Softening equipment | 458,366 | 14,981 | - | 473,347 |
| Intake building | 1,188,447 | 41,887 | 299,182 | 931,152 |
| Computer system | 622,648 | 53,012 | 293,933 | 381,727 |
| Tools and equipment | 90,550 | 3,654 | 4,052 | 90,152 |
| Trucks | 22,732 | - | - | 22,732 |
| Furniture and equipment | 4,451 | 233 | 1,710 | 2,974 |
| Purification | 2,145,165 | 76,031 | - | 2,221,196 |
| **South Plant** | | | | |
| Buildings and equipment | 5,354,841 | 169,102 | 420,768 | 5,103,175 |
| Lagoons | 231,109 | 7,185 | 8,425 | 229,869 |
| Wells | 1,855,202 | 198,037 | - | 2,053,239 |
| Computer system | 339,447 | 53,231 | - | 392,678 |
| Tools and equipment | 72,135 | 6,889 | 14,196 | 64,828 |
| Trucks | 46,872 | 6,900 | - | 53,772 |
| Furniture and equipment | 9,561 | 398 | - | 9,959 |
| Purification | 1,773,049 | 76,291 | 170 | 1,849,170 |
| Pumping | 170,539 | 40,707 | - | 211,246 |
| Softening equipment | 153,913 | 25,245 | 18,878 | 160,280 |
| Hwy 5 Building and equipment | 8,141 | 1,142 | - | 9,283 |
| **Total accumulated depreciation** | **30,095,324** | **1,704,716** | **1,260,773** | **30,539,267** |
| **Total capital assets, being depreciated, net** | **41,682,941** | **(244,609)** | **423,965** | **41,014,367** |
| **Total capital assets, net** | **$ 43,577,531** | **$ 1,930,772** | **$ 997,209** | **$ 44,511,094** |

Depreciation and amortization expense for the years ended December 31, 2024 and 2023, was $1,745,021 and $1,710,667, respectively.

## 7. DEFINED BENEFIT PENSION PLAN

**Plan description**

The Kansas Public Employees Retirement System (KPERS, or the System) is a body corporate and an instrumentality of the State of Kansas. KPERS is the administrator of a cost-sharing multiple-employer defined benefit pension plan (Pension Plan), as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans. KPERS financial statements are included in its Annual Comprehensive Financial Report which can be found on the System's website at www.kpers.org.

KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, Article 49:

- Public employees include:
  - State/school employees
  - Local employees
- Police and firemen
- Judges

Substantially all public employees in Kansas are covered by the Pension Plan. The State of Kansas and Kansas public schools are required to participate, while participation by local political subdivisions is optional, but irrevocable once elected.

**Benefits**

Benefits are established by statute and may only be changed by the Legislature. Members (except Police and Firemen) with ten or more years of credited service, may retire as early as age 55 (Police and Firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member's combined age and years of credited service equal 85 "points" (Police and Firemen normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service).

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Members who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74 4922.

Members choose one of seven payment options for their monthly retirement benefits. At retirement, a member may receive a lump sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc postretirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current members and employers. A new cash balance retirement plan (KPERS 3) was created for new hires starting after January 1, 2015. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

**Contributions**
Member contribution rates are established by state law, and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined based on the results of an annual actuarial valuation for each of the three statewide pension groups. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers, which includes the state and the school employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll.

The actuarially determined employer contribution rates and the statutory contribution rates for local employees is 9.26%.

**Employer and nonemployer allocations**
Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State
- School
- Local
- Police and Firemen
- Judges

To facilitate the separate (sub) actuarial valuations, the System maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer. The allocation percentages for each group as of June 30, 2024, are based on the ratio of each employer's contributions to total employer and nonemployer contributions of the group for the fiscal year ended June 30, 2024. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. The employer allocation percentages have been rounded for presentation purposes. Therefore, use of these percentages to recalculate individual employer amounts presented in the schedules of pension amounts by employer and

nonemployer may result in immaterial differences due to rounding.

At June 30, 2024, the Board's proportion was 0.09432%, which was a decrease of 0.006225 from its proportion measured as of June 30, 2023.

**Receivables**

In addition to statutorily determined contractually required contributions, certain agencies also make payments through an additional component of their required employer contribution rate or annual installment payments. Both options include interest at 8 percent per year, for the cost of service credits granted retroactively when the agency initially joined the Retirement System. As of June 30, 2024, the outstanding balance was $1,222,980. These payments are due over various time periods up through December 31, 2032.

**Actuarial assumptions**

The total pension liability was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

| Assumptions | Rate |
|---|---|
| Actuarial Cost Method | Entry age normal |
| Inflation | 2.75 percent |
| Salary Increase | 3.50 to 15.50 percent, including price inflation |
| Investment Rate of Return | 7.00 percent compounded annually, net of investment expense, including price inflation |

Mortality rates were based on the PUB 2010 Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2021.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, dated January 29, 2024, as provided by KPERS' investment consultant, are summarized in the following table:

| Asset Class | Long-term Target Allocation | Long-term expected real rate of return |
|---|---|---|
| Non-U.S. Equities | 43.00 % | 8.20 % |
| Core Fixed Income | 13.00 % | 2.20 % |
| Yield Driven | 12.00 % | 5.30 % |
| Infrastructure | 3.00 % | 6.80 % |
| Real Estate | 15.00 % | 5.70 % |
| Alternatives | 11.00 % | 12.00 % |
| Short-Term Investments | 3.00 % | 0.30 % |
| Total | 100.00 % | |

**Discount rate**

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate was based on member and employer contributions as outlined below.

In KPERS, the Local, Kansas Police and Firemen, and Judges groups are contributing at the full actuarial contribution rate. However, the State/School groups do not necessarily do so.

Based on legislation first passed in 1993, the employer contribution rates certified by KPERS Board may not increase by more than the statutory cap. Subsequent legislation in 2012 set the statutory cap at 0.90 percent for Fiscal Year 2014, 1.00 percent for Fiscal Year 2015, 1.10 percent for Fiscal Year 2016 and 1.20 percent for Fiscal Years 2017 and beyond.

In recent years, the Legislature has made several changes to statutory rates that deviate from the scheduled contribution increases set under the statutorily capped rates.

In 2015, S.B. 4, reduced the previously certified State/School statutory rate from 11.27 percent to 8.65 percent for the last half of Fiscal Year 2015. That same session, S.B. 228 recertified statutory rates to 10.91 percent for Fiscal Year 2016 and 10.81 percent for Fiscal Year 2017 in anticipation of the issuance of $1.0 billion in pension obligation bonds.

Legislation in the 2016 session (S.B. 161) provided for the delay of up to $100.0 million in State and School contributions to the Retirement System for Fiscal Year 2016. Concurrently, 2016 H. Sub for S.B. 249 provided that the delayed contributions would be paid in full, with interest at 8.00 percent, by June 30, 2018. However, legislation passed by the 2017 Legislature removed the repayment provision. In addition, 2017 S. Sub for H.B. 2052 delayed $64.0 million in Fiscal Year 2017 contributions, to be paid over 20 years in level dollar installments. The first-year payment of $6.4 million was paid in full at the beginning of Fiscal Year 2018, and appropriations for Fiscal Year 2018 were made for the State/School group at the statutory contribution rate of 12.01 percent for that year.

Additional legislation in the 2017 Session (S. Sub for H.B. 2002) provided for a reduction of $194.0 million from the previously certified contribution rate of 13.21 percent in the State/School contributions for Fiscal Year 2019. Like the Fiscal Year 2017 reduction, it is to be paid back over a 20-year period, beginning in Fiscal Year 2020. Therefore, both reductions will be accounted for as receivables by the System.

The 2018 Legislature passed H. Sub for S.B. 109 that provided additional contributions to the school group of $56.0 million in Fiscal Year 2018 and $82.0 million in Fiscal Year 2019.

The 2019 Legislature passed S.B. 9 that provided additional contributions to the school group of $115.0 million in Fiscal Year 2019. H. Sub for S.B. 25 from the 2019 Legislative session authorized additional funding for the KPERS School Group in Fiscal Year 2020 of $51.0 million.

The 2021 Legislature passed H.B. 2405, which authorizes the state of Kansas to issue bonds with net proceeds of $500.0 million to fund a portion of the School's unfunded actuarial liability. S.B. 159 recertified the State/School contribution rates for Fiscal Years 2022 and 2023. Fiscal Year 2022 was recertified from 14.09 percent to 13.33 percent and Fiscal Year 2023 from 13.86 percent to 13.11 percent. The bond proceeds were received by KPERS on August 26, 2021.

The 2022 Legislature passed S.B. 421, which authorized the state of Kansas to transfer $1.125 billion from

the State General Fund directly to KPERS in Fiscal Years 2022 and 2023. The first $253.9 million pays off the outstanding accounts receivable for KPERS-School employer contributions withheld in Fiscal Year 2017 and Fiscal Year 2019, discussed previously, while the remaining $871.1 million is applied to the KPERS-School unfunded actuarial liability. In Fiscal Year 2022, $600.0 million was transferred to the System. In Fiscal Year 2023 S.B. 421 authorized transfers totaling $271.0 million. These transfers are included in the cash flows.

The 2023 Legislature passed H.B. 2196, which expanded the Deferred Retirement Option Plan (DROP) in KP&F to include all of that System's employers as of April 17, 2023. Under that same Bill, the Kansas Department of Wildlife and Parks (KDWP) became an affiliated KP&F employer making certain law enforcement positions in the Agency eligible for KP&F future service participation as of July 1, 2023. H.B 2100 was also passed, defining and establishing limits on environmental, social and governance factors when entering into contracts (including investment contracts) and when making proxy votes on behalf of the System. This latter change was not expected to materially affect the asset allocation. Neither act impacted the valuation results.

The 2024 Legislature passed H.B. 2711 that increased both the lump sum retiree death benefit from $4,000 to $6,000 and employer contribution rates for State/School for FY 2025 and FY 2026 and for Local employers for CY 2025 to fund this benefit improvement. The Bill also increased the employer contribution threshold for the 30% Working After Retirement (WAR) rate from $25,000 to $40,000; and the earnings limit for KP&F retirees from $25,000 to $40,000; while creating an exemption from employer contributions for nurses and direct support workers at Community Development Disability Organizations (CDDOs). Further, the Bill increased the alternative investment cap from 15% to 25% and requires the System to divest all publicly traded securities held in funds by countries of concern. None of the changes from this legislation had any impact on the valuation.

Based on the employer contribution history described above, it is a reasonable assumption that the State/School group's contribution rate may not be certified at the statutory rate at some point in the future. It has been assumed that the contribution rates will be made within the same range as have been seen in the past few years. Using this assumption, actuarial modeling indicates that employer contribution rates for the State/School group are sufficient to avoid a depletion date.

**Sensitivity of the net pension liability to changes in the discount rate**

The following presents the net pension liability of the Pension Plan as of June 30, 2024, calculated using the discount rate of 7.00 percent, as well as what the Pension Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate:

| 1% Decrease | Discount Rate | 1% Increase |
|---|---|---|
| 6% | 7% | 8% |
| $ 2,900,626 | $ 2,003,573 | $ 1,253,882 |

**Collective deferred outflows and inflows of resources**

The following table provides the combined deferred outflows/(inflows), as of June 30, 2024, that will be recognized in pension expense in future years:

| | | |
|---|---|---|
| **Deferred Outflows of Resources** | | |
| Difference between expected and actual difference | $ | 243,722 |
| Net difference between projected and actual earnings on pension plan investments pension plan investments | | 12,275 |
| Changes in assumptions | | 121,106 |
| Changes in proportion | | 8,406 |
| **Total** | | **385,509** |
| **Deferred Inflows of Resources** | | |
| Changes in proportion | | 132,215 |
| **Total** | | **132,215** |
| **Net deferred outflows (inflows) of resources** | **$** | **253,294** |

An amount of $108,839 reported as deferred outflows of resources related to pensions resulting from the Board's contributions subsequent to the measurement date will be recognized within the balance for the year ending December 31, 2024.

Net deferred outflows (inflows) of resources by year to be recognized in future pension expenses are as follows (not including contributions subsequent to the measurement date):

| Year Ending December 31, | | Deferred Inflows/Outflows of Resources |
|---|---|---|
| 2025 | $ | 59,414 |
| 2026 | | 173,712 |
| 2027 | | 26,816 |
| 2028 | | (6,648) |
| | **$** | **253,294** |

**Pension expense**

For the year ended December 31, 2024 and 2023, the Board recognized pension expense of $291,440 and $298,246, respectively. This figure includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows and deferred inflows of resources for the current period.

**8. LONG-TERM DEBT**

In January 2019, the Waterworks Board obtained a loan with the Kansas Public Water Supply Loan Fund with interest and service fees of 2.38%, with the purpose of water system improvements.

The following is a summary of changes in this loan for the year ended December 31:

| 2024 | | | | | |
|---|---|---|---|---|---|
| | Balance at beginning of year | Proceeds | Payments | Balance at end of year | Interest and service fees expense |
| Kansas Public Water Supply Loan Fund | $ 6,139,376 | $ - | $ 286,568 | $ 5,852,808 | $ 144,942 |

| 2023 | | | | | |
|---|---|---|---|---|---|
| | Balance at beginning of year | Proceeds | Payments | Balance at end of year | Interest and service fees expense |
| Kansas Public Water Supply Loan Fund | $ 6,419,244 | $ - | $ 279,867 | $ 6,139,377 | $ 148,347 |

The annual debt service requirements to maturity for this loan as of December 31, 2024 are as follows:

| | 2025 | 2026 | 2027 | 2028 | 2029 | 2030-2034 | 2035-2039 | 2039-2041 | Total |
|---|---|---|---|---|---|---|---|---|---|
| Principal | $ 293,429 | $ 300,454 | $ 307,648 | $ 315,013 | $ 322,555 | $ 1,732,379 | $ 1,949,929 | $ 631,401 | $ 5,852,808 |
| Interest and fees | 137,561 | 130,536 | 123,343 | 115,977 | 108,435 | 422,574 | 205,023 | 15,086 | 1,258,535 |
| **Total** | **$ 430,990** | **$ 430,990** | **$ 430,991** | **$ 430,990** | **$ 430,990** | **$ 2,154,953** | **$ 2,154,952** | **$ 646,487** | **$ 7,111,343** |

The Waterworks Board has certain loan covenants with the agreement requiring total revenue available for debt service, as defined in the agreement, of at least 140% of debt requirements. This amount was 421% for the year ended December 31, 2024.

In March 2022, the Board obtained a loan agreement with the Kansas Public Water Supply Loan Fund for $5,800,000 with interest and services fees of 1.34%. In January 2023, the loan was amended and increased to $7,000,000 with no change to service fees. Draws began during 2024, and the following schedule is a summary of changes for the year ended December 31, 2024:

| 2024 | | | | | |
|---|---|---|---|---|---|
| | Balance at beginning of year | Proceeds | Payments | Balance at end of year | Interest and service fees expense |
| Kansas Public Water Supply Loan Fund | $ - | $ 901,638 | $ 397,757 | $ 503,881 | $ 4,525 |

As the loan proceeds were only $901,638 of the total $7,000,000, the Kansas Public Water Supply Loan Fund has not provided an amortization schedule for the amounts due in future years. As of December 31, 2024, $311,516 is included in the current portion of notes payable on the statement of net position.

## 9. ACCRUED SLUDGE REMOVAL AND WELL TREATMENT EXPENSE

### Accrued sludge removal

Water is softened at both water treatment plans to remove carbonate hardness and organics from the water. The by-product of the treatment process is lime sludge, which is largely the chemical equivalent of limestone and water. Since 1948, lime sludge generated at the North Plant has been discharged directly into the Missouri River at a point just east of the treatment plant.

Lime sludge generated by the South Plant is temporarily stored in four lagoons (ponds) near the plant. When each lagoon is filled, and following a period of settlement and drying, the sludge is excavated from the filled lagoons and transported periodically to nearby agricultural land where it is applied as a soil amendment to promote commercial crop production.

To provide for these costs and charge current operations, the Board has established an accrued expense liability entitled Accrued Sludge Removal. The Board believes this amount is reasonable for future sludge removal costs.

At December 31, 2024 and 2023, the accrued sludge removal totaled $482,820 and $303,850, respectively.

**Well treatment expenses**
At December 31, 2024 and 2023, accrued well treatment expenses totaled $156,138 for both years.

**10. COMMITMENTS**

The Board has entered into various contracts for future infrastructure improvements.

**11. RECENTLY ADOPTED ACCOUNTING PRONOUCEMENTS**

GASB issued Statement No. 101, *Compensated Absences,* which provides guidance on unified recognition and a measurement model that will more appropriately reflect when a government incurs an obligation for compensated absences. GASB Statement No. 101 is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The Board implemented GASB Statement No. 101 as of January 1, 2024. Compensated absences are further discussed in Note 2.

As of December 31, 2024, GASB has issued a statement that is not yet effective for Leavenworth Waterworks Board and has not yet been implemented but will impact Leavenworth Waterworks Board's financial statements. The statement is as follows:

GASB issued Statement No. 102, *Certain Risk Disclosures,* which provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. GASB Statement No. 102 is effective for fiscal years beginning after June 15, 2024 and all reporting periods thereafter.

**12. SUBSCRIPTION-BASED IT ARRANGEMENTS**

The Board has entered into subscription-based information technology arrangements (SBITAs) involving a cloud-based customer portal and credit card processing software. The total costs of the Board's subscription assets are recorded at $101,981 less accumulated amortization of $67,987.

Future subscription payments under the SBITA agreement are as follows:

| Year Ending December 31, | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 30,420 | $ 940 | $ 31,360 |
| **Total** | **$ 30,420** | **$ 940** | **$ 31,360** |

## 13. PRIOR PERIOD ADJUSTMENT

During 2024, it was discovered that $425,430 patron contributions should have been recorded within the year ended December 31, 2023. As a result, patron contributions, net capital assets, and net investment in capital assets were understated by $425,430. An adjustment has been made to correct the error, and the 2023 financial statements have been restated.

## 14. RECLASSIFICATION

Certain prior year amounts have been reclassified to conform to the current year presentation and to more accurately represent the financial statements.

## 15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 9, 2025, the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

## LEAVENWORTH WATERWORKS BOARD

## REQUIRED SUPPLEMENTARY INFORMATION

| December 31, | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| Proportionate share of the net pension liability | 0.094 % | 0.101 % | 0.100 % | 0.106 % | 0.112 % |
| Proportionate share of the net pension liability | $ 2,003,573 | $ 2,109,339 | $ 1,983,472 | $ 1,268,570 | $ 1,941,554 |
| Covered-employee payroll | $ 2,232,843 | $ 2,188,931 | $ 2,102,588 | $ 2,017,045 | $ 2,122,430 |
| Proportional share of the net pension liability as a percentage of covered payroll | 89.73 % | 96.36 % | 94.33 % | 62.89 % | 91.48 % |
| Plan fiduciary net position as a percentage of the total pension liability | 72.75 % | 70.70 % | 69.75 % | 76.40 % | 66.30 % |

| December 31, | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| Proportionate share of the net pension liability | 0.107 % | 0.00117 | 0.00109 | 0.00114 | 0.00114 |
| Proportionate share of the net pension liability | $ 1,488,816 | $ 1,641,912 | $ 1,577,643 | $ 1,760,411 | $ 1,498,026 |
| Covered-employee payroll | $ 2,127,993 | $ 2,184,946 | $ 2,084,524 | $ 1,929,999 | $ 1,867,358 |
| Proportional share of the net pension liability as a percentage of covered payroll | 69.96 % | 75.15 % | 75.68 % | 91.21 % | 80.22 % |
| Plan fiduciary net position as a percentage of the total pension liability | 69.88 % | 68.88 % | 67.12 % | 65.10 % | 64.95 % |

| Fiscal Year Ending | Actuarially Determined Contribution (a) | Contributions in Relation to the Statutorily Required Contribution (b) | Contribution Deficiency (Excess) (a-b) | Covered Payroll (d) | Contributions as a Percentage of Covered Payroll (b/d) |
|---|---|---|---|---|---|
| December 31, 2015 | $ 174,467 | $ 174,467 | $ - | $ 1,867,358 | 9.34 % |
| December 31, 2016 | 182,023 | 182,023 | - | 1,929,999 | 9.43 % |
| December 31, 2017 | 170,367 | 170,367 | - | 2,084,524 | 8.17 % |
| December 31, 2018 | 177,636 | 177,636 | - | 2,184,946 | 8.13 % |
| December 31, 2019 | 170,192 | 170,192 | - | 2,127,993 | 8.00 % |
| December 31, 2020 | 185,045 | 185,045 | - | 2,122,430 | 8.72 % |
| December 31, 2021 | 178,123 | 178,123 | - | 2,017,045 | 8.83 % |
| December 31, 2022 | 178,166 | 178,166 | - | 2,102,588 | 8.47 % |
| December 31, 2023 | 189,077 | 189,077 | - | 2,188,931 | 8.64 % |
| December 31, 2024 | 189,077 | 189,077 | - | 2,232,843 | 8.47 % |

**SUPPLEMENTARY INFORMATION**

## LEAVENWORTH WATERWORKS BOARD

## ADDITIONAL INFORMATION

| SCHEDULE OF COSTS OF PRODUCTION | 2024 | 2023 |
|---|---|---|
| **Pumping costs** | | |
| Utilities | $ 534,924 | $ 539,553 |
| Repairs | 117,706 | 98,855 |
| Insurance | 92,485 | 90,726 |
| **Total pumping costs** | 745,115 | 729,134 |
| **Purification costs** | | |
| Chemicals | 317,102 | 424,136 |
| Repairs to equipment | 72,799 | 87,406 |
| Water analysis | 20,015 | 24,684 |
| Other expense | 2,717 | 976 |
| **Total purification costs** | 412,633 | 537,202 |
| **Softening costs** | | |
| Chemicals | 463,665 | 453,271 |
| Sludge removal - lagoons | 178,969 | 264,849 |
| Repairs to equipment | 56,842 | 71,090 |
| **Total softening costs** | 699,476 | 789,210 |
| **General plant costs** | | |
| Operators salaries | 1,116,696 | 992,924 |
| Payroll expense | 508,824 | 380,171 |
| Repairs | 116,513 | 92,616 |
| Other | 32,538 | 14,725 |
| **Total general plant costs** | 1,774,571 | 1,480,437 |
| **Total costs of production** | $ 3,631,795 | $ 3,535,982 |

**LEAVENWORTH WATERWORKS BOARD**

**ADDITIONAL INFORMATION**

| SCHEDULE OF DISTRIBUTION AND ADMINISTRATION EXPENSES | 2024 | 2023 |
|---|---|---|
| **Distribution expense before depreciation** | | |
| Salaries | $ 807,229 | $ 841,334 |
| Repairs - booster, mains, valves, lines, and meters | 693,066 | 562,394 |
| Payroll expense | 164,611 | 308,535 |
| Insurance | 54,811 | 54,839 |
| Utilities | 42,659 | 41,716 |
| Building maintenance and supplies | 38,176 | 32,292 |
| Truck and heavy equipment expense | 14,968 | 18,759 |
| Training, dues, and subscriptions | 31,698 | 26,316 |
| Miscellaneous | 5,653 | 6,481 |
| Small tools and equipment expense | 23,503 | 22,412 |
| Uniforms | 7,365 | 6,849 |
| Terminated service | 18,149 | 47,551 |
| Travel | - | 49 |
| **Total distribution expense before depreciation** | $ 1,901,888 | $ 1,969,527 |
| **Administration expense before depreciation** | | |
| Salaries | $ 423,672 | $ 408,187 |
| Computer and technology expense | 141,015 | 146,713 |
| Payroll expense | 202,891 | 163,205 |
| Office expense | 89,603 | 100,197 |
| Legal and professional services | 32,929 | 41,588 |
| Utilities - office | 24,047 | 40,292 |
| Training, dues, and subscriptions | 33,059 | 26,396 |
| Insurance and fidelity bonds | 22,901 | 21,986 |
| Repairs | 9,484 | 18,131 |
| Miscellaneous | 34,491 | 27,594 |
| Traveling expense | 2,954 | 682 |
| **Total administration expense before depreciation** | $ 1,017,046 | $ 994,971 |

**LEAVENWORTH WATERWORKS BOARD**

**ADDITIONAL INFORMATION**

| SCHEDULE OF INVESTMENTS | | Balance 12/31/2023 | | Net Additions | | Balance 12/31/2024 |
|---|---|---|---|---|---|---|
| Certificates of Deposit | $ | 5,807,299 | $ | 250,023 | $ | 6,057,322 |
| Kansas Municipal Investment Pool | | 5,620,439 | | (939,475) | | 4,680,964 |
| U.S. Treasury STRIPS | | 558,255 | | 11,191 | | 569,446 |
| Accrued Interest | | 10,659 | | 12,920 | | 23,579 |
| Total | $ | 11,996,652 | $ | (665,341) | $ | 11,331,311 |