RURAL WATER DISTRICT NUMBER 3
Sedgwick County, Kansas

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

December 31, 2024 and 2023

RURAL WATER DISTRICT NUMBER 3
Sedgwick County, Kansas

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234 South Main
Ottawa, Kansas 66067
(785) 242-3170
(785) 242-9250
www.ag.cpa WEB SITE

Agler & Gaeddert CHARTERED
Certified Public Accountants

Harold K. Mayes, CPA
Lucille L. Hinderliter, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rural Water District Number 3
Sedgwick County
Mulvane, Kansas

Opinions
We have audited the accompanying financial statements of the business-type activities of Rural Water District Number 3, Sedgwick County, Kansas as of and for the year ended December 31, 2024 and 2023, 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 3, Sedgwick County, Kansas as of December 31, 2024 and 2023, and the respective changes in financial position and cash flows for the years 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 3, Sedgwick 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'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 3'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 3'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
Management has omitted 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 opinions 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 3's basic financial statements. The supplementary information as listed in the table of contents is 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 supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Harold K. Mayes Jr.

Harold K. Mayes Jr. CPA
Agler & Gaeddert, Chartered
Ottawa, Ks.
February 7, 2025

Rural Water District Number 3
Sedgwick County
Mulvane, Kansas
STATEMENTS OF NET POSITION
December 31,

ASSETS	2024	2023
Current Assets		
Cash Collection	$ 18,330	$ 70,795
Cash Operations	126,594	233,053
Petty Cash	400	400
125 Plan Cash	10,325	10,437
Money Market	156,676	230,263
U.S. Government Securities - Amortized Cost - Held to Maturity	3,039,879	2,868,127
Accounts Receivable	153,667	145,964
Accrued Interest Receivable	41,831	44,613
Inventory	243,654	348,996
Total current assets	3,791,356	3,952,648
Property, Plant and Equipment		
Land	96,596	96,596
Utility Plant	8,116,828	8,046,364
Water Tower 95th St	1,766,667	1,904,030
Improvements	56,637	56,638
Equipment	1,085,943	1,046,982
Office Furniture & Equipment	78,113	75,920
Vehicles	327,441	256,053
Building and Improvements	1,120,649	693,561
	12,648,874	12,176,144
Accumulated Depreciation	(6,098,791)	(5,712,943)
Total Property Plant and Equipment	6,550,083	6,463,201
Other Assets		
U.S. Government Securities - Amortized Cost - Held to Maturity	3,136,853	2,749,427
Loan Reserve at Kansas Public Water Supply Loan Fund	163,732	0
Brec Credit	6,988	6,988
	3,307,573	2,756,415
Total Assets	$ 13,649,012	$ 13,172,264

The accompanying notes are an integral part of these statements.

Rural Water District Number 3
Sedgwick County
Mulvane, Kansas
STATEMENTS OF NET POSITION
December 31,

LIABILITIES AND NET POSITION		2024		2023
Current Liabilities				
Water Bill Payable	$	56,248	$	54,485
Accounts Payable		2,064		2,250
Sales Tax Payable		316		439
Accrued Wages and Payroll Taxes		42,307		39,266
Accrued Interest and Fees		9,208		0
Customer prepaid costs to install water line		0		99,531
Current Portion of Long-Term Debt		72,097		35,851
Total Current Liabilities		182,240		231,822
Long-Term Debt		1,529,279		1,609,133
Net Position				
Invested in Capital Assets, Net of Related Debt		6,550,083		6,463,201
Unrestricted Net Position		5,387,410		4,868,108
Total Net Position		11,937,493		11,331,309
Total Liabilities & Net Position	$	13,649,012	$	13,172,264

The accompanying notes are an integral part of these statements.

Rural Water District Number 3
Sedgwick County
Mulvane, Kansas
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Years Ended December 31,

	2024	2023
Operating Revenues		
Water Sales	$ 1,357,330	$ 1,297,789
Monthly Minimum	797,197	784,572
Penalties	20,403	20,919
Other Fees and Receipts	9,588	5,581
Total Revenues	2,184,518	2,108,861
Cost of Sales		
Cost of Water	52,904	56,597
Cost of Pumping	6,895	6,980
Cost of Water-Wichita	792,862	749,413
Clean Drinking Water	9,349	8,378
Total Cost of Sales	862,010	821,368
Gross Profit	1,322,508	1,287,493
Operating Expenses		
Wages - Total	452,405	434,287
Meter Readers	33,773	33,268
Payroll Taxes	35,967	34,793
SIMPLE Match	14,130	13,621
Travel & Mileage	2,606	2,458
Equipment/Vehicle Maintenance	22,015	43,292
Fuel Only	23,578	22,370
One Call Locations	4,283	3,682
Legal Fees	42,882	39,321
Engineering Fees	5,208	6,293
Accounting & Auditing	8,225	7,444
Contract Repairs	32,235	11,970
Tower Maintenance	141,187	27,000
Repair Supplies	31,879	24,834
Tower Lights	3,532	2,295
Propane	3,920	5,500
Telephone	6,754	6,250
Office & Software	28,319	24,137
Postage	17,897	14,767
Insurance & Bonds	52,286	49,234
Employee Benefits-Insurance	82,344	80,914
Miscellaneous	10,824	11,706
Christmas & Meetings	12,950	14,385
Reimbursed Expenses	4,750	5,300
Dues and Fees	6,377	6,473
Real Estate Tax	31	14
Education/Training/Conference	2,172	2,817
Depreciation	385,848	297,962
Office Utilities	3,813	3,236
Interest Expense	20,240	0
Total Operating Expenses	1,492,430	1,229,623
Total Operating Income (Loss)	(169,922)	57,870

The accompanying notes are an integral part of these statements.

Rural Water District Number 3
Sedgwick County
Mulvane, Kansas
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended December 31,

	2024	2023
Non-Operating Revenues (Expenses)		
Sale of Service Areas	$ 465,195	$ 120,000
Gain (Loss) on Sale of Investments	31,948	15,756
Interest Income	191,963	136,973
Total Non-Operating Income (Loss)	689,106	272,729
Other Revenues and (Expenses)		
Sale of Benefit Units	87,000	150,000
Net Income	606,184	480,599
Total Net Position, Beginning of Year as restated	11,331,309	10,850,710
Total Net Position, End of Year	$ 11,937,493	$ 11,331,309

The accompanying notes are an integral part of these statements.

Rural Water District Number 3
Sedgwick County
Mulvane, Kansas
STATEMENTS OF CASH FLOWS
For the Years Ended December 31,

Cash Flows from Operating Activities	2024	2023
Cash Received From Customers	$ 2,176,815	$ 2,102,211
Cash Paid to Suppliers, Including Water	(1,256,710)	(1,336,362)
Cash Paid to Employees (including payroll taxes and benefits)	(581,805)	(563,615)
Interest Income	194,745	116,320
Interest Expense	(11,032)	0
Net Cash Provided by (used in) Operating Activities	522,013	318,554
Cash Flows Provided by (used in) Financing Activities		
Water Benefit Units Proceeds	87,000	150,000
Receipts from debt	0	1,644,984
Sale of Service Areas	465,195	120,000
Net Cash Provided by (used in) Financing Activities	552,195	1,914,984
Cash Flows Provided by (used in) Investing Activities:		
Purchases of Property and Equipment (net of reimbursements)	(747,653)	(1,853,628)
Maturities of U.S. Government Securities (par value)	2,868,052	2,825,000
Purchases of U.S. Government Securities	(3,427,230)	(3,084,105)
Net Cash Provided by (used in) Investing Activities	(1,306,831)	(2,112,733)
Net Increase (Decrease) in Cash and Cash Equivalents	(232,623)	120,805
Cash and Cash Equivalents, Beginning of Year	544,948	424,143
Cash and Cash Equivalents, End of Year	$ 312,325	$ 544,948
Cash Balances		
Cash Collections	$ 18,330	$ 70,795
Cash Operations	126,594	233,053
Petty Cash	400	400
125 Plan Cash	10,325	10,437
Money Market	156,676	230,263
	$ 312,325	$ 544,948
Reconciliations of Operating Income to Net Cash Provided by (used in) Operating Activities		
Operating Income	$ (169,922)	$ 57,870
Interest Income	191,963	136,973
Adjustments to reconcile operating income (loss) to net cash provided by (used in) Operating Activities:		
Depreciation	385,848	297,962
Changes in Assets and Liabilities Not Current Affecting Cash:		
(Increase) Decrease in Accounts Receivable	(7,703)	(6,650)
(Increase) Decrease in Interest Receivable	2,782	(20,653)
(Increase) Decrease in Inventory	105,342	(153,155)
Increase (Decrease) in Account Payable	1,454	6,097
Increase (Decrease) in Interest Payable	9,208	0
Increase (Decrease) in Accruals	3,041	110
	$ 522,013	$ 318,554

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

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 3 (here in referred to as the District) is considered to be 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 a ten-member board.

2. Government-wide and Financial Fund 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 Mulvane, Kansas 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 account 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.

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. Inventory

Inventory consists of pipe, meters and other materials used by the District in its daily operations and is valued at cost which is based upon invoices received at the time the inventory item is paid.

8. Property, Plant and Equipment

Property, plant and equipment are reported at cost. Major improvements to existing property and equipment are capitalized. Expenditures on 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 in costs.

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

Equipment and Lines	40 years
Building, Pump Station, and major projects	40 years
Furniture and equipment	3 - 10 years
Tower fencing	7 - 20 years.

9. Income Tax

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

10. 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.

NOTE A. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

11. Revenue Recognition

The District recognizes the sale of water and related fees at the time the customer's meter is read and the information is transferred to the software program and the fees are calculated and the customer's account is updated for that calculation. Asa payments are received the cash/checks/bank drafts are credited to the customer's account.

12. Deferred Outflows and Inflows of Resources

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

13. 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

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

Custodial credit risk – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District did not have any designated "peak periods" for the current year. All deposits were legally secured at December 31, 2024.

At year-end, the carrying amount of the District's deposits (less cash on hand of $400) was $311,925 for 2024 and $544,548 for 2023 respectively. The bank balance was $412,069 for 2024 and $557,544 for 2023 respectively. The difference between book and bank balance is outstanding deposits and checks. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance $250,000 for 2024 and $250,000 for 2023 respectively, was covered by FDIC insurance and $162,069 for 2024 and $307,544 for 2023 respectively was collateralized with securities held by the pledging financial institution's agent in the District's name.

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.

As of December 31, 2024 and 2023, the District held U.S. Government Securities consisting of Federal Farm Credit Bank, Federal Home Loan Bank and U.S. Treasury Notes. On December 31, 2024 and 2023, maturities for held-to maturity securities were between one and three years. On December 31, 2024 and 2023 the estimated fair value of each investment approximated its cost and therefore, there were no significant unrecognized holding gains or losses. The District does not adjust for temporary market fluctuations. The investments are carried at cost because they

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

1. Cash and Investments - continued

are held to maturity. When these investments mature the gain or loss on the investment is reported in the financial statements under non-operating income. The District does not follow generally accepted accounting principles which require the amortization of bond premiums and bond discounts which result in the annual allocation to the interest income until the bonds equal the value of the bond in the year they are redeemed. The effect on bond values and interest income would be an increase of $24,448 for 2024 and $16,858 in 2023 which is not material to the financial statements taken as a whole. Interest rates on these investments range from .250% to 5.1250% for 2024 and .250% to 4.720% for 2023.

Investments are stated at amortized costs.

	2024			
		Maturities in years		
Investment Type	Cost	Less than 1 year	1 to 2 years	Rating
Federal Farm Credit	$ 1,769,521	$ 1,071,028	$ 698,493	SP-AA+
Federal Home Loan Mtg.	2,048,172	1,499,798	548,374	SP-AA+
U.S. Treasury Note	2,358,964	468,978	1,889,986	SP-AA+
U.S. Saving Bond	75	75	0	SP-AA+
	$ 6,176,732	$ 3,039,879	$ 3,136,853	

	2023			
		Maturities in years		
Investment Type	Cost	Less than 1 year	1 to 2 years	Rating
Federal Farm Credit	$ 1,301,457	$ 750,056	$ 551,401	SP-AA+
Federal Home Loan Mtg.	1,948,802	449,004	1,499,798	SP-AA+
Fannie Mae	229,251	0	229,251	SP-AA+
U.S. Treasury Note	2,137,969	1,668,992	468,977	SP-AA+
U.S. Saving Bond	75	75	0	SP-AA+
	$ 5,617,554	$ 2,868,127	$ 2,749,427	

2. Accounts Receivable

Accounts receivable	2024	2023
Currently due from customers	$ 148,689	$ 147,555
Past due from customers	11,973	12,450
Credit balances	(6,995)	(14,041)
	$ 153,667	$ 145,964

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

3. Inventories
Inventory is valued at costs and is used internally and not for resell.

Inventories	2024	2023
Pipe, couplins, fittings, meters ect.	$ 243,654	$ 348,996

4. Capital Assets are detailed as follows:

	2024			
Capital assets	Beginning Balance	Additions	Retirements	Ending Balance
Land	$ 96,596	$ 0	$ 0	$ 96,596
Utility Plant	8,046,364	70,464	0	8,116,828
Water Tower 95th St	0	1,766,667	0	1,766,667
Improvements	56,638	0	1	56,637
Equipment	1,046,982	38,961	0	1,085,943
Office Furniture & Equipment	75,920	2,193	0	78,113
Vehicles	256,053	71,388	0	327,441
Building and Equipment	693,561	427,088	0	1,120,649
Tower Under Construction	1,904,030	0	1,904,030	0
Totals at cost	12,176,144	2,376,761	1,904,031	12,648,874
Accumulated depreciation:	5,712,943	385,848	0	6,098,791
Net Fixed Assets	$ 6,463,201	$ 1,990,913	$ 1,904,031	$ 6,550,083

	2023			
Capital assets	Beginning Balance	Additions	Retirements	Ending Balance
Land	$ 96,596	$ 0	$ 0	$ 96,596
Utility Plant	7,950,224	96,140	0	8,046,364
Improvements	56,638	0	0	56,638
Equipment	854,298	192,684	0	1,046,982
Office Furniture & Equipment	75,920	0	0	75,920
Vehicles	256,053	0	0	256,053
Building and Equipment	508,085	185,476	0	693,561
Tower Under Construction	81,765	1,822,265	0	1,904,030
Totals at cost	9,879,579	2,296,565	0	12,176,144
Accumulated depreciation:	5,463,586	249,357	0	5,712,943
Net Fixed Assets	$ 4,415,993	$ 2,047,208	$ 0	$ 6,463,201

There were no impairment of capital assets as described above as of December 31, 2024 or 2023

5. Compensated Absences

NOTE C. - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - continued

1. Long-Term Debt

Amount due per year as follows:	Principal	Service Fee	Interest
2025	$ 72,096	$ 16,309	$ 5,541
2026	73,095	15,564	5,288
2027	74,107	14,808	5,032
2028	75,133	9,471	9,344
2029	76,174	4,508	13,266
2030-2034	396,986	18,453	54,301
2035-2039	425,245	11,284	33,210
2040-2044	408,540	3,607	10,616
	$ 1,601,376	$ 94,004	$ 136,598

2. Budgetary Information and compliance with Kansas Statutes

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

Management is not aware of any statutory violations for the years ended December 31, 2024 or 2023

NOTE D. - OTHER INFORMATION

1. Defined Contribution Pension Plan

The District established a Simple IRA program beginning in 1999 for qualified employees. The District matches employee contributions to the plan up to 3 percent of compensation. The District's contribution for the years ended December 31, 2024 and 2023 was $14,130 and $13,621 respectively.

2. Risk Management

The District is exposed to various risks of loss related to 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.

3. Concentrations of Risk

The District purchases most of its water from the City of Wichita.

4. Net Position

Net positions in proprietary fund financial statements are 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 December 31, 2024 or 2023 the District did not have a restricted net position.

5. Subsequent events

Management has evaluated events through February 7, 2025. The District has no significant subsequent events to disclose.

SUPPLEMENTARY INFORMATION

Rural Water District Number 3
Sedgwick County
Mulvane, Kansas
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
For the Year Ended December 31, 2024

	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Water sales	$ 1,513,300	$ 1,357,330	$ (155,970)
Monthly minimum fees	784,800	797,197	12,397
Penalties	21,600	20,403	(1,197)
Other fees and receipts	6,000	9,588	3,588
Total Operating Income	2,325,700	2,184,518	(141,182)
Cost of Sales			
Cost of Water	0	52,904	(52,904)
Cost of Pumping	7,200	6,895	305
Cost of Water-Wichita	796,500	792,862	3,638
Clean Drinking Water	8,400	9,349	(949)
Total Cost of Sales	812,100	862,010	(49,910)
Gross profit	1,513,600	1,322,508	(191,092)
Operating Expenses			
Wages - Total	445,200	452,405	(7,205)
Meter Readers	33,600	33,773	(173)
Payroll Tax Accountant	37,200	35,967	1,233
SIMPLE Match	13,200	14,130	(930)
Travel & Mileage	0	2,606	(2,606)
Equipment/Vehicle Maintenance	43,200	22,015	21,185
Fuel Only	22,800	23,578	(778)
One Call Locations	3,600	4,283	(683)
Legal Fees	39,600	42,882	(3,282)
Engineering Fees	6,000	5,208	792
Accounting & Auditing	14,400	8,225	6,175
Contract Repairs	22,800	32,235	(9,435)
Tower Maintenance	0	141,187	(141,187)
Repair Supplies	25,200	31,879	(6,679)
Tower Lights	2,400	3,532	(1,132)
Propane	6,000	3,920	2,080
Telephone	6,000	6,754	(754)
Office & Software	24,000	28,319	(4,319)
Postage	14,400	17,897	(3,497)
Insurance & Bonds	49,200	52,286	(3,086)
Employee Benefits-Insurance	80,400	82,344	(1,944)
Miscellaneous	12,000	10,824	1,176
Christmas & Meetings	7,200	12,950	(5,750)
Reimbursed Expenses	4,800	4,750	50
Dues and Fees	6,000	6,377	(377)
Real Estate Tax	0	31	(31)
Education/Training/Conf	2,400	2,172	228
Depreciation	240,000	385,848	(145,848)
Office Utilities	3,600	3,813	(213)
Interest Expense	0	20,240	(20,240)
Total Operating Expenses	1,165,200	1,492,430	(327,230)

See Independent Auditor's Report.

Rural Water District Number 3
Sedgwick County
Mulvane, Kansas
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
For the Year Ended December 31, 2024

	Budget	Actual	Variance Favorable (Unfavorable)
Net Operating Income (Loss)	$ 348,400	$ (169,922)	$ (518,322)
Non-Operating Revenues (Expenses)			
Sale of Service Areas	0	465,195	465,195
Gain (loss) on sale of Investments	0	31,948	31,948
Interest Income	147,600	191,963	44,363
Total Non-Operating Income (Loss)	147,600	689,106	541,506
Other Revenues and (Expenses)			
Sales of benefit units	0	87,000	87,000
Net Income	$ 496,000	$ 606,184	$ 110,184

See Independent Auditor's Report.

Rural Water District Number 3
Sedgwick County
Mulvane, Kansas
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
For the Year Ended December 31, 2023

	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Water sales	$ 1,282,500	$ 1,297,789	$ 15,289
Monthly minimum fees	760,560	784,572	24,012
Penalties	21,000	20,919	(81)
Other fees and receipts	2,400	5,581	3,181
Total Revenues	2,066,460	2,108,861	42,401
Cost of Sales			
Cost of Water	0	56,597	(56,597)
Cost of Pumping	4,800	6,980	(2,180)
Cost of Water-Wichita	778,400	749,413	28,987
Clean Drinking Water	4,800	8,378	(3,578)
Total Cost of Sales	788,000	821,368	(33,368)
Gross profit	1,278,460	1,287,493	9,033
Operating Expenses			
Wages - Total	419,400	434,287	(14,887)
Meter Readers	33,480	33,268	212
Payroll Taxes	35,160	34,793	367
SIMPLE Match	13,560	13,621	(61)
Travel & Mileage	0	2,458	(2,458)
Equipment/Vehicle Maintenance	27,600	43,292	(15,692)
Fuel Only	52,320	22,370	29,950
One Call Locations	3,960	3,682	278
Legal Fees	31,200	39,321	(8,121)
Engineering Fees	6,000	6,293	(293)
Accounting & Auditing	14,400	7,444	6,956
Contract Repairs	22,800	11,970	10,830
Tower Maintenance	0	27,000	(27,000)
Repair Supplies	20,160	24,834	(4,674)
Tower Lights	1,440	2,295	(855)
Propane	3,360	5,500	(2,140)
Telephone	5,520	6,250	(730)
Office & Software	18,000	24,137	(6,137)
Postage	12,840	14,767	(1,927)
Insurance & Bonds	45,200	49,234	(4,034)
Employee Benefits-Insurance	80,040	80,914	(874)
Miscellaneous	6,840	11,706	(4,866)
Christmas & Meetings	7,200	14,385	(7,185)
Reimbursed Expenses	4,800	5,300	(500)
Dues and Fees	6,600	6,473	127
Real Estate Tax	0	14	(14)
Education/Training/Conference	2,640	2,817	(177)
Depreciation	240,000	297,962	(57,962)
Office Utilities	3,600	3,236	364
Total Operating Expenses	1,118,120	1,229,623	(111,503)

See Independent Auditor's Report.

Rural Water District Number 3
Sedgwick County
Mulvane, Kansas
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
For the Year Ended December 31, 2023

	Budget	Actual	Variance Favorable (Unfavorable)
Net Operating Income (Loss)	$ 160,340	$ 57,870	$ (102,470)
Non-Operating Revenues (Expenses)			
Sale of Service Area	0	120,000	120,000
Gain (Loss) on Sale of Investments	0	15,756	15,756
Interest Income	87,960	136,973	49,013
Total Non-Operating Income (Loss)	87,960	272,729	184,769
Other Revenues and (Expenses)			
Sales of benefit units	0	150,000	150,000
Net Income	$ 248,300	$ 480,599	$ 232,299