

Acord Cox & Scott, LLC  
Certified Public Accountants

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**RURAL WATER DISTRICT NO. 9  
LEAVENWORTH COUNTY, KANSAS**

**Financial Statements for the  
Years Ended December 31, 2024 and 2023  
and Independent Auditors' Report**

**RURAL WATER DISTRICT NO. 9  
LEAVENWORTH COUNTY, KANSAS**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors and Members  
Rural Water District No. 9  
Leavenworth County, Kansas

We have audited the accompanying statements of net position of Rural Water District No. 9, Leavenworth County, Kansas (the "District"), as of December 31, 2024 and 2023, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2024 and 2023, and the results of its operations and its cash flows 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the financial Statements section of our report. We are required to be independent of the District and to meet our 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 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 the District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditors' 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 auditors' 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 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, including omissions, 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

*Other Matter: Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our 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.

*Acord Cox + Scott, LLC*

February 11, 2025

**RURAL WATER DISTRICT NO. 9  
LEAVENWORTH COUNTY, KANSAS**

**Management's Discussion and Analysis**

This section of the Rural Water District No. 9, Leavenworth County, Kansas annual financial report presents an analysis of the District's financial performance during the years ended December 31, 2024 and 2023. This information is prepared and presented in conjunction with the annual audited financial reports prepared by the District's independent auditing firm.

**Rural Water District No. 9 Financial Overview for 2024**

- The District's total assets increased by \$290,871 from \$3,229,181 in 2023 to \$3,520,052 in 2024.
- The District's total liabilities decreased by \$255,228 from \$624,030 in 2023 to \$368,802 in 2024.
- The District's operating revenues increased by \$398,136 from \$651,601 in 2023 to \$1,049,737 in 2024.
- The District's costs and operating expenses increased by \$14,739 from \$630,693 in 2023 to \$645,432 in 2024.

**Overview of the Financial Statements**

This report will include Management's Discussion and Analysis, Financial Statements for the years ended December 31, 2024 and 2023, along with the Independent Auditors' Report. The Independent Auditors' Report will include notes and supporting details for information presented in Management's Discussion and Analysis.

**Required Financial Statements**

The Financial Statements of the District report information by using accrual accounting practices. The Financial Statements conform to accounting principles that are generally accepted in the United States of America. The Statements of Net Position include information on the District's assets and liabilities and provides information about the types and amounts of investments (assets) secured and the obligations to the District's creditors (liabilities). The Statements of Revenues, Expenses, and Changes in Net Position exhibit the District's revenues and expenses for the years ended December 31, 2024 and 2023. The Statements of Cash Flows present information on the District's cash receipts, cash payments and changes in cash flow resulting from operations, investments and financing activities.

## Financial Analysis of the District

The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position present information on the District's financial condition. The District's net position is indicated by the difference between its assets and liabilities. An improvement in the District's financial condition is reflected in its increase of net position.

### Net Position

A summary of the District's Statements of Net Position is presented below.

**Table 1**  
**Condensed Statements of Net Position**

	2024	2023	Dollar Change	Percent Change
Current and Other Assets	991,358	1,076,896	(85,538)	-7.9%
Capital assets	2,505,002	2,120,001	385,001	18.2%
Deferred Outflows of Resources	23,692	32,284	(8,592)	-26.6%
<b>Total Assets and Deferred Outflows</b>	<b>3,520,052</b>	<b>3,229,181</b>	<b>290,871</b>	<b>9.0%</b>
Current Liabilities	26,010	269,837	(243,827)	-90.4%
Noncurrent Liabilities	337,165	346,141	(8,976)	-2.6%
Deferred Inflows of Resources	5,627	8,052	(2,425)	-30.1%
<b>Total Liabilities and Deferred Inflows</b>	<b>368,802</b>	<b>624,030</b>	<b>(255,228)</b>	<b>-40.9%</b>
<b>Total Net Position</b>	<b>3,151,250</b>	<b>2,605,151</b>	<b>546,099</b>	<b>21.0%</b>

Total assets increased by \$290,871 from \$3,229,181 in 2023 to \$3,520,052 in 2024. This is attributed to the positive change in net position that includes aid in construction and benefit unit contributions received during the year. Capital assets are a net result of all fixed assets, including 2024 additions, less accumulated depreciation.

Total liabilities decreased by \$255,228 from \$624,030 in 2023 to \$368,802 in 2024. This is attributed to the decrease in advance received for construction.

Total net position increased by \$546,099 from \$2,605,151 in 2023 to \$3,151,250 in 2024.

**Table 2**  
**Condensed Statements of Revenue, Expenses, And Changes in Net Position**

Operating Revenues	1,049,737	651,601	398,136	61.1%
Operating Expenses	(645,432)	(630,693)	(14,739)	2.3%
<b>Net Operating Income (Loss)</b>	<b>404,305</b>	<b>20,908</b>	<b>383,397</b>	1833.7%
Net Nonoperating Revenues	25,894	4,490	21,404	476.7%
<b>Income (loss) Before Capital Contributions</b>	<b>430,199</b>	<b>25,398</b>	<b>404,801</b>	1593.8%
Benefit Units	<b>115,900</b>	<b>85,400</b>	<b>30,500</b>	35.7%
<b>Change in Net Position</b>	<b>546,099</b>	<b>110,798</b>	<b>435,301</b>	392.9%
Beginning Net Position	2,605,151	2,494,353	110,798	4.4%
<b>Ending Net Position</b>	<b>3,151,250</b>	<b>2,605,151</b>	<b>546,099</b>	21.0%

The Statements of Revenues, Expenses, and Changes in Net Position represent revenue and expense items that affect the change in net position. As the information presented in Table 2 shows, income before capital contributions was \$430,199. Combined with capital contributions of \$115,900, the District reported an increase in net position of \$546,099 for the year ended December 31, 2024.

The District's total operating revenues increased by \$398,136 from \$651,601 in 2023 to \$1,049,737 in 2024. Total operating expenses increased by \$14,739 from \$630,693 in 2023 to \$645,432 in 2024. The major contributor to the increase in operating expenses was related to an increase in cost of water.

### **Additional Financial Information**

This financial report is designed to provide the District's patrons, investors and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact Rural Water District No. 9, Leavenworth County, KS Business Manager at P.O. Box 295, Tonganoxie, KS 66086.

**RURAL WATER DISTRICT NO. 9  
LEAVENWORTH COUNTY, KANSAS**

**STATEMENTS OF NET POSITION  
DECEMBER 31, 2024 AND 2023**

<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>2024</b>	<b>2023</b>
<b>CURRENT ASSETS</b>		
Cash	\$ 673,423	\$ 921,376
Certificate of deposit	258,361	101,331
Accounts receivable	48,479	44,151
Prepaid expense and other current assets	11,095	10,038
Total current assets	<u>991,358</u>	<u>1,076,896</u>
<b>CAPITAL ASSETS</b>		
Distribution system	3,032,541	2,541,664
Water tower	987,718	987,718
Buildings	401,277	394,738
Land	314,926	314,926
Equipment	253,088	253,088
Construction in process	90,664	44,114
Accumulated depreciation	(2,575,212)	(2,416,247)
Total noncurrent assets	<u>2,505,002</u>	<u>2,120,001</u>
Total assets	<u>3,496,360</u>	<u>3,196,897</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>23,692</u>	<u>32,284</u>
Total assets and deferred outflows of resources	<u>\$ 3,520,052</u>	<u>\$ 3,229,181</u>
 <b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>		
<b>CURRENT LIABILITIES</b>		
Current portion of long-term debt	\$ 10,302	\$ 9,926
Accounts payable	10,208	14,469
Payroll liabilities	5,500	4,942
Advance for construction	-	240,500
Total current liabilities	<u>26,010</u>	<u>269,837</u>
 LONG-TERM DEBT, less current portion	219,376	229,938
<b>NET PENSION LIABILITY</b>	<u>117,789</u>	<u>116,203</u>
Total liabilities	363,175	615,978
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>5,627</u>	<u>8,052</u>
Total liabilities and deferred inflows of resources	<u>368,802</u>	<u>624,030</u>
 <b>NET POSITION</b>		
Invested in capital assets, net of related debt	2,275,324	1,880,137
Unrestricted	875,926	725,014
Total net position	<u>\$ 3,151,250</u>	<u>\$ 2,605,151</u>

**RURAL WATER DISTRICT NO. 9  
LEAVENWORTH COUNTY, KANSAS**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024	2023
<b>OPERATING REVENUES</b>		
Water sales	\$ 643,219	\$ 601,197
Aid in construction	406,518	50,404
Total operating revenues	<u>1,049,737</u>	<u>651,601</u>
<b>OPERATING EXPENSES</b>		
Cost of water	70,801	52,242
Payroll and payroll taxes	139,935	133,486
Employee insurance and KPERs	25,339	27,272
Contract labor	78,862	63,877
Utilities	29,824	30,423
Office expenses	17,855	13,155
Repairs and maintenance	76,121	65,716
Machine hire	1,450	-
Professional fees	16,625	73,241
Insurance	23,533	21,022
Sales tax and water fees	5,235	5,287
Locates	888	925
Depreciation and amortization	158,964	144,047
Total operating expenses	<u>645,432</u>	<u>630,693</u>
NET OPERATING INCOME	<u>404,305</u>	<u>20,908</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest income	18,701	12,114
Miscellaneous	6,241	(6,402)
Rental income	8,943	7,473
Interest expense	(7,991)	(8,695)
Net non-operating revenues	<u>25,894</u>	<u>4,490</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS	430,199	25,398
BENEFIT UNITS	115,900	85,400
CHANGE IN NET POSITION	546,099	110,798
NET POSITION, BEGINNING OF YEAR	2,605,151	2,494,353
NET POSITION, END OF YEAR	<u>\$ 3,151,250</u>	<u>\$ 2,605,151</u>

**RURAL WATER DISTRICT NO. 9  
LEAVENWORTH COUNTY, KANSAS**

**STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<b>2024</b>	<b>2023</b>
<b>OPERATING ACTIVITIES:</b>		
Cash receipts from customers	\$ 804,909	\$ 891,445
Cash payments to suppliers for goods and services	(326,512)	(322,495)
Cash paid to employees	(156,963)	(148,266)
Net cash provided by operating activities	<u>321,434</u>	<u>420,684</u>
<b>CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Proceeds from sale of benefit units and aid in construction	115,900	85,400
Purchase of capital assets, net	(543,966)	(90,572)
Principal paid on note obligation	(10,186)	(9,481)
Interest paid	(7,991)	(8,695)
Miscellaneous	6,241	(6,402)
Net cash used in capital and related financing activities	<u>(440,002)</u>	<u>(29,750)</u>
<b>INVESTING ACTIVITIES:</b>		
Rent received	8,943	7,473
Purchase of certificate of deposit	-	(100,000)
Interest received	(138,328)	10,782
Net cash used in investing activities	<u>(129,385)</u>	<u>(81,745)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(247,953)</b>	<b>309,189</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>921,376</b>	<b>612,187</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ <u>673,423</u></b>	<b>\$ <u>921,376</u></b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Net operating income (loss)	\$ 404,305	\$ 20,908
Adjustments to reconcile net operating income (loss) to cash used by operating activities		
Depreciation and amortization	158,964	144,047
Changes in:		
Accounts receivable	(4,328)	(656)
Prepaid expenses	(1,057)	490
Accounts payable	(4,261)	2,903
Payroll liabilities	558	114
Advance for construction	(240,500)	240,500
Net pension liability	7,753	12,378
Net cash provided by operating activities	<u>\$ 321,434</u>	<u>\$ 420,684</u>

# LEAVENWORTH COUNTY RURAL WATER DISTRICT NO. 9

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2024 AND 2023

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### 1. DESCRIPTION OF ENTITY

- a. Organization and Description of Operations - Leavenworth County Rural Water District No. 9 (District), Tonganoxie, Kansas, is organized under Kansas law and is accounted for as an enterprise fund using the accrual basis of accounting. The District's purpose and objective is to acquire water and water rights, to build and acquire pipelines and for the purpose of furnishing water for domestic, agriculture, and/or other purposes. The District provides services to patrons in Leavenworth County, Kansas.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Basis of Presentation and Accounting - The District's financial statements are presented on the full accrual basis of accounting and conform to accounting principles generally accepted in the United States of America. The District has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Activities That Use Proprietary Fund Accounting*, to apply applicable GASB pronouncements, including GASB Statement No. 34, as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board, or any Accounting Research Bulletins, unless these pronouncements conflict with or contradict GASB pronouncements.

The accounts of the District are organized on the basis of a proprietary fund type, specifically an enterprise fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise the District's assets, liabilities, net position, revenues, and expenses.

The accounting and financial reporting treatment applied to the District is determined by its measurement focus. The transactions of the District are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations are included in the Statement of Net Position. Net position (i.e. total assets net of total liabilities) are segregated into invested capital assets, net of related debt; restricted for debt service; and unrestricted components.

- b. Cash Equivalents - For the purposes of the statement of cash flows the District defines cash as demand deposits and certificates of deposit at banks with maturities of three months or less.
- c. Accounts Receivable - Accounts receivable are amounts due from customers. All water meters are master-read by the District's operator prior to the end of the fiscal year. The adjustments are reflected in the year end balances. There is no allowance for doubtful accounts used because the District deems all accounts receivable collectible.
- d. Capital Assets - Property, plant and equipment are recorded at cost less accumulated depreciation. Improvements and betterments to existing property and equipment are capitalized. Expenditures for maintenance and repair which do not extend the life of the applicable assets are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful life of the asset. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income for the period. The District does not have a formal capitalization policy. The estimates useful lives of the types of assets is as follows:

Water distribution system 10-40 years  
Buildings, wells, standpipes 20-40 years  
Office equipment 3-10 years  
Vehicles 5 years

- e. Use of Estimates - Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.
- f. Compensated Absences - Employees are allocated paid time off for vacation depending on their years of service. On October 31st of each year, the District will buy back unused leave at 90% cash value of employee's hourly wage as long as the employee carries over four weeks of PTO into the next year. Employees also receive two sick days. Employees can carry over up to six sickdays, but they are not paid out at termination.
- g. Net Position - Net position is the difference between assets and liabilities. The District's net position is classified as follows:

*Invested in capital assets, net of related debt:* This represents the District's total investment in capital assets, net of related debt obligations related to those capital assets.

*Restricted net position –expendable:* Restricted expendable net position includes resources that have legal limitations that are imposed on their use by legislation or external restrictions by creditors or grantors to indicate that their use is limited as stipulated by contract.

*Unrestricted net position:* Unrestricted net position represents resources that does not meet the definition of "restricted" or "invested in capital assets, net of related debt". These resources are used for transactions relating to the operations of the District and may be used at the discretion of the governing body to meet current expenses for any lawful purpose.

- h. Budget - The District is not subject to the legal annual operating budget requirements, but is controlled by the use of an internal budget established by the governing body. As the District is not subject to these requirements, a comparison of actual to budget is not presented in the financial statements.
- i. Operating Revenues - The District's rates are established by the Board of Directors. The District sells water to members at established rates.
- j. Benefit Units - The District receives applications for new service from individuals and businesses in Leavenworth County. During the monthly board meetings these applications are reviewed and voted on. If an application is approved, the individual or business pays a \$6,100 membership fee and pays for construction costs related to the installation of the new service. These fees are non-reimbursable.
- k. Aid in Construction - Aid in construction represents contributions from the members to pay for construction of water main extensions. These are valued at acquisition value at the time of contribution. Substantially, all construction contributions executed provide for no refunds.
- l. Income Taxes – The District is considered a tax-exempt entity and is not subject to income taxes at either the federal or state level.
- m. Debt Issue Costs – Costs related to the issuance of debt are expensed as incurred.
- n. Subsequent Events - Management has evaluated subsequent events through the date of the Independent Auditors' Report, the date which the financial statements were available for issue and has concluded that there are no subsequent events that materially impact the financial statements.

### 3. CASH AND INVESTMENTS

Deposits – At December 31, 2024 and 2023, the District’s deposits were covered by federal depository insurance or by collateral held by the District’s agent in the District’s name.

Investments – State statutes also authorize municipalities to invest general operating monies in direct obligations of the United States government or its agencies or in repurchase agreements if local financial institutions are not able to pay the average Treasury bill rate. All investments must be insured, registered or held by the municipality or its agent in the municipality’s name.

### 4. CAPITAL ASSETS

The following is a summary of changes in the various capital asset categories for the years ended December 31, 2024 and 2023:

	<b>2023</b>	<b>Additions</b>	<b>Disposals &amp; Transfers</b>	<b>2024</b>
Construction in progress	44,114	46,550	-	90,664
Land	285,598	-	-	285,598
Water Distribution System	3,685,937	490,877	-	4,176,814
Buildings, Wells, Standpipes	394,738	6,539	-	401,277
Lagoons	38,620	-	-	38,620
Land Improvements	29,328	-	-	29,328
Office Equipment	16,571	-	-	16,571
Vehicles	41,342	-	-	41,342
	4,536,248	543,966	-	5,080,214
Less: Accumulated Depreciation	(2,416,247)	(158,965)	-	(2,575,212)
<b>Total Capital Assets, Net</b>	<b>2,120,001</b>	<b>385,001</b>	<b>-</b>	<b>2,505,002</b>

	<b>2022</b>	<b>Additions</b>	<b>Disposals &amp; Transfers</b>	<b>2023</b>
Construction in progress	44,114	-	-	44,114
Land	285,598	-	-	285,598
Water Distribution System	3,596,016	89,921	-	3,685,937
Buildings, Wells, Standpipes	394,738	-	-	394,738
Lagoons	38,620	-	-	38,620
Land Improvements	29,328	-	-	29,328
Office Equipment	15,920	651	-	16,571
Vehicles	41,342	-	-	41,342
	4,445,676	90,572	-	4,536,248
Less: Accumulated Depreciation	(2,272,201)	(144,046)	-	(2,416,247)
<b>Total Capital Assets, Net</b>	<b>2,173,475</b>	<b>(53,474)</b>	<b>-</b>	<b>2,120,001</b>

5. LONG-TERM DEBT

In October 2021, the District entered into a financing agreement with Community National Bank for a loan in the amount of \$260,000. The loan matures in October 2031 and bears interest at the rate of 3.50%. Monthly payments of \$1,515 began November 19, 2021. The proceeds of the loan were used to purchase land and refinance existing debt.

Long-term debt activity for the years ended December 31, 2024 and 2023 were as follows:

	2023	Additions	Retirements	2024	Current Portion	Interest Paid
Long-term debt	\$ 239,864		10,186	\$ 229,678	10,302	7,991

  

	2022	Additions	Retirements	2023	Current Portion	Interest Paid
Long-term debt	\$ 249,345		9,481	\$ 239,864	9,926	8,695

Scheduled maturities of long-term debt and interest through maturity are as follows:

	Principal	Interest	Total
2025	\$ 10,302	\$ 7,875	\$ 18,177
2026	10,669	7,508	18,177
2027	11,048	7,128	18,176
2028	11,422	6,755	18,177
2029	11,848	6,329	18,177
Thereafter	174,389	10,946	185,335
	\$ 229,678	\$ 46,541	\$ 276,219

6. DEFERRED BENEFIT PENSION PLAN

*Description of Pension Plan*

The District participates in the Kansas Public Employees Retirement System (KPERs), a cost-sharing multiple-employer defined benefit pension plan (Pension Plan), as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERs issues a stand-alone comprehensive annual financial report that includes financial statements and required supplementary information, and is available on the KPERs website at [www.kpers.org](http://www.kpers.org). Substantially all public employees in Kansas are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected. Those employees participating in the Pension Plan for the District are included in the local employee group.

*Benefits*

Benefits are established by statute and may only be changed by the Legislature. Members with ten or more years of credited service, may retire as early as age 55, 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".

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. The monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement 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. 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.

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 5 years of service or 60 with 30 years of service. Early retirement is available at age 55 with 10 years of service with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

### *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. 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. 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 for the fiscal year ended June 30, 2024.

For the years ended December 31, 2024 and 2023, the actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory employer capped contribution rate for local employees are 9.26% and 8.43%, respectively. The member contribution rate as a percentage of eligible compensation for the fiscal years ended June 30, 2024 and 2023 was 6.00% for local employees.

Contributions to the pension plan for the District were \$11,333 and \$10,416 for the years ended December 31, 2024 and 2023, respectively.

### *Employer Allocations*

Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial 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, KPERS 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 the District’s share of the collective pension amounts as of June 30, 2024 and 2023 are based on the ratio of its contributions to the total of the employer and nonemployer contributions of the group for the fiscal years ended June 30, 2024 and 2023.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments.

*Net Pension Liability*

Net pension liability activity for the years ended December 31 was as follows:

	<u>2024</u>	<u>2023</u>
Net Pension Liability	\$ 117,789	\$ 116,203
Measurement Date	June 30, 2024	June 30, 2023
Valuation Date	December 31, 2023	December 31, 2022
District’s Proportion	0.0055%	0.0055%
Change in Proportion	0.0000%	-0.0002%

*Actuarial Assumptions*

The actuarial valuation used the following actuarial assumptions applied to all periods included in the measurement:

Actuarial Cost Method	Entry age normal
Price inflation	2.75%
Salary increase	3.50 to 15.50 percent, including price inflation
Long-term rate of return, net of investment expense, and including price inflation	7.00%

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 and by adding expected inflation. 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:

<b>Asset Class</b>	<b>Long-Term Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Non-U.S. Equities	43.00%	8.20%
Alternatives	11.00	12.00
Infrastructure	3.00	6.80
Yield Driven	12.00	5.30
Real Estate	15.00	5.70
Fixed Income	13.00	2.20
Short-term investments	3.00	0.30
<b>Total</b>	<b><u>100%</u></b>	

#### *Discount Rate*

The discount rate used to measure the total pension liability for the years ended December 31, 2024 and 2023 was 7.00% and 7.00%, respectively. The local groups do not necessarily contribute the full actuarial determined rate. Based on legislation first passed in 1993 and subsequent legislation, the employer contribution rates certified by the Board may not increase by more than the statutory cap. The statutory cap was 1.2%.

#### *Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate*

For the years ended December 31, 2024 and 2023, the following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Discount rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
December 31, 2024	170,526	117,789	73,715
December 31, 2023	166,623	116,203	74,198

#### *Pension Expense*

For the years ended December 31, 2024 and 2023, the District recognized pension expense of \$21,139 and \$24,208, respectively, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

#### *Deferred Outflows of Resources and Deferred Inflows of Resources*

At December 31, 2024 and 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2024		2023	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between actual and expected experience	\$ 14,328	\$ -	\$ 9,660	\$ 16
Net differences between projected and actual earnings on investments	721	-	6,786	-
Changes of assumptions	7,120	-	12,316	-
Changes in proportion	1,523	5,627	3,522	8,036
	\$ 23,692	\$ 5,627	\$ 32,284	\$ 8,052

The following table provides the net deferred outflows/(deferred inflows) of resources that will be recognized in pension expense in future years:

Year Ended December 31	
2025	\$ 5,209
2026	10,182
2027	1,984
2028	690
2029	-
	\$ 18,065

## 7. LITIGATION

The District is party to various legal proceedings which normally occur in governmental operations. These proceedings are not likely to have a material financial impact on the affected fund of the District.

## 8. 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; injuries to employees and natural disasters. The District carries commercial insurance for risks of loss, including property, general liability, equipment floater, automobile, crime, workers compensation and linebacker. Settled claims have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance coverage from prior years.

## 9. MAJOR SUPPLIER

In 2014, the District entered into a 20-year contract with Suburban Water, Inc. to purchase water. The contract requires the District to purchase an annual minimum amount of 12,000,000 gallons. For the years ended December 31, 2024 and 2023, the District purchased a total of 17,388,000 and 13,941,000 gallons, respectively.

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**RURAL WATER DISTRICT NO. 9  
LEAVENWORTH COUNTY, KANSAS**

**REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2024**

Schedule of the District's Proportionate share of the Net Pension Liability  
Kansas Public Employees Retirement System (KPERs)\*

Fiscal Year-End	2024	2,023	2022	2021	2020	2019	2018	2017	2016	2015
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
The District's proportion of the collective net pension liability	0.0055%	0.0055%	0.0057%	0.0064%	0.0060%	0.0058%	0.0043%	0.0028%	0.0030%	0.0031%
The District's proportionate share of the net pension liability	\$ 117,789	\$ 116,203	\$ 113,676	\$ 77,289	\$ 104,227	\$ 81,396	\$ 59,863	\$ 41,716	\$ 46,318	\$ 40,599
The District's covered-employee payroll	\$ 121,769	\$ 116,564	\$ 114,445	\$ 120,038	\$ 115,631	\$ 107,715	\$ 76,974	\$ 51,100	\$ 50,705	\$ 51,729
The District's proportionate share of the collective net pension liability as a percentage of its covered-employee payroll	96.73%	99.69%	99.33%	64.39%	90.14%	75.57%	77.77%	81.64%	91.35%	78.48%
Plan fiduciary net position as a percentage of the total pension liability	72.75%	70.70%	69.75%	68.04%	66.30%	69.88%	68.88%	67.12%	65.10%	64.95%

Note: Information on this schedule is measured as of the measurement date.

Share of the District's Contributions  
Kansas Public Employees Retirement System (KPERs)\*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 11,333	\$ 10,416	\$ 10,211	\$ 10,852	\$ 9,934	\$ 9,304	\$ 6,476	\$ 4,505	\$ 4,789	\$ 4,729
Contributions in relation to the contractually required contribution	11,333	10,416	10,211	10,852	9,934	9,304	6,476	4,505	4,789	4,729
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The District's covered-employee payroll	\$ 121,769	\$ 116,564	\$ 114,445	\$ 120,038	\$ 115,631	\$ 107,715	\$ 76,974	\$ 51,100	\$ 50,705	\$ 51,729
Contributions as a percentage of covered-employee payroll	9.307%	8.936%	8.922%	9.040%	8.591%	8.638%	8.413%	8.816%	9.445%	9.142%

\*GASB 68 requires presentation of ten years.