

439 Water Supply Corporation

September 30, 2025 and 2024

Financial Statements



FINANCIAL STATEMENTS

439 WATER SUPPLY CORPORATION
STATEMENTS OF FINANCIAL POSITION
September 30, 2025 and 2024

	ASSETS	
	2025	2024
Current Assets		
Cash and cash equivalents	\$ 548,013	\$ 195,323
Investments	821,995	895,157
Accounts receivable, net of allowance for doubtful accounts of \$ 747 and \$ 747, respectively	272,212	299,229
Prepaid expenses	<u>40,661</u>	<u>34,854</u>
Total Current Assets	1,682,881	1,424,563
Property and Equipment		
Land	90,341	90,341
Buildings and fixtures	655,178	655,178
Office equipment	95,450	95,450
Vehicles and trailers	433,561	433,561
Water distribution system	10,693,686	10,595,825
Construction in progress	<u>134,723</u>	<u>134,723</u>
Less accumulated depreciation	<u>(6,924,102)</u>	<u>(6,459,776)</u>
Total Property and Equipment, net	5,178,837	5,545,302
Other Assets		
Restricted investments - debt reserves	230,000	230,000
Restricted investment - CoBank	<u>33,520</u>	<u>30,919</u>
Total Other Assets	<u>263,520</u>	<u>260,919</u>
Total Assets	<u><u>\$ 7,125,238</u></u>	<u><u>\$ 7,230,784</u></u>

The accompanying notes are an integral part of the financial statements.

LIABILITIES		2025	2024
Current Liabilities			
Current portion of long-term debt		\$ 108,204	\$ 104,575
Accounts payable		35,676	6,482
Accrued expenses		11,312	9,220
Deferred revenue		<u>68,751</u>	<u>68,751</u>
Total Current Liabilities		223,943	189,028
Long-Term Liabilities			
Long-term debt, net of current portion		<u>2,775,069</u>	<u>2,882,452</u>
Total Long-Term Liabilities		<u>2,775,069</u>	<u>2,882,452</u>
Total Liabilities		2,999,012	3,071,480
NET ASSETS			
Net Assets			
Without Member Restrictions:			
Undesignated		1,567,142	1,340,110
Net investment in property and equipment		2,295,564	2,558,275
Debt reserves		<u>263,520</u>	<u>260,919</u>
Total Net Assets		<u>4,126,226</u>	<u>4,159,304</u>
Total Liabilities and Net Assets		<u>\$ 7,125,238</u>	<u>\$ 7,230,784</u>

439 WATER SUPPLY CORPORATION
STATEMENTS OF ACTIVITIES
For the Years Ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Net Operating Revenues		
Operating revenues	\$ 3,181,127	\$ 2,893,882
Less cost of service	<u>1,460,651</u>	<u>1,033,078</u>
Net operating revenues	1,720,476	1,860,804
Expenses:		
<i>Program</i>		
Depreciation	440,913	456,581
Personnel and benefits	310,711	356,718
Maintenance	186,585	169,397
Interest expense	111,031	108,294
Utilities	83,567	75,661
Repairs	55,720	54,942
Supplies	37,888	47,914
Professional services	<u>90,192</u>	<u>11,206</u>
<i>Subtotal Program Expenses</i>	<u>1,316,607</u>	<u>1,280,713</u>
<i>General and Administrative</i>		
Personnel and benefits	207,140	237,812
Office expense	133,107	149,147
Insurance	57,358	40,362
Supplies	17,082	30,755
Depreciation	23,413	21,046
Professional services	16,595	15,480
Advertising	522	100
Other	9,336	6,270
Utilities	4,398	3,982
Travel	2,040	2,400
Meals	3,855	3,836
Education	2,467	4,079
Rental	<u>1,614</u>	<u>1,757</u>
<i>Subtotal General and Administrative Expenses</i>	<u>478,927</u>	<u>517,026</u>
Total Expenses	<u>1,795,534</u>	<u>1,797,739</u>
Other Income		
Interest and dividend income	34,708	40,827
Other income	<u>7,272</u>	<u>9,608</u>
Total Other Income	<u>41,980</u>	<u>50,435</u>
Changes in net assets	(33,078)	113,500
Net assets - beginning of year	<u>4,159,304</u>	<u>4,045,804</u>
Net assets - end of year	<u>\$ 4,126,226</u>	<u>\$ 4,159,304</u>

The accompanying notes are an integral part of the financial statements.

439 WATER SUPPLY CORPORATION
STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ (33,078)	\$ 113,500
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	464,326	477,627
(Increase) decrease in:		
Accounts receivable	27,017	(68,120)
Prepaid expenses	(5,807)	(7,441)
Other assets	(2,601)	(3,156)
Increase (decrease) in:		
Accounts payable	29,194	(107,006)
Accrued expenses	<u>2,092</u>	<u>656</u>
Net cash provided by operating activities	481,143	406,060
Cash Flows from Investing Activities		
Proceeds from sale of investments	723,452	450,178
Purchase of investments	(650,290)	(392,000)
Purchase of property and equipment	<u>(97,861)</u>	<u>(280,119)</u>
Net cash used by investing activities	(24,699)	(221,941)
Cash Flows from Financing Activities		
Payments on debt	<u>(103,754)</u>	<u>(100,810)</u>
Net cash used by financing activities	<u>(103,754)</u>	<u>(100,810)</u>
Net increase in cash and cash equivalents	352,690	83,309
Cash and cash equivalents - Beginning of Year	<u>195,323</u>	<u>112,014</u>
Cash and cash equivalents - End of Year	<u><u>\$ 548,013</u></u>	<u><u>\$ 195,323</u></u>

Supplemental Cash Flow Information

Interest paid in the years ended September 30, 2025 and 2024, totaled \$ 111,031 and \$ 108,294, respectively.

The accompanying notes are an integral part of the financial statements.

**439 WATER SUPPLY CORPORATION
NOTES TO FINANCIAL STATEMENTS**

4. Investments

Cost and fair value of investments securities at September 30, 2025 and 2024, are as follows:

	2025		2024	
	Fair Value	Historical Cost	Fair Value	Historical Cost
Certificate of deposits	\$ 818,659	\$ 818,659	\$ 891,822	\$ 891,822
CMO Securities	3,336	2,501	3,335	2,953
Total	\$ 821,995	\$ 821,160	\$ 895,157	\$ 894,775

Overall changes in investments are due to the maturity of bonds. The Corporation classifies it's investments as level 1.

5. Changes in Long-Term Debt

Long-term debt activity for the year ended September 30, 2025 was as follows:

	October 1, 2024	Additions	Reductions	September 30, 2025
	2024			2025
Notes Payable:				
USDA Loan	\$ 2,073,288	\$ -	\$ (43,913)	\$ 2,029,375
CoBank Loan	913,739	-	(59,841)	853,898
Total Notes Payable:	\$ 2,987,027	\$ -	\$ (103,754)	\$ 2,883,273

6. Long-Term Debt

Long-term debt at September 30, 2025 and 2024 consisted of the following:

	2025	2024
USDA - RD 4.125% construction note, dated September 14, 2005, is payable in monthly installments of \$ 10,725 through April 2051	\$ 2,029,375	\$ 2,073,288
CoBank - 2.9% construction note, dated May 19, 2015 is payable in monthly installments through May 2037	853,898	913,739
Less Current Portion	2,883,273 (108,204)	2,987,027 (104,575)
Long-Term Debt, net of current portion	\$ 2,775,069	\$ 2,882,452

**439 WATER SUPPLY CORPORATION
NOTES TO FINANCIAL STATEMENTS**

All assets of the Corporation are pledged as security for the above notes. The Corporation has certain debt covenants with both the USDA and CoBank. The Corporation was in compliance with all debt covenants as of September 30, 2025 and 2024.

Repayment of the long-term debt, at September 30, 2025, is scheduled as follows:

<u>Years Ending September 30,</u>	
2026	\$ 108,204
2027	111,964
2028	115,859
2029	119,893
2030	124,073
Thereafter	<u>2,303,280</u>
	<u><u>\$ 2,883,273</u></u>

7. Accrued Vacation and Sick Leave

The Corporation's employees earn vacation at the rate of two weeks a year for one to nine years of service, three weeks for 10-15 years of service, and four weeks after 15 years of service. Vacation days accrued cannot be carried over from one calendar year to the next. Upon termination, accrued vacation hours will be paid provided the employee gives written notice two weeks prior to termination. Management has not accrued vacation in the accompanying financial statements due to its opinion that any such amounts paid in cash upon termination would not be significant.

Sick leave accumulates at a rate of 12 days per year. Employees are not eligible to use sick leave until after six months of employment. Sick leave may be carried over from year to year up to a maximum of forty days. No accumulated sick leave will be paid to an employee upon termination of service with the Corporation and is therefore not accrued in the accompanying financial statements.

8. Deferred Revenue

The Corporation is selling 18 customer accounts to the WCID#3 in the amount of \$ 68,751. The Corporation received the sales proceeds in fiscal year 2014, however as of September 30, 2025, WCID#3 has not completed the necessary documentation to begin providing services to these customers. The revenue will be recognized when the transaction is complete.

439 WATER SUPPLY CORPORATION
STATEMENTS OF FINANCIAL POSITION
September 30, 2025, 2024, 2023, 2022, 2021 and 2020

	ASSETS	
	2025	2024
Current Assets		
Cash and cash equivalents	\$ 548,013	\$ 195,323
Investments	821,995	895,157
Accounts receivable, net	272,212	299,229
Prepaid expenses	40,661	34,854
Total Current Assets	<u>1,682,881</u>	<u>1,424,563</u>
Property and Equipment		
Land	90,341	90,341
Buildings and fixtures	655,178	655,178
Office equipment	95,450	95,450
Vehicles and trailers	433,561	433,561
Water distribution system	10,693,686	10,595,825
Construction in progress	134,723	134,723
	<u>12,102,939</u>	<u>12,005,078</u>
Less accumulated depreciation	(6,924,102)	(6,459,776)
Total Property and Equipment, net	<u>5,178,837</u>	<u>5,545,302</u>
Other Assets		
Restricted investments - debt reserves	230,000	230,000
Restricted investment - CoBank	33,520	30,919
Asset recovery- receivable	-	-
Total Other Assets	<u>263,520</u>	<u>260,919</u>
Total Assets	<u><u>\$ 7,125,238</u></u>	<u><u>\$ 7,230,784</u></u>
	LIABILITIES	
Current Liabilities		
Current portion of long-term debt	\$ 108,204	\$ 104,575
Accounts payable	35,676	6,482
Accrued expenses	11,312	9,220
Deferred revenue	68,751	68,751
Total Current Liabilities	<u>223,943</u>	<u>189,028</u>
Long-Term Liabilities		
Long-term debt, net of current portion	2,775,069	2,882,452
Asset recovery - payable	-	-
Total Long-Term Liabilities	<u>2,775,069</u>	<u>2,882,452</u>
Total Liabilities	<u>2,999,012</u>	<u>3,071,480</u>
	NET ASSETS	
Net Assets		
Without Member Restrictions:		
Undesignated	1,567,142	1,340,110
Net investment in property and equipment	2,295,564	2,558,275
Debt reserves	263,520	260,919
Total Net Assets	<u>4,126,226</u>	<u>4,159,304</u>
Total Liabilities and Net Assets	<u><u>\$ 7,125,238</u></u>	<u><u>\$ 7,230,784</u></u>

See independent auditor's report.

2023	2022	2021	2020
\$ 112,014	\$ 1,288,873	\$ 829,594	\$ 695,249
953,335	953,941	854,943	856,880
231,109	217,377	233,861	172,309
27,413	27,748	26,756	22,577
<u>1,323,871</u>	<u>2,487,939</u>	<u>1,945,154</u>	<u>1,747,015</u>
90,341	90,341	90,341	90,341
605,551	602,501	602,501	602,501
61,926	53,220	50,746	48,071
433,561	366,321	366,321	267,094
10,428,526	9,211,778	9,070,218	9,001,772
105,054	67,876	53,636	29,304
<u>11,724,959</u>	<u>10,392,037</u>	<u>10,233,763</u>	<u>10,039,083</u>
<u>(5,982,149)</u>	<u>(5,575,510)</u>	<u>(5,177,206)</u>	<u>(4,827,293)</u>
<u>5,742,810</u>	<u>4,816,527</u>	<u>5,056,557</u>	<u>5,211,790</u>
230,000	230,000	230,000	230,000
27,763	24,427	20,919	17,921
-	-	32,961	33,751
<u>257,763</u>	<u>254,427</u>	<u>283,880</u>	<u>281,672</u>
<u>\$ 7,324,444</u>	<u>\$ 7,558,893</u>	<u>\$ 7,285,591</u>	<u>\$ 7,240,477</u>
97,074	\$ 93,108	\$ 89,304	\$ 85,656
113,488	181,159	81,423	67,510
8,564	8,375	7,578	7,499
68,751	68,751	68,751	68,751
<u>287,877</u>	<u>351,393</u>	<u>247,056</u>	<u>229,416</u>
2,990,763	3,091,571	3,188,795	3,288,850
-	-	32,961	32,521
<u>2,990,763</u>	<u>3,091,571</u>	<u>3,221,756</u>	<u>3,321,371</u>
3,278,640	3,442,964	3,468,812	3,550,787
1,133,068	2,229,654	1,787,402	1,604,485
2,654,973	1,631,848	1,778,458	1,837,284
257,763	254,427	250,919	247,921
<u>4,045,804</u>	<u>4,115,929</u>	<u>3,816,779</u>	<u>3,689,690</u>
<u>\$ 7,324,444</u>	<u>\$ 7,558,893</u>	<u>\$ 7,285,591</u>	<u>\$ 7,240,477</u>

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	<u>2025</u>	<u>2024</u>
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Less cost of service	<u>1,460,651</u>	<u>1,033,078</u>
Net operating revenues	1,720,476	1,860,804
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<i>Program</i>		
Depreciation	440,913	456,581
Personnel and benefits	310,711	356,718
Maintenance	186,585	169,397
Interest expense	111,031	108,294
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Repairs	55,720	54,942
Supplies	37,888	47,914
Professional services	<u>90,192</u>	<u>11,206</u>
<i>Subtotal Program Expenses</i>	<u>1,316,607</u>	<u>1,280,713</u>
<i>General and Administrative</i>		
Personnel and benefits	207,140	237,812
Office expense	133,107	149,147
Insurance	57,358	40,362
Supplies	17,082	30,755
Depreciation	23,413	21,046
Professional services	16,595	15,480
Advertising	522	100
Other	9,336	6,270
Utilities	4,398	3,982
Travel	2,040	2,400
Meals	3,855	3,836
Education	2,467	4,079
Rental	<u>1,614</u>	<u>1,757</u>
<i>Subtotal General and Administrative Expenses</i>	<u>478,927</u>	<u>517,026</u>
Total Expenses	<u><u>1,795,534</u></u>	<u><u>1,797,739</u></u>
Other Income		
Interest and dividend income	34,708	40,827
Gain on sale of assets	-	-
Other income	7,272	9,608
Unrealized loss on investments	-	-
Contributions in aid of construction	-	-
Total Other Income	<u>41,980</u>	<u>50,435</u>
Changes in net assets	(33,078)	113,500
Net assets - beginning of year	4,159,304	4,045,804
Net assets - end of year	<u>\$ 4,126,226</u>	<u>\$ 4,159,304</u>

See independent auditors report

2023	2022	2021	2020
\$ 2,497,136	\$ 2,649,475	\$ 2,397,981	\$ 2,321,535
<u>1,118,972</u>	<u>1,029,662</u>	<u>951,739</u>	<u>967,093</u>
1,378,164	1,619,813	1,446,242	1,354,442
389,726	376,975	375,400	348,340
273,766	243,591	193,046	213,707
166,403	185,433	166,944	136,282
117,661	120,992	119,065	139,425
69,967	70,916	67,985	67,140
49,574	65,730	74,938	33,296
27,639	63,802	70,210	44,756
5,273	21,679	7,450	7,450
<u>1,100,009</u>	<u>1,149,118</u>	<u>1,075,038</u>	<u>990,396</u>
172,293	128,698	128,698	142,471
98,176	88,672	70,475	67,197
30,913	26,107	21,333	21,242
29,690	27,201	-	-
16,912	21,330	22,002	22,392
13,200	10,450	20,666	15,376
10,264	18,765	8,130	1,304
9,769	6,620	7,299	6,965
3,388	3,732	3,528	2,959
2,869	1,728	1,470	1,201
2,745	2,195	1,085	202
1,285	3,425	1,358	957
<u>1,111</u>	<u>1,653</u>	<u>2,850</u>	<u>2,460</u>
<u>392,615</u>	<u>340,576</u>	<u>288,894</u>	<u>284,726</u>
<u>1,492,624</u>	<u>1,489,694</u>	<u>1,363,932</u>	<u>1,275,122</u>
44,941	36,095	35,410	36,073
-	-	9,100	29,500
-	22,738	2,700	-
(606)	(2,002)	(2,431)	-
-	112,200	-	-
<u>44,335</u>	<u>169,031</u>	<u>44,779</u>	<u>65,573</u>
<u>(70,125)</u>	<u>299,150</u>	<u>127,089</u>	<u>144,893</u>
<u>4,115,929</u>	<u>3,816,779</u>	<u>3,689,690</u>	<u>3,544,797</u>
<u>\$ 4,045,804</u>	<u>\$ 4,115,929</u>	<u>\$ 3,816,779</u>	<u>\$ 3,689,690</u>