

**RURAL WATER DISTRICT NUMBER 4**  
**Osage County, Kansas**

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT

October 31, 2022 and 2021

**RURAL WATER DISTRICT NUMBER 4**  
**Osage County, Kansas**

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October 31, 2022 and 2021

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## INDEPENDENT AUDITOR'S REPORT

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

### Opinions

We have audited the accompanying financial statements of the business-type activities of Rural Water District Number 4, Osage County Kansas as of and for the year ended October 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Rural Water District Number 4, Osage County Kansas as of October 31, 2022 and 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

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

### Responsibilities of Management for the Financial Statements

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Rural Water District Number 4's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Rural Water District Number 4's ability to continue as a going concern for a reasonable period of time.

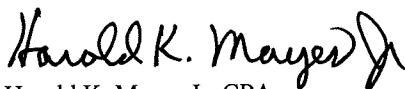
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **Required Supplementary Information**

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

#### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rural Water District Number 4's basic financial statements. The combining and individual non-major fund financial statements 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 basic 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 auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Harold K. Mayes Jr. CPA  
Agler & Gaeddert, Chartered  
Ottawa, Ks.  
April 28, 2023

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

<b>ASSETS</b>			
<b>Current Assets</b>		2022	2021
Cash	\$	<u>86,860</u>	\$ <u>60,805</u>
Savings Account		28,705	19,511
Certificates of Deposit		280,327	278,797
Accounts Receivable		<u>21,041</u>	<u>24,852</u>
Total current assets		<u>416,933</u>	<u>383,965</u>
<b>Property, Plant &amp; Equipment</b>			
Land		8,146	8,146
Office Furniture & Equipment		8,143	8,143
Buildings		45,293	45,293
Towers		252,750	252,750
Wells, Lines, Meters		<u>2,517,018</u>	<u>2,492,681</u>
		2,831,350	2,807,013
Accumulated Depreciation		<u>(1,625,761)</u>	<u>(1,572,204)</u>
Total Property, Plant & Equipment		<u>1,205,589</u>	<u>1,234,809</u>
Total Assets	\$	<u><u>1,622,522</u></u>	\$ <u><u>1,618,774</u></u>
<b>LIABILITIES &amp; NET POSITION</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$	0	\$ 852
Prepayments On Line Installations		0	3,723
Payroll Liabilities		<u>0</u>	<u>88</u>
Total Current Liabilities		<u>0</u>	<u>4,663</u>
<b>Net Position</b>			
Invested in Capital Assets, Net of Related Debt		1,205,589	1,234,809
Unrestricted Net Position		<u>416,933</u>	<u>379,302</u>
Total Net Position		<u>1,622,522</u>	<u>1,614,111</u>
Total Liabilities & Net Position	\$	<u><u>1,622,522</u></u>	\$ <u><u>1,618,774</u></u>

The accompanying notes are an integral part of this statement.

**Rural Water District Number 4**  
**Osage County, Kansas**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
For the Years Ended October 31,

	2022	2021
<b>Operating Revenues</b>		
Water Sales	\$ 129,170	\$ 140,654
Basic Service	102,590	100,251
Capital Improvement	9,326	9,186
Late Charges and Reconnect Fees	6,933	5,039
Other Water Sales	12,516	6,570
Total Revenues	<u>260,535</u>	<u>261,700</u>
<b>Cost of Sales</b>		
Cost of Water	49,733	56,765
Chemicals, Supplies & Fees	33,797	24,020
Total Cost of Sales	<u>83,530</u>	<u>80,785</u>
Gross Profit	<u>177,005</u>	<u>180,915</u>
<b>Operating Expenses</b>		
Wages & Payroll Taxes	62,311	54,008
Repairs & Maintenance	29,020	28,840
Vehicle Expenses	10,150	10,490
Utilities & Phone	16,701	14,857
Professional Services - Attorney & Accounting	4,230	6,530
Insurance	10,462	11,134
Supplies	3,364	1,783
Contract Labor	3,338	3,900
Small Equipment	780	5,570
Mileage Reimbursement	360	161
Office Supplies & Postage	947	3,943
Warranty Services	5,600	5,600
Dues & Memberships	512	516
Education/Training/Conference	1,094	480
Director Expenses	677	323
Box Rent/Bank Charges/Returned Checks	77	42
Other	536	119
Depreciation	53,557	76,377
Total Operating Expenses	<u>203,716</u>	<u>224,673</u>
Total Operating Income (Loss)	<u>(26,711)</u>	<u>(43,758)</u>
<b>Non-Operating Revenues (Expenses)</b>		
Rental Income	4,519	3,800
Interest Income	1,603	3,787
Total Non-Operating Income (Loss)	<u>6,122</u>	<u>7,587</u>
<b>Other Revenues and (Expenses)</b>		
Sales of Benefit Units	29,000	30,000
Net Income	<u>8,411</u>	<u>(6,171)</u>
Net Position, Beginning of Year	<u>1,614,111</u>	<u>1,620,282</u>
Net Position, End of Year	<u>\$ 1,622,522</u>	<u>\$ 1,614,111</u>

The accompanying notes are an integral part of this statement.

**Rural Water District Number 4**  
**Osage County, Kansas**  
**STATEMENTS OF CASH FLOWS**  
For the Year Ended October 31,

	2022	2021
<b>Cash flows from operating activities</b>		
Cash Received From Customers	\$ 260,623	\$ 270,037
Cash Paid For Water	(83,530)	(80,785)
Cash Paid to Suppliers	(88,700)	(97,329)
Cash Paid to Employees (Including Payroll Taxes & Benefits)	(62,399)	(53,928)
Net Cash Provided By (Used In) Operating Activities	<u>25,994</u>	<u>37,996</u>
<b>Cash flows provided by (used in) financing activities</b>		
Water benefit units proceeds	<u>29,000</u>	<u>30,000</u>
Net cash provided by (used in) financing activities	<u>29,000</u>	<u>30,000</u>
<b>Cash flows provided by (used in) investing activities:</b>		
Purchases of property and equipment (net of reimbursements)	(24,337)	(73,800)
Rental Income	4,519	3,800
(Increase) Decrease in certificates of deposit	(1,530)	0
Interest Income	<u>1,603</u>	<u>3,787</u>
Net cash provided by (used in) investing activities	<u>(19,745)</u>	<u>(66,213)</u>
Net increase (decrease) in cash and cash equivalents	35,249	1,783
Cash and cash equivalents, beginning of year	<u>80,316</u>	<u>78,533</u>
Cash and cash equivalents, end of year	\$ <u><u>115,565</u></u>	\$ <u><u>80,316</u></u>
<b>Cash Balances</b>		
Cash Operations	\$ 86,860	\$ 60,805
Savings	<u>28,705</u>	<u>19,511</u>
	\$ <u><u>115,565</u></u>	\$ <u><u>80,316</u></u>
<b>Reconciliations of operating income to net cash provided by (used in) operating activities</b>		
Operating income	\$ (26,711)	\$ (43,758)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	53,557	76,377
Changes in assets and liabilities not current affecting cash:		
(Increase) Decrease in accounts receivable	3,811	8,337
Increase (Decrease) in account payable	(852)	(3,041)
Increase (Decrease) in other payables	(3,723)	0
Increase (Decrease) in payroll liabilities	<u>(88)</u>	<u>81</u>
	\$ <u><u>25,994</u></u>	\$ <u><u>37,996</u></u>

The accompanying notes are an integral part of this financial statement.



**Rural Water District Number 4**  
Osage County, Kansas  
**NOTES TO FINANCIAL STATEMENTS**  
October 31, 2022 and 2021

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**1. Financial Reporting Entity**

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

**2. Government-wide and Fund Financial Statements**

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

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

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

**3. Measurement focus and Financial Statement Presentation**

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

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

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

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



**Rural Water District Number 4**  
Osage County, Kansas  
NOTES TO FINANCIAL STATEMENTS  
October 31, 2022 and 2021

**NOTE A. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICEIES - continued**

**4. Fund Types and Major Funds**

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

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

**5. Cash and Cash Equivalents**

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

**6. Accounts Receivable**

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

**7. Property, Plant and Equipment**

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

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

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

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

**8. Income Tax**

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

**9. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**10. Revenues**

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

**Rural Water District Number 4**  
Osage County, Kansas  
NOTES TO FINANCIAL STATEMENTS  
October 31, 2022 and 2021

**NOTE A. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**11. Deferred Outflows and Inflows of Resources**

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

**12. Restricted and Unrestricted Resources**

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

**NOTE B - ASSETS, LIABILITIES AND NET POSITION**

**1. Cash and Investments**

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

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

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

*Custodial credit risk – deposits:* Custodial credit risk is the risk that in the event of a bank failure, the District deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. There were no designated "peak periods" during the year. All bank deposits were legally secured at October 31, 2022 and 2021.

At October 31, 2022 and 2021, the carrying amount of the District's cash was \$395,892 and \$359,113 for October 31, 2022 and 2021 respectively. The bank balance was \$413,740 and \$357,625 as of October 31, 2022 and 2021 respectively. The bank balance was held by three banks, which reduces concentration of credit risk. The difference between carrying amount and bank balance is outstanding checks and deposits. Of the bank balance, \$413,740 and \$357,625 for October 31, 2022 and 2021 respectively was covered by federal depository insurance.

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

**Interest Rate Risk**

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

**Rural Water District Number 4**  
Osage County, Kansas  
NOTES TO FINANCIAL STATEMENTS  
October 31, 2022 and 2021

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

**1. Cash and Investments - continued**

**Credit Risk**

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

**2. Accounts Receivable**

Accounts receivable	2022	2021
Currently due from customers	\$ 9,085	\$ 22,729
Past due from customers	11,956	2,122
	<u>\$ 21,041</u>	<u>\$ 24,851</u>

**3. Capital Assets are detailed as follows:**

	2022			
Capital assets	Beginning Balance	Additions	Retirements	Ending Balance
Land	\$ 8,146	\$ 0	\$ 0	\$ 8,146
Office Furniture & Equipment	8,143	0	0	8,143
Buildings	45,293	0	0	45,293
Towers	252,750	0	0	252,750
Wells, Lines , Meters	2,492,681	24,337	0	2,517,018
Totals at cost	2,807,013	24,337	0	2,831,350
Accumulated depreciation:	1,572,204	53,557	0	1,625,761
Net Fixed Assets	<u>\$ 1,234,809</u>	<u>\$ (29,220)</u>	<u>\$ 0</u>	<u>\$ 1,205,589</u>

	2021			
Capital assets	Beginning Balance	Additions	Retirements	Ending Balance
Land	\$ 8,146	\$ 0	\$ 0	\$ 8,146
Office Furniture & Equipment	8,143	0	0	8,143
Buildings	45,293	0	0	45,293
Towers	252,750	0	0	252,750
Wells, Lines , Meters	2,418,881	73,800	0	2,492,681
Totals at cost	2,733,213	73,800	0	2,807,013
Accumulated depreciation:	1,495,827	76,377	0	1,572,204
Net Fixed Assets	<u>\$ 1,237,386</u>	<u>\$ (2,577)</u>	<u>\$ 0</u>	<u>\$ 1,234,809</u>

There were no impairment of capital assets as described above as of October 31, 2022 and 2021

**Rural Water District Number 4**  
Osage County, Kansas  
**NOTES TO FINANCIAL STATEMENTS**  
October 31, 2022 and 2021

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

**4. Compensated Absences**

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

The District does not have any employee benefits.

**NOTE C. - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**1. Budgetary Information**

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

**2. Compliance with Kansas Statutes**

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration of the Director of Accounts and Reports and interpretation by the County Attorney and legal representatives of the water district. There were no apparent statutory violations during the year ended October 31, 2022 and 2021.

**NOTE D. - OTHER INFORMATION**

**1. Contracts and Concentrations**

The District has a 40-year agreement with the Public Wholesale Water Supply District No. 12 (PWWSN 12) to purchase water in quantities as may be required by the District not to exceed 1,200,000 gallons per month. The District is required to purchase a minimum amount of 600,000 gallons of water per month. The District purchased 10,659,000 gallons for the year ended October 31, 2022 and 2021. For the year ended October 31, 2022 and 2021 the District purchases per month exceeded the 600,000 gallons minimum. Thus, the District was not required to pay any amount for being under the 600,000 gallons minimum. The rate paid by the District for October 31, 2022 and 2021 was \$5 per 1,000 gallons for a total of \$47,725 and \$52,633 for December 31, 2022 and 2021 respectively.

**2. Leases**

The District has a lease agreement whereby the District leases a well site. The lease shall remain in full force and effect as long as the premises are used for the production of water from any water wells. In consideration, the District (lessee) guarantees payment of \$1.08 per 1,000 gallons pumped, with the minimum annual amount being 3,000,000 gallons. The District agrees to pay the lessor for any gallons pumped over the minimum at a rate set by both the lessee and the lessor. In 2022 and 2021, the District pumped 3,212,963 gallons, from the Kistner Well Field. The Kistner's were charged a total of \$6,268 for water usage, which was included in water sales. Since the District exceeded the minimum number of gallons, no payment is due to Kistner for the current year end.

**Rural Water District Number 4**  
Osage County  
NOTES TO FINANCIAL STATEMENTS  
October 31, 2022 and 2021

**NOTE D. - OTHER INFORMATION - continued**

**3. Grants**

	Coffey County	Home Administration	Total
Balance, Beginning of Year	\$ 486,235	\$ 116,000	\$ 602,235
Additions	0	0	0
Reductions	<u>0</u>	<u>0</u>	<u>0</u>
Balance end of Year	<u>\$ 486,235</u>	<u>\$ 116,000</u>	<u>\$ 602,235</u>

**4. Risk Management**

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

**5. Related Party**

The board members of the District purchase water from the District. The District has an employee that also provides contracting services. During the year ended October 31, 2022 and 2021 the District paid \$35,935 for services.

**6. Net Position**

Net position in proprietary fund financial statements is classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through State statute. As of October 31, 2022 and 2021, the District did not have any restricted net positions.

**7. Subsequent Events**

Management has evaluated events through April 28, 2023 and has determined there are no significant events that require disclosure.

## **SUPPLEMENTARY INFORMATION**

**Rural Water District Number 4**  
**Osage County, Kansas**  
**SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET**  
**For the Year Ended October 31, 2022**

			Schedule 1
			Variance
	Budget	Actual	Favorable (Unfavorable)
<b>Operating Revenues</b>			
Water Sales	\$ 148,950	\$ 129,170	\$ (19,780)
Basic Service	108,000	102,590	(5,410)
Capital Improvement	10,080	9,326	(754)
Late Charges and Reconnect Fees	4,275	6,933	2,658
Other Water Sales	0	12,516	12,516
Total Operating Income	<u>271,305</u>	<u>260,535</u>	<u>(10,770)</u>
<b>Cost of Sales</b>			
Cost of Water	54,804	49,733	5,071
Chemicals & Supplies	12,600	33,797	(21,197)
Water Protection & Other Fees	3,100	0	3,100
Total Cost of Sales	<u>70,504</u>	<u>83,530</u>	<u>(13,026)</u>
Gross profit	<u>200,801</u>	<u>177,005</u>	<u>(23,796)</u>
<b>Operating Expenses</b>			
Wages & Payroll Taxes	62,616	62,311	305
Repairs & Maintenance	45,600	29,020	16,580
Vehicle Expenses	10,200	10,150	50
Utilities & Phone	12,100	16,701	(4,601)
Professional Services - Attorney & Accounting	2,483	4,230	(1,747)
Insurance	12,000	10,462	1,538
Supplies	0	3,364	(3,364)
Contract Labor	4,050	3,338	712
Small Equipment	0	780	(780)
Mileage Reimbursement	1,800	360	1,440
Office Supplies & Postage	4,744	947	3,797
Warranty Services	4,650	5,600	(950)
Dues & Memberships	490	512	(22)
Education/Training/Conference	1,400	1,094	306
Director Expenses	840	677	163
Box Rent/Bank Charges/Returned Checks	315	77	238
Other	315	536	(221)
Depreciation	46,311	53,557	(7,246)
Total Operating Expenses	<u>209,914</u>	<u>203,716</u>	<u>6,198</u>
Total Operating Income (Loss)	\$ <u>(9,113)</u>	\$ <u>(26,711)</u>	\$ <u>(17,598)</u>
<b>Non-Operating Revenues (Expenses)</b>			
Rental Income	4,100	4,519	(419)
Interest Income	7,893	1,603	(6,290)
Total Non-Operating Income (Loss)	<u>11,993</u>	<u>6,122</u>	<u>(6,709)</u>
<b>Other Revenues and (Expenses)</b>			
Sales of benefit units	0	29,000	29,000
Net Income	\$ <u><u>2,880</u></u>	\$ <u><u>8,411</u></u>	\$ <u><u>4,693</u></u>

See Independent Auditor's Report.



**Rural Water District Number 4**  
**Osage County, Kansas**  
**SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET**  
**For the Year Ended October 31, 2021**

			Schedule 1
			Variance
	Budget	Actual	Favorable (Unfavorable)
<b>Operating Revenues</b>			
Water Sales	\$ 148,950	\$ 140,654	\$ (8,296)
Basic Service	108,000	100,251	(7,749)
Capital Improvement	10,080	9,186	(894)
Late Charges and Reconnect Fees	4,275	5,039	764
Other Water Sales	0	6,570	6,570
Total Operating Income	<u>271,305</u>	<u>261,700</u>	<u>(9,605)</u>
<b>Cost of Sales</b>			
Cost of Water	54,804	56,765	(1,961)
Chemicals & Supplies	12,600	24,020	(11,420)
Water Protection & Other Fees	3,100	0	3,100
Total Cost of Sales	<u>70,504</u>	<u>80,785</u>	<u>(10,281)</u>
Gross profit	<u>200,801</u>	<u>180,915</u>	<u>(19,886)</u>
<b>Operating Expenses</b>			
Wages & Payroll Taxes	62,616	54,008	8,608
Repairs & Maintenance	45,000	28,840	16,160
Vehicle Expenses	10,200	10,490	(290)
Utilities & Phone	12,100	14,857	(2,757)
Professional Services - Attorney & Accounting	2,483	6,530	(4,047)
Insurance	12,600	11,134	1,466
Supplies	0	1,783	(1,783)
Contract Labor	4,050	3,900	150
Small Equipment	0	5,570	(5,570)
Mileage Reimbursement	1,800	161	1,639
Office Supplies & Postage	4,744	3,943	801
Warranty Services	4,650	5,600	(950)
Dues & Memberships	490	516	(26)
Education/Training/Conference	1,400	480	920
Director Expenses	840	323	517
Box Rent/Bank Charges/Returned Checks	315	42	273
Other	315	119	196
Depreciation	46,311	76,377	(30,066)
Total Operating Expenses	<u>209,914</u>	<u>224,673</u>	<u>(14,759)</u>
Total Operating Income (Loss)	\$ <u>(9,113)</u>	\$ <u>(43,758)</u>	<u>(34,645)</u>
<b>Non-Operating Revenues (Expenses)</b>			
Rental Income	4,100	3,800	300
Interest Income	7,893	3,787	(4,106)
Total Non-Operating Income (Loss)	<u>11,993</u>	<u>7,587</u>	<u>(3,806)</u>
<b>Other Revenues and (Expenses)</b>			
Sales of benefit units	0	30,000	30,000
Net Income	\$ <u><u>2,880</u></u>	\$ <u><u>(6,171)</u></u>	<u><u>(8,451)</u></u>

See Independent Auditor's Report.

**Rural Water District Number 4**  
**Osage County, Kansas**  
SCHEDULE OF STATISTICAL INFORMATION  
For the Year Ended October 31,

		<u>Schedule 2</u>
	<u>2022</u>	<u>2021</u>
Gallons Sold	19,712,000	15,637,000
Gallons Used In Clearing Lines Etc	843,000	1,224,000
Gallons Lost	3,210,000	2,958,000
Gallons Purchased/Produced	23,765,000	19,819,000
Water Loss Percentage	13.51%	14.93%
Number of Units	349	340
Average Monthly Customer's Water Bill	\$ 62	\$ 64
Average Monthly Costs & Expenses Per Customer	\$ 49	\$ 55
Average Monthly Gallons Used Per Customer	4,707	3,833

See Independent Auditor's Report.