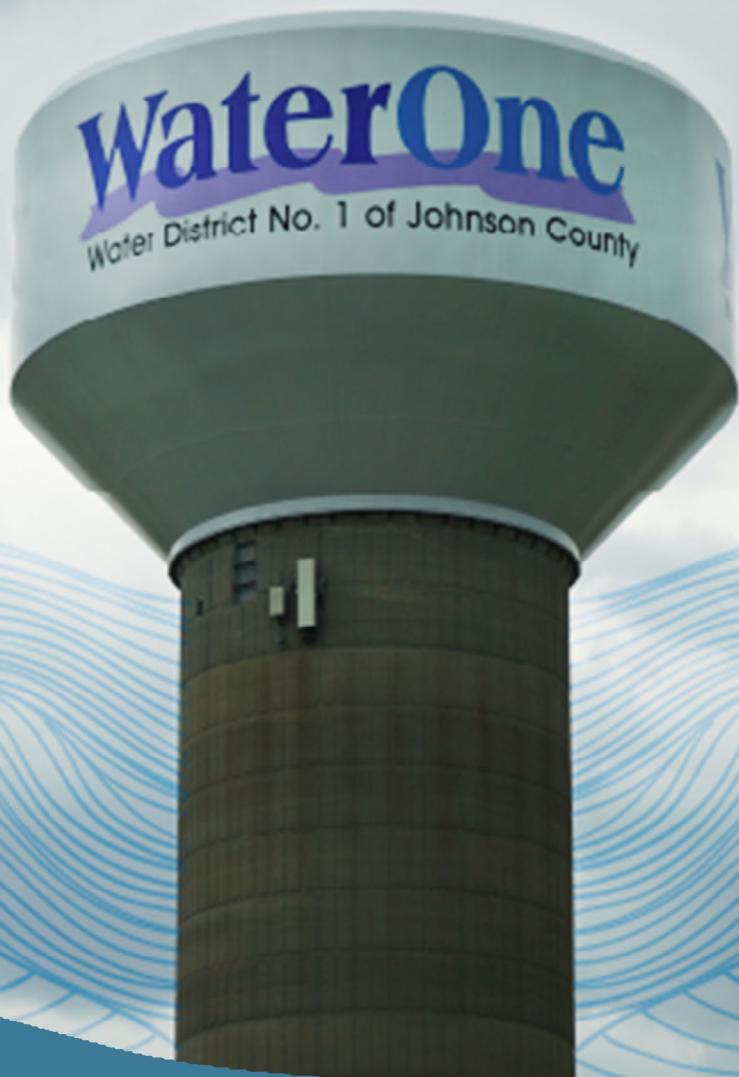


10747 Renner Boulevard  
Lenexa, Kansas 66219

2024



**WaterOne**  
Water District No. 1 of Johnson County

**APPROVED  
BUDGET**

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# 2024 Budget

Adopted December 12, 2023  
by the Board of Water District No. 1 of Johnson County, Kansas

## BOARD:

Kay Heley, Chair  
Whitney Wilson, Vice Chair  
Ron Appletoft  
Melanie Kraft  
Mark Parkins  
Bob Reese  
Jill Westra

## FINANCE COMMITTEE:

Ron Appletoft, Committee Chair  
Melanie Kraft  
Bob Reese

## SENIOR STAFF:

Shaun Pietig, General Manager  
Darin Kamradt, Director of Finance  
Eric Arner, Director of Legal / Auditing  
**TBD**, Director of Human Resources / Administration  
Mandy Cawby, Director of Customer Relations  
Jorge O'Neill, Director of Information Technology  
**TBD**, Director of Distribution  
Michelle Wirth, Director of Production

Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to Water District No. 1 of Johnson County, Kansas, for its Annual Budget for the fiscal year beginning January 1, 2022. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Water District No. 1 of Johnson County  
Kansas**

For the Fiscal Year Beginning

**January 01, 2023**

*Christopher P. Morrell*

Executive Director

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# EXECUTIVE SUMMARY

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## Looking back at 2023 ...

Water sales exceeded projections in 2023 due to hot, dry weather patterns through the first half of the year. Operation and maintenance expenses are over budget. Variable costs such as power and water treatment chemicals exceed their budgets as the amount of water produced increases.

Growth in 2023 is slightly lower than growth experienced over the past five years. As interest rates increased, the local economy experienced a slowdown in new development. Customer growth is expected to increase modestly over the next few years.

Investment income is higher than projected in 2023 due to the combination of a larger portfolio balance and higher investment yields. It is projected that interest rates will remain relatively flat over the five-year plan.

## Looking ahead to 2024 ...

The water rate increase is 4.8% which was the increase projected in last year's budget.

The largest increase in the budget is a \$9.3M or 22.7% increase in capital funding. Capital funding reflects WaterOne's strategic investment in aging infrastructure. Capital funding includes Total Annual Capital and designations to the Master Plan capital fund. This spending can be variable on a year-to-year basis. The increase provides the funding necessary to replace assets at the lowest lifecycle cost. The largest portion of the capital budget is related to investing in the Transmission and Distribution system which includes the replacement of aging distribution mains, repairing main breaks and improving the reliability of the distribution system.

The second largest increase in the budget is a \$3.4M or 5.1% increase in operating and maintenance expenses. This increase is driven primarily by a rise in the projected payroll, benefits, power and chemical expenses. The increases proposed in the budget represent the critical funding required to achieve WaterOne's mission of providing safe, reliable, high-quality water supply with exceptional service and value.

In addition to the increases in capital funding and operating expenses, the reduction in projected gallons sold impacts the budget, reducing revenue by \$0.9M or 0.6%. Indoor water use continues to decline, which is reflected in the lower budgeted gallons sold. This is a national trend due to the efficiency of water-saving devices like low-flow toilets, low-flow shower heads and front-loading clothes washing machines. This reduction in usage is expected to continue and is an important factor in projected future water rate increases.

## Where the money comes from ...

### 2024 REVENUE PROVIDED: \$144.11M

2024 revenues are projected to increase by \$8.43M, or 6.2%, over 2023 primarily due to the 4.8% overall increase in water rates. Investment income is increasing significantly due to rising interest rates. The addition of 1,300 new retail customers provides increased water sales revenues, which are partially offset by declining water use.

**Comparison of Revenues**

In Millions		2023 Budget	2024 Budget	\$ Inc (Dec)	% Inc (Dec)
<b>Revenues</b>					
Sales of Water		\$131.50	\$138.44	\$6.94	5.3%
Other Operating Revenue		1.70	1.83	0.14	8.0%
Investment Income		2.48	3.84	1.36	54.8%
<b>Total Revenue</b>		<b>\$135.68</b>	<b>\$144.11</b>	<b>\$8.43</b>	<b>6.2%</b>

Numbers may not total due to rounding

## Where the money goes ...

### 2024 REVENUE REQUIREMENTS: \$144.11M

The revenue requirements for 2024 increased by \$8.43M, or 6.2%, over 2023. As shown in the following table the largest increase is in funding designated to Master Plan while the largest decrease is to debt service. All categories are discussed in more detail in the following sections.

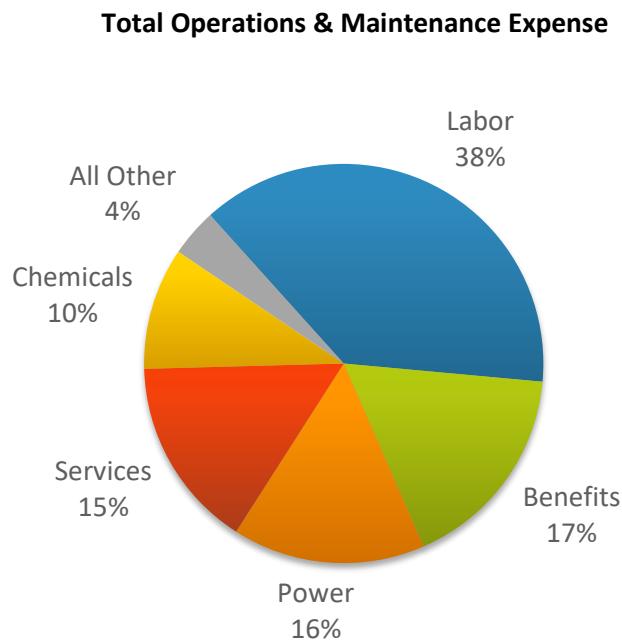
**Comparison of Revenue Requirements**

In millions		2023 Budget	2024 Budget	\$ Inc (Dec)	% Inc (Dec)
<b>Revenue Requirements</b>					
Operations & Maintenance Expense		\$66.92	\$70.33	\$3.41	5.1%
Total Annual Capital		33.48	35.25	1.77	5.3%
Debt Service		25.86	21.37	(4.49)	(17.4%)
Designated to Master Plan		7.50	15.08	7.58	101.1%
Reserve Funding		1.92	2.08	0.16	8.3%
<b>Total Revenue Requirements</b>		<b>\$135.68</b>	<b>\$144.11</b>	<b>\$8.43</b>	<b>6.2%</b>

Numbers may not total due to rounding

## OPERATIONS & MAINTENANCE EXPENSES: \$70.33M

Operations and Maintenance (O&M) expenses represent approximately 50% of the 2024 budget, which is similar to 2023. O&M increased 5.1% year-over-year due to increases in labor, benefits, power and chemical expenses.



The following table shows the breakdown of the significant O&M expenses including the difference between 2023 and 2024 followed by further discussion of the major operating costs.

### Total Operations & Maintenance Expense

O&M	2023 Budget	2024 Budget	\$ Inc (Dec)	% Inc (Dec)
Labor	\$26.49	\$26.81	\$0.32	1.2%
Benefits	10.40	11.95	1.55	14.9%
Power <sup>(a)</sup>	10.20	10.98	0.78	7.6%
Services	10.50	10.91	0.40	3.9%
Chemicals	6.31	6.95	0.64	10.1%
All Other	3.01	2.72	(0.29)	(9.6%)
<b>Total</b>	<b>\$66.92</b>	<b>\$70.33</b>	<b>\$3.41</b>	<b>5.1%</b>

Numbers may not total due to rounding

(a) includes power for source, treatment, transmission, and distribution from electricity and natural gas

**Labor**

Labor costs include:

- The annual true-up to the 2023 base to reflect the actual outcome of payroll after turn-over, retirements, and vacancies
- A 4.0% performance compensation adjustment, effective April 1
- Overtime
- Transfers of labor costs to capital projects
- A net increase of 7.0 Full-Time Equivalent (FTE) positions

All positions are assessed based on operational needs including those related to customer growth. Eight new full-time positions are included in this budget request.

***Requested Positions***

- Distribution Project Engineer
- Construction Inspector
- Construction Crew:
  - 1 Foreman
  - 4 Distribution Technicians

**Benefits**

Employee benefits (net of transfers) are increasing \$1.55M or 14.9%. The increase in benefits is primarily due to increased funding of retirement benefits. Funding requirements increased due to experience losses in the plan and the increased contribution of 3% of payroll in the cash balance plan.

**Power**

The power budget increased \$0.78M or 7.6%. Power is increasing due to an increase in the energy rate component from the Board of Public Utilities (BPU), power rate increases from BPU and Evergy, increased peak demands, and adjustments to the operational plan for 2024.

**Services**

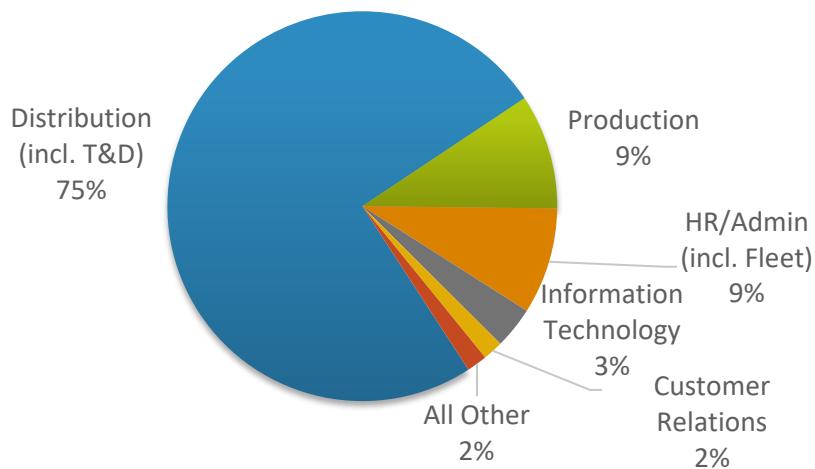
Services (net of transfers) increased \$0.40M or 3.9%. 2024 is increasing primarily due to property and liability insurance and the utilization of new software for the Lead and Copper Rule Revisions required service line inventory.

**Chemicals**

The chemical budget increased \$0.64M or 10.1%. The increase is primarily due to increased prices for many water treatment chemicals. The chemical budget also includes dose adjustments based on current operations.

**TOTAL ANNUAL CAPITAL: \$35.25M**

The Total Annual Capital budget for 2024 increased \$1.77M or 5.3% from 2023. Approximately 92% of the budget is used to replace current facilities and equipment. These needs are continually evaluated to determine the proper time to replace versus repair.

**Total Annual Capital by Division****Total Annual Capital**

In millions	2023 Budget	2024 Budget	\$ Inc (Dec)	% Inc (Dec)
Production	\$4.17	\$3.24	(0.93)	(22.3%)
Human Resources/Admin. (incl. Fleet)	2.97	3.10	0.13	4.4%
Information Technology	1.09	1.21	0.12	11.3%
Customer Relations	0.64	0.83	0.19	29.3%
Distribution	0.05	0.60	0.55	1108.0%
All Other	0.58	0.60	0.02	2.8%
<b>Annual Capital</b>	<b>\$9.50</b>	<b>\$9.58</b>	<b>\$0.08</b>	<b>0.8%</b>
Transmission & Distribution	\$23.98	\$25.67	\$1.69	7.0%
<b>Total Annual Capital</b>	<b>\$33.48</b>	<b>\$35.25</b>	<b>\$1.77</b>	<b>5.3%</b>

Numbers may not total due to rounding

Annual Capital increased for 2024 by \$0.08M or 0.8%. These capital requests are primarily used to replace obsolete or worn-out equipment, purchase new equipment and technology, and make improvements to existing assets. The largest projects include the annual meter replacement program, a hydro excavator, improvements to the Missouri Intake low river pumping system, a directional drill, the replacement of a carbon dioxide tank at Hansen Treatment Facility 2, and a new liquid oxygen tank at the Hansen Treatment Facility. These requests vary annually and are primarily based on the asset management plan.

The Transmission & Distribution (T&D) budget has increased by \$1.69M to \$25.67M. The increase reflects the continued execution of WaterOne's asset management strategy which targets replacement of aging infrastructure at the lowest life-cycle cost.

**Transmission & Distribution (T&D)**

In millions	2023 Budget	2024 Budget	\$ Inc (Dec)	% Inc (Dec)
Distribution Main Replacements	\$12.46	\$14.04	\$1.58	12.7%
Distribution Main Breaks	5.12	5.03	(0.10)	(1.9%)
General Improvements	3.60	3.75	0.15	4.2%
Distribution Main Relocations	1.50	1.50	0.00	0.0%
Transmission Main Capital	0.70	0.73	0.03	4.3%
Condition Assessment	0.60	0.62	0.02	3.3%
<b>Subtotal T&amp;D Funding</b>	<b>\$23.98</b>	<b>\$25.67</b>	<b>\$1.69</b>	<b>7.0%</b>

**DEBT SERVICE: \$21.37M**

Debt Service decreased \$4.49M, or 17.4% from 2023. Debt service is lower in 2024 because it was structured to increase in 2023 due to the ability to utilize the debt service reserve fund to make the final payment on the outstanding 2014 Bonds.

WaterOne plans to borrow \$33M from the Kansas State Revolving Fund in 2023 with repayments projected to begin in 2025.

**DESIGNATED TO MASTER PLAN: \$15.09M**

Funds designated to the Master Plan Capital Fund increased \$7.58M or 101.1%. “Designated to Master Plan” is funding from current revenues to help fund major capital improvements. This debt management strategy recognizes that current customers benefit from Master Plan projects and contributes a percentage of annual water sales accordingly. The 2024 budget of \$15.09M is 10.5% of total revenue. The target minimum contribution is 5.0% of total revenue.

**RESERVE FUNDING: \$2.08M**

Reserve funding increased \$0.16M or 8.3%. The 2024 reserve funding consists of two reserves. The first reserve is the Bond Covenant Required Reserve which is mandated by bond covenants requiring a reserve equal to one sixth of total annual revenue. The second is the negative cash flow reserve which is typically funded at year end to cover the rising operating expenses projected to increase the negative cash flow position in the future year.

## IN SUMMARY

Despite the challenges of declining water consumption, and aging infrastructure, WaterOne's financial position continues to be strong thanks to its capital investment strategy, quality staff, and capacity to adapt to the variability of weather. WaterOne remains committed to its track record of steady and predictable rate adjustments which provide stability for residential customers and the business community.

The 2024 budget provides the resources needed to deliver on WaterOne's vision of *"Setting the Standard for Utility Excellence."*

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**Budget Review and Approval Process**

The Financial Planning & Analysis (FP&A) Department kicks off the budget planning cycle in the first quarter. Budget targets and challenges are communicated with managers and directors. All budget forms, instructions, standards, and schedules are then posted on WaterOne's intranet budgeting site.

In the first step, FP&A meets with department managers regarding any additional personnel requests resulting from workforce strategy planning. They gather data and develop a Metrics Based Analysis (MBA) to justify the submission. The MBAs are data-driven analyses based on actual work produced, task-time estimates, constraining parameters, and assumptions. Alternatives and consequences of non-approval are also documented.

Next, FP&A prepares an initial operations & maintenance budget for each department using zero-based budgets, historical data, trend analysis and any other known relevant information. FP&A meets with each manager/director to get input and make required adjustments based on changing operational needs, new programs and goals.

Capital projects are submitted by managers to FP&A who review amounts and justifications. For specialized requests (such as computer equipment, modifications to facilities, and fleet), the department responsible for the asset's installation and/or maintenance works closely with the requestor to ensure that it meets the stated needs and that the amount is appropriate. Five year plans are also updated for capital and personnel.

At this point, directors review, provide input, and after any additional changes, approve the current year and five year requests. Financial modeling is then updated with the latest budget submissions and any other revised assumptions and the water rates required to support the budget are produced.

Each division reviews their budget requests with the General Manager and Director of Finance. Strategic objectives and specific line items are discussed. After final changes are made and final approval is received from the General Manager, the appropriate documents are prepared for Board review.

The Board reviews the recommended budget in two work sessions in the fall. Once the Board has fully reviewed the recommended budget and provided direction to management, a public hearing is held in November. Additional adjustments to the recommended budget may be made at that time. The final budget is approved at the regularly scheduled December Board meeting. Water rates to support the budget become effective with water used on or after the beginning of the new fiscal year on January 1.

### **Expenditure Approval Roles & Responsibilities**

#### *Board Members*

- The Board reviews and approves the annual budget, including limitations on the number of employees and establishing any new programs.
- Board approval is required for non-budgeted items exceeding \$50,000
  - With approval of the Chair, GM authority is increased to \$100,000
- Construction and repair projects for the water supply and distribution system costing over \$25,000 require public letting and award by the Board.
- Board approval is required for change orders in excess of \$25,000.
- Board approval is required for contract amendments on any contract approved by the Board.
- All contracts for professional services which aggregate \$100,000 or more for a single project or contract (whichever is greater) require Board approval.
- Board approval is required for omissions and contingencies in excess of \$100,000

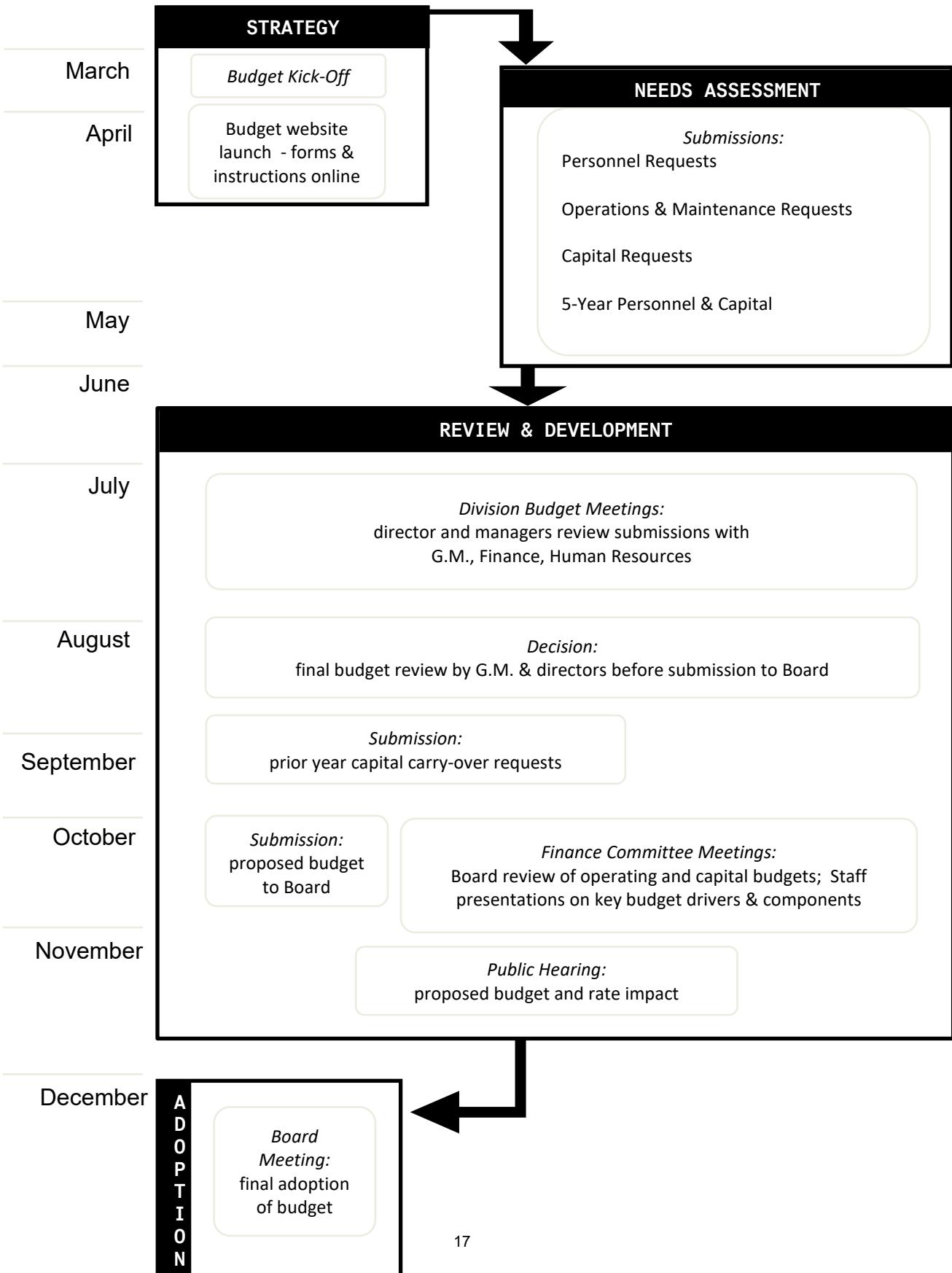
#### *General Manager*

- Review and authorize expenditures exceeding \$10,000.
- Only the General Manager has the authority to bind WaterOne contractually. All contracts require the General Manager's signature.
- Contracts can only be cancelled by the General Manager.

#### *Staff*

- Managers review and authorize expenditures up to \$5,000.
- Directors review and authorize expenditures up to \$10,000.
- All Employees are expected to use WaterOne funds in the most efficient manner and comply with WaterOne Purchasing Policy and Procedures.

## BUDGET PROCESS



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# WATERONE FINANCIAL OVERVIEW

TOTAL ANNUAL OPERATING BUDGET	WATER RATES																				
	0.0%	1.9%	1.4%	2.8%	3.6%	5.8%	4.8%	4.8%*	4.8%*	4.8%*	4.8%*	4.8%*	LONG TERM MODEL	PROJECTION ASSUMPTIONS							
	2018 ACTUAL	2019 ACTUAL	2020 ACTUAL	2021 ACTUAL	2022 ACTUAL	2023 ACTUAL	2024 BUDGET	2025 PROJECTION	2026 PROJECTION	2027 PROJECTION	2028 PROJECTION	2029 PROJECTION									
<b>REVENUES PROVIDED:</b>													Budgeted Customer Growth per Year								
Sales Of Water	\$ 115,631,746	\$ 102,833,800	\$ 114,852,298	\$ 120,354,614	\$ 135,681,456	\$ 131,339,514	\$ 138,266,219	\$ 145,149,292	\$ 152,441,326	\$ 160,105,868	\$ 168,312,513	\$ 176,942,886	2024	2025	2026	2027	2028	2029			
Sales Of Water - Wholesale	1,466,752	1,378,032	1,201,561	1,280,163	1,663,667	1,695,000	163,817	172,314	180,814	189,330	198,543	207,770	217,699	1,300	1,400	1,500	1,600	1,700	1,800		
Other Operating Revenues																					
Total Operating Revenues	117,098,498	104,211,832	116,053,858	121,634,777	137,345,123	133,198,331	140,268,533	147,169,106	154,483,656	162,171,411	170,402,283	179,057,585									
Investment Income (General and P&I Funds)	2,248,496	3,295,390	1,819,271	396,551	1,339,960	2,480,000	3,840,000	2,870,000	2,280,000	2,630,000	2,940,000	3,010,000									
Investment Income (Construction & SDC Funds)	499,607	352,426	197,820	143,258	-	-	-	-	510,000	180,000	-	470,000									
Total Investment Income	2,748,103	3,647,816	2,017,092	539,809	1,339,960	2,480,000	3,840,000	2,870,000	2,790,000	2,810,000	2,940,000	3,480,000									
<b>TOTAL REVENUES PROVIDED</b>	<b>\$ 119,846,601</b>	<b>\$ 107,859,648</b>	<b>\$ 118,070,950</b>	<b>\$ 122,174,586</b>	<b>\$ 138,685,083</b>	<b>\$ 135,678,331</b>	<b>\$ 144,108,533</b>	<b>\$ 150,039,106</b>	<b>\$ 157,273,656</b>	<b>\$ 164,981,411</b>	<b>\$ 173,342,283</b>	<b>\$ 182,537,585</b>									
<b>REVENUE REQUIREMENTS:</b>																					
Operations & Maintenance Expense	\$ 56,680,974	\$ 54,398,113	\$ 57,932,645	\$ 58,711,452	\$ 66,385,383	\$ 66,917,073	\$ 70,325,840	\$ 73,993,650	\$ 77,908,199	\$ 82,140,336	\$ 86,418,041	\$ 90,905,531									
Annual Capital	4,619,881	4,512,769	4,908,024	3,359,970	5,656,889	9,500,000	9,580,000	10,670,000	11,090,000	11,530,000	11,980,000	12,470,000									
Current Year Carryovers to be Spent in Following Year	4,902,266	5,603,102	2,861,394	3,554,823	3,003,824	-	-	-	-	-	-	-									
Transmission and Distribution (T&D) Funding	14,780,000	17,330,000	18,240,000	19,145,000	20,690,000	23,980,000	25,665,000	27,860,000	30,250,000	32,820,000	35,570,000	38,500,000									
Total Annual Capital	24,302,147	27,445,871	26,009,418	26,059,793	29,350,713	33,480,000	35,245,000	38,530,000	41,340,000	44,350,000	47,550,000	50,970,000									
Debt Service Funding	20,450,427	20,499,772	20,961,631	21,192,738	21,371,000	25,858,236	21,369,908	24,189,304	24,192,425	24,195,174	27,374,302	27,377,141									
Master Plan Designated	12,821,892	8,361,535	15,345,849	13,244,122	11,497,854	7,503,022	15,087,786	11,846,153	11,633,032	12,265,901	10,029,940	10,724,912									
Investment Income (Construction & SDC Funds)	499,607	352,426	197,820	143,258	-	-	-	-	510,000	180,000	-	470,000									
Repayment to Master Plan for Bond Payoff	770,000	860,500	-	-	-	-	-	-	-	-	-	-									
Total Transfers to Master Plan	14,091,498	9,574,461	15,543,669	13,387,380	11,497,854	7,503,022	15,087,786	11,846,153	12,143,032	12,445,901	10,029,940	11,194,912									
Bond Covenant Required Reserve	322,918	537,803	228,063	128,961	771,850	1,510,000	1,610,000	980,000	1,160,000	1,290,000	1,380,000	1,470,000									
Negative Cash Flow Reserve	-	-	-	-	1,500,000	410,000	470,000	500,000	530,000	560,000	590,000	620,000									
<b>TOTAL REVENUE REQUIREMENTS</b>	<b>\$ 115,847,965</b>	<b>\$ 112,456,020</b>	<b>\$ 120,675,426</b>	<b>\$ 119,480,324</b>	<b>\$ 130,876,800</b>	<b>\$ 135,678,331</b>	<b>\$ 144,108,533</b>	<b>\$ 150,039,106</b>	<b>\$ 157,273,656</b>	<b>\$ 164,981,411</b>	<b>\$ 173,342,283</b>	<b>\$ 182,537,585</b>									
Funds Available for Reservation	\$ 3,998,636	\$ (4,596,372)	\$ (2,604,476)	\$ 2,694,262	\$ 7,808,283	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -									
Debt Service Coverage	3.09	2.61	2.87	2.99	3.38	2.66	3.45	3.14	3.28	3.42	3.18	3.35									
Master Plan Designated as a % of Water Sales	11%	13%	13%	11%	9%	6%	10%	8%	7%	7%	6%	6%									
<b>MASTER PLAN CAPITAL FUND</b>																					
Carryover Reserves Available for Future Awards	\$ 52,284,045	\$ 38,686,647	\$ 21,679,595	\$ 49,728,808	\$ 53,016,538	\$ 33,597,484	\$ 67,098,836	\$ 23,422,874	\$ 19,372,907	\$ 21,093,728	\$ 41,568,825	\$ 52,265,749									
Funding Sources:																					
Net Bond/SPF Proceeds	-	-	-	-	-	-	31,000,000	-	-	-	-	-	35,000,000								
Grant Proceeds	-	-	-	-	-	4,837,500	-	-	-	-	-	-									
Designated for Master Plan from Annual Budget	12,821,892	8,361,535	15,345,849	13,244,122	11,497,854	7,503,022	15,087,786	11,846,153	11,633,032	12,265,901	10,029,940	10,724,912									
System Development Charge (SDC) Revenue	9,600,000	9,100,000	8,300,000	9,700,000	9,300,000	7,060,000	7,020,000	8,120,000	9,000,000	10,080,000	11,135,000	12,240,000									
Reserve Transfers	-	555,340	6,688,251	1,100,000	600,000	4,477,836	-	-	-	-	-	-									
Investment Income (Construction & SDC Funds)	-	352,426	-	-	-	-	-	-	510,000	180,000	-	470,000									
Total Funding Sources	\$ 22,421,892	\$ 18,369,301	\$ 30,334,100	\$ 24,044,122	\$ 26,235,354	\$ 50,040,858	\$ 22,107,786	\$ 19,966,153	\$ 54,143,032	\$ 22,525,901	\$ 21,164,940	\$ 58,434,912									
<b>TOTAL FUNDS AVAILABLE</b>	<b>\$ 74</b>																				

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**2024 Budget to 2023 Budget**  
**2024 Water Rate Increase = 4.8%**

	2023 ADOPTED BUDGET @ 5.8%	2024 ADOPTED BUDGET @ 4.8%	\$ Inc (Dec)	% Inc -Dec
<b>1 REVENUES PROVIDED:</b>				
2 Water Sales @ Prior Year Rates	\$ 131,503,331	\$ 131,503,331	\$ -	0.0%
3 Add'l Revs by New Custs @ Prior Year Rates	na	1,199,018	1,199,018	0.9%
4 Revenue Adjustments (See Exhibit 2, Line 9)	na	(579,580)	(579,580)	-0.4%
5 Increase Required from Rate Adjustment	na	6,315,764	6,315,764	4.8%
<b>6 TOTAL SALES OF WATER</b>	<b>\$ 131,503,331</b>	<b>\$ 138,438,533</b>	<b>\$ 6,935,202</b>	<b>5.3%</b>
7 Delayed Payment Charges	\$ 600,000	\$ 625,000	\$ 25,000	4.2%
8 Field Service Charges	370,000	425,000	55,000	14.9%
9 Other Operating Revenues	725,000	780,000	55,000	7.6%
<b>10 TOTAL OTHER OPERATING REVENUES</b>	<b>\$ 1,695,000</b>	<b>\$ 1,830,000</b>	<b>\$ 135,000</b>	<b>8.0%</b>
11 Investment Income (General and P&I Funds)	\$ 2,480,000	\$ 3,840,000	\$ 1,360,000	54.8%
12 Investment Income (Construction & SDC Funds)	-	-	-	N/A
<b>13 TOTAL INVESTMENT INCOME</b>	<b>\$ 2,480,000</b>	<b>\$ 3,840,000</b>	<b>\$ 1,360,000</b>	<b>54.8%</b>
<b>14 TOTAL REVENUES PROVIDED</b>	<b>\$ 135,678,331</b>	<b>\$ 144,108,533</b>	<b>\$ 8,430,202</b>	<b>6.2%</b>
<b>15 REVENUE REQUIREMENTS:</b>				
<b>16 TOTAL OPERATIONS AND MAINTENANCE EXPENSE</b>	<b>\$ 66,917,073</b>	<b>\$ 70,325,840</b>	<b>\$ 3,408,767</b>	<b>5.1%</b>
17 Annual Capital	\$ 9,500,000	\$ 9,580,000	\$ 80,000	0.8%
18 T&D Funding	23,980,000	25,665,000	1,685,000	7.0%
<b>19 TOTAL ANNUAL CAPITAL</b>	<b>\$ 33,480,000</b>	<b>\$ 35,245,000</b>	<b>\$ 1,765,000</b>	<b>5.3%</b>
<b>20 TOTAL DEBT SERVICE FUNDING</b>	<b>\$ 25,858,236</b>	<b>\$ 21,369,908</b>	<b>\$ (4,488,329)</b>	<b>-17.4%</b>
21 Master Plan Designated	\$ 7,503,022	\$ 15,087,786	\$ 7,584,764	101.1%
22 Investment Income (Construction & SDC Funds)	-	-	-	N/A
23 Repayment to Master Plan for Bond Payoff	-	-	-	N/A
<b>24 TOTAL TRANSFERS TO MASTER PLAN</b>	<b>\$ 7,503,022</b>	<b>\$ 15,087,786</b>	<b>\$ 7,584,764</b>	<b>101.1%</b>
25 Bond Covenant Required Reserve	\$ 1,510,000	\$ 1,610,000	\$ 100,000	6.6%
26 Negative Cash Flow Reserve	410,000	470,000	60,000	14.6%
<b>27 TOTAL REQUIRED RESERVE FUNDING</b>	<b>\$ 1,920,000</b>	<b>\$ 2,080,000</b>	<b>\$ 160,000</b>	<b>8.3%</b>
<b>28 TOTAL REVENUE REQUIREMENTS</b>	<b>\$ 135,678,331</b>	<b>\$ 144,108,533</b>	<b>\$ 8,430,202</b>	<b>6.2%</b>
29 Net Income Available for Debt Service ( Ln #14 - Ln #16 )	\$ 68,761,258	\$ 73,782,694	\$ 5,021,435	7.3%
30 Debt Service ( Line #20 )	\$ 25,858,236	\$ 21,369,908	\$ (4,488,329)	-17.4%
<b>31 DEBT SERVICE COVERAGE ( Ln #29 / Ln #30 )</b>	<b>2.66</b>	<b>3.45</b>		
<b>32 ADJUSTMENT TO WATER RATES</b>	<b>5.8%</b>	<b>4.8%</b>		

Percentages may not add due to rounding

## FUND STRUCTURE

For financial statement purposes, all transactions are reported in one enterprise fund. However, because of the designation of funds for different purposes by the WaterOne Board and Bond Covenants, the single enterprise fund is divided into several internal funds.

### **General Fund:**

All operating income and expenditures are recorded in this fund. Revenue generated from operations is transferred to Master Plan, Transmission and Distribution, and Debt Service. This fund collects the water sales and other operating income and is responsible for the costs of operating, managing and maintaining the water system as well as ongoing capital requirements and debt service.

### **Master Plan:**

The major sources of funding are:

System Development Charges (SDCs) – SDCs are the primary recurring source of revenue and are a fee paid by new customers when they apply for a new service connection. The revenue is designated by the Board from the General Fund to Master Plan.

Bond Proceeds – WaterOne issues tax exempt revenue bonds for funding of the Master Plan when necessary. Bonds are used to fund the construction of significant expansions and replacements. The use of bonds helps avoid abnormally large water rate increases and improves equity between generations of WaterOne customers.

Transfers from the General Fund (Water Rates) – As part of the regular annual budget funding is planned, designated, and transferred to Master Plan.

Spending includes projects to build new or replace facilities related to water treatment, pumping and storage, as well as new transmission and distribution water mains.

### **Transmission and Distribution:**

Funding is transferred from the General Fund at a designated amount that is part of the annual budget request, and is spent annually on water main, fire hydrant, and service connection relocation, replacement and repair.

### **Debt Service:**

This fund is required to accumulate and transmit principal and interest as scheduled. The funding is transferred from the General Fund and is included in the annual budget request.

### **Bond Reserve:**

Revenue bond covenants require that WaterOne maintain a debt service reserve funded by cash or surety policy. The Bond Reserve is currently cash funded.

### **Rate Stabilization:**

Funding is provided by excess year-end funds when available and not from the approved annual budget. Funds can only be undesignated by the Board.

## Fund Balance Summary by Fund

	General Fund	Master Plan	Transmission & Distribution	Debt Service	Rate Stabilization	Negative Cash Flow	Total
<b>Fund Balance at 12/31/2023</b>	\$ 64,454,037	\$ 71,506,840	\$ 2,689,990	\$ 75,976	\$ 11,000,000	\$ 9,500,000	\$ 159,226,843
Water Sales	138,438,533	-	-	-	-	-	138,438,533
Other Operating Revenues	1,830,000	-	-	-	-	-	1,830,000
Investment Income	3,840,000	-	-	-	-	-	3,840,000
System Development Charges	-	7,020,000	-	-	-	-	7,020,000
Bond Proceeds	-	-	-	-	-	-	-
Transfers from Rate Stabilization Reserve	-	-	-	-	-	-	-
Transfers from General Fund	-	14,964,026	25,665,000	21,369,908	-	470,000	62,468,934
<b>Total Revenue &amp; Transfers In</b>	<b>\$ 144,108,533</b>	<b>\$ 21,984,026</b>	<b>\$ 25,665,000</b>	<b>\$ 21,369,908</b>	<b>\$ -</b>	<b>\$ 470,000</b>	<b>\$ 213,597,467</b>
Operations & Maintenance Expense	70,449,600	-	-	-	-	-	70,449,600
Capital Spending	9,580,000	65,783,748	25,665,000	-	-	-	101,028,748
Debt Service Payments	-	-	-	21,369,908	-	-	21,369,908
Transfer to Debt Service	21,369,908	-	-	-	-	-	21,369,908
Transfer to Bond Reserve	-	-	-	-	-	-	-
Transfers to Transmission & Distribution	25,665,000	-	-	-	-	-	25,665,000
Transfers to Master Plan	14,964,026	-	-	-	-	-	14,964,026
<b>Total Expenditures &amp; Transfers Out</b>	<b>\$ 142,028,534</b>	<b>\$ 65,783,748</b>	<b>\$ 25,665,000</b>	<b>\$ 21,369,908</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 254,847,190</b>
<b>Projected Fund Balance at 12/31/2024</b>	<b>\$ 66,534,036</b>	<b>\$ 27,707,118</b>	<b>\$ 2,689,990</b>	<b>\$ 75,976</b>	<b>\$ 11,000,000</b>	<b>\$ 9,970,000</b>	<b>\$ 117,977,120</b>
<b>Increase (Decrease) in Fund Balance</b>	<b>\$ 2,079,999</b>	<b>\$ (43,799,722)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 470,000</b>	<b>\$ (41,249,723)</b>
<b>Percent Change in Fund Balance</b>	<b>3.2%</b>	<b>-61.3%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>4.9%</b>	<b>-25.9%</b>

### Changes in Fund Balance

General Fund: The increase is minimal and reflective of a balanced budget. The only planned increase is related to the projected increase in the minimum bond covenant reserves.

Master Plan: The decrease in the fund balance is due to cash funding for the Wyss Pumping Station and Reservoir Phase II, Well Field/Collector Wells Caisson and Pump House, Kansas Well Units Replacement Phase II, Facility 1 improvements Phase II, and MO Presed Pump Nos 1,2&5 AFD Replacement.

Transmission and Distribution: There is no change projected in the fund balance. The fund is expected to spend the money provided from the budget.

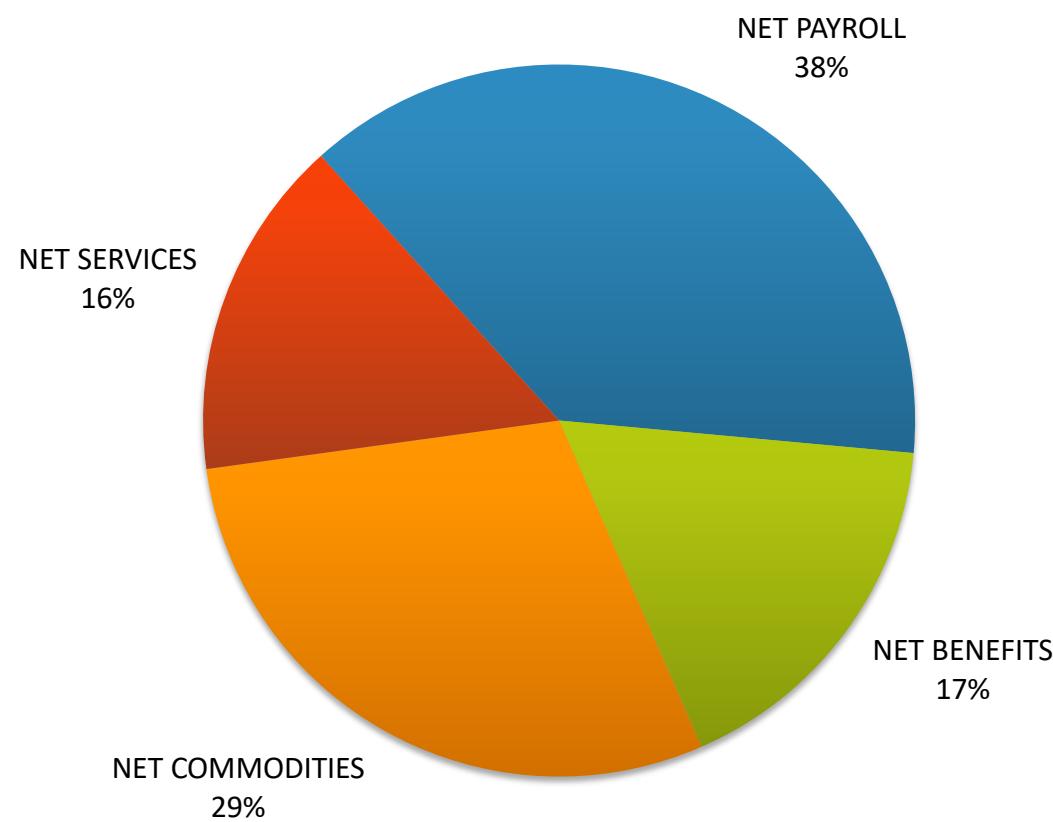
Debt Service: There is normally very little change in the fund balance.

Rate Stabilization: Balance should not change unless there is an authorized expenditure or replenishment from the Board.

Negative Cash Flow: Balance shows increase due to increases in expenditures over time. Cash is used for expenditures in low revenue months and replenished in high revenue months.

**2024 O&M Budget**  
Compared to 2023 Budget

**SIGNIFICANT ACCOUNTS**



This report includes a listing of all Significant Accounts which:

- comprise 5% or more of their category (Payroll, Benefits, Commodities, Services) or
- have a change of both \$25,000 and 5% from the prior year budget

	2022 Actual	2023 Budget	2024 Budget	\$ Inc/(Decr)	% Inc/(Decr)
<b>NET PAYROLL</b>	\$25,148,550	\$26,487,902	\$26,812,070	\$324,168	1.2%
<b>NET BENEFITS</b>	10,451,807	10,399,423	11,949,120	1,549,696	14.9%
<b>NET COMMODITIES</b>	21,161,359	19,525,559	20,655,476	1,129,917	5.8%
<b>NET SERVICES</b>	9,623,666	10,504,189	10,909,174	404,985	3.9%
<b>Total</b>	<b>\$66,385,383</b>	<b>\$66,917,073</b>	<b>\$70,325,840</b>	<b>\$3,408,767</b>	<b>5.1%</b>

(numbers may not add due to rounding)

## 2024 Budget Compared to 2023 Budget

## By Category

## ACCOUNTS - BY CATEGORY

	<u>2023</u>	<u>2024</u>	<u>\$ DIF</u>	<u>% DIF</u>
<b>PAYROLL</b>				
<b>Labor - Non OT</b>	\$ 34,216,879	<b>\$ 35,461,749</b>	\$ 1,244,870	3.6%
Labor-Non OT Gross includes projected payroll costs for all authorized WaterOne employees. To project labor, it is assumed that all current authorized positions are filled as of January 1, 2023. Budgeted salaries have a reduction of 2.0% for slippage.				
			<b>% Chg from 2023 Budget</b>	
2023 Budget Gross Payroll	\$ 34,216,879			
Annual True-Up of 2023 Base	<u>11,995</u>	0.0%		
2024 Beginning Base	\$ 34,228,874			
Performance Merit Increase	\$ 1,368,920	4.0%		
April 1 Effective Date - Perf. Merit Increase	<u>(342,230)</u>	(1.0%)		
Total Merit	\$ 1,026,690			
New Authorizations	\$ 206,184	0.6%		
<b>Total Projected 2024 Labor Budget</b>	<b>\$ 35,461,748</b>	<b>3.6%</b>		

*Numbers may not add due to rounding.*

### **The significant budget factors are:**

1) Annual True-Up of Beginning Base \$11,995

A true-up based on the difference in pay for vacated positions, retirements, and reclassifications that are hired or reclassified at a different rate of pay.

2) Performance Merit Increase \$1,368,920

Performance merit increases of 4.0% are budgeted.

### 3) April 1 Effective Date - Performance Merit Increases (\$342,230)

The timing of annual merit increase is April 1 which aligns with the annual employee appraisal process.

4) Total Additional Personnel \$206,184

A total of 7 new full-time positions are included.

### *Significant Account:*

5% of category OR

5% of category GR  
*change of \$25k+/- and 5%+/-*

	<u>2023</u>	<u>2024</u>	<u>\$ DIF</u>	<u>% DIF</u>
<b>Labor - OT</b>	1,258,890	<b>1,338,080</b>	79,191	6.3%
The overtime budget increase is due to the higher projected payroll. The largest increase is due to an increase in the overtime hours related to Distribution Operations.				
<b>All Other PAYROLL Accounts</b>	60,000	<b>60,000</b>	-	0.0%
PAYROLL Transfers	(9,047,867)	(10,047,759)	(999,892)	11.1%
<b>Net PAYROLL</b>	<b>\$ 26,487,902</b>	<b>\$ 26,812,070</b>	\$ 324,168	1.2%

## BENEFITS

<b>Employee Insurance - Health</b>	\$ 5,207,006	<b>\$ 5,193,586</b>	\$ (13,420)	(0.3%)
The budgeted components of health insurance includes a 0% premium rate increase, additional personnel and changes to the employee coverage mix.				

<b>Total Pension Accounts</b>	3,981,082	<b>5,578,509</b>	1,597,427	40.1%
The Total Pension budget is comprised of both Defined Benefit Plans and Defined Contribution Plans, which include plans for employees hired prior to January 1, 2014 ("legacy" plans), and employees hired after that date. Over time the budgets for the legacy plans will go down as the budgets for the new plans increase because of employee turnover.				

		<u>% Change from 2023</u>
	<u>2024 Budget</u>	<u>Budget</u>
<i>Defined Benefit (DB) Plans</i>		
412010 - Pension DB – Final Pay Plan	\$ 2,631,353	37.7%
412050 - Pension DB – Cash Balance Plan	<u>902,854</u>	342.1%
Total DB Plans	<u>\$ 3,534,207</u>	
<i>Defined Contribution (DC) Plans</i>		
412052 - Pension DC – WaterOne	\$ 751,363	23.4%
412020 - Pension DC – (Legacy) WaterOne	<u>350,405</u>	(14.7%)
Total DC - Base	<u>\$ 1,101,768</u>	
412051 - Pension DC – Match	\$ 676,226	26.6%
412030 - Pension DC – (Legacy) Match	<u>266,308</u>	(14.7%)
Total DC - Match	<u>\$ 942,534</u>	
<i>Grand Total Pension</i>	<u><u>\$ 5,578,509</u></u>	40.1%

*Significant Account:*

*5% of category OR*

*change of \$25k+/- and 5%+/-*

	<u>2023</u>	<u>2024</u>	<u>\$ DIF</u>	<u>% DIF</u>
<b>Pension DB – Final Pay Plan</b>	1,910,518	<b>2,631,353</b>	720,835	37.7%

*The Pension Components are:*

### **1) Defined Benefit**

<b>Pension DB – Final Pay Plan</b>	1,910,518	<b>2,631,353</b>	720,835	37.7%
<p>Adjustments to this account reflect changes in payroll costs, number of participants, and amortized gains and losses to the pension trust. The budget is based on projected payroll and information from the annual actuarial report. Although there are fewer projected participants in the plan, the budget is increasing due to the recognition of the 2022 investment and experience losses. This plan was closed to new participants effective January 1, 2014.</p>				
<b>Pension DB – Cash Balance Plan</b>	204,209	<b>902,854</b>	698,645	342.1%
<p>The Cash Balance Plan is effective for employees hired on or after January 1, 2014. Changes to this account reflect changes in payroll costs, number of participants, and amortized gains and losses to the pension trust. The budget is based on projected payroll and information from the annual actuarial report. The budget is increasing primarily due to WaterOne contributing an additional 3% of payroll.</p>				

### **2) Defined Contribution - Base**

<b>Pension DC – WaterOne</b>	608,946	<b>751,363</b>	142,417	23.4%
<p>This budget covers WaterOne's contribution to the employees' voluntary Defined Contribution retirement account for all employees hired on or after January 1, 2014. Eligible participants receive an amount equal to 4% of base pay in the previous calendar year into their account. The budget is based on the eligible full-time employee base salary. The increase is due to increased payroll and participation in the plan.</p>				
<b>Pension DC – (Legacy) WaterOne</b>	410,829	<b>350,405</b>	(60,424)	(14.7%)
<p>This budget covers WaterOne's contribution to the employees' voluntary Defined Contribution retirement account. Eligible participants receive an amount equal to 2.5% of base pay in the previous calendar year into their account. The budget is based on the eligible full-time employee base salary. This plan is closed to new participants hired January 1, 2014, and after. The decrease is due to fewer participants in the plan.</p>				

*Significant Account:*

*5% of category OR*

*change of \$25k+/- and 5%+/-*

	<u>2023</u>	<u>2024</u>	<u>\$ DIF</u>	<u>% DIF</u>
<b>3) Defined Contribution - Match</b>				
<b>Pension DC – Match</b>	534,350	<b>676,226</b>	141,876	26.6%
This budget covers WaterOne's matching contribution to the employees' voluntary Defined Contribution retirement account for all employees hired on and after January 1, 2014. Eligible participants receive a 100% match on the first 2% of base pay plus 50% of the next 5% of base pay the employee contributes. The budget is based on the projected payroll and participation rates of eligible full-time employees. The budget increase is due to additional participants entering the plan, payroll increases, and increased contribution rates.				
<b>Pension DC – (Legacy) Match</b>	312,230	<b>266,308</b>	(45,922)	(14.7%)
This budget covers WaterOne's matching contribution to the employees' voluntary Defined Contribution retirement account. Eligible participants receive a 50% match on the first 4% of base pay the employee contributes. The budget is based on projected payroll and participation rates of eligible employees. This plan is closed to new participants hired January 1, 2014, and after. The decrease is due to fewer projected participants in the plan.				
<b>FICA</b>	2,606,519	<b>2,709,760</b>	103,241	4.0%
The budget increase is due to the higher projected payroll.				
<b>Worker's Compensation</b>	504,941	<b>610,822</b>	105,881	21.0%
Policy premiums are based on experience. The policy renews in July of each year. Premiums that are effective beginning in July 2023 will be in effect for the first half of the 2024 budget. The budget is based on a 21% renewal increase due to market conditions and loss experience.				
<b>Retirees Insurance - Health</b>	355,668	<b>410,305</b>	54,637	15.4%
The budget is based on a 0% premium rate increase and retiree projections. Retiree projections remained flat for American Association of Retired Persons (AARP) and increased for Blue Cross Blue Shield (BCBS) due to a large shift in the retiree coverage mix.				
<b>Employee Engagement</b>	234,585	<b>264,783</b>	30,198	12.9%
This budget includes a variety of events and engagement activities throughout the year. The largest portion of the budget is for events such as employee day, town hall meetings, retirement recognitions, and team building. The budget is increasing primarily due to a new annual event for employees and their families.				

*Significant Account:*

*5% of category OR*

*change of \$25k+/- and 5%+/-*

	<u>2023</u>	<u>2024</u>	<u>\$ DIF</u>	<u>% DIF</u>
<b>WOW &amp; Water Spout Awards</b>	30,000	<b>60,000</b>	30,000	100.0%
This program is designed to reward individual achievements that make significant contributions to a department or WaterOne operations. Examples of such achievements may include the completion of a specific task in an exceptional manner; an exercise in initiative, innovation and creativity over and above normal job responsibilities; or extraordinary customer service. The increase is based on increased utilization of this program.				
BENEFITS Transfers	(3,400,906)	(3,735,007)	(334,101)	9.8%
<b>Net BENEFITS</b>	<b>\$ 10,399,423</b>	<b>\$ 11,949,120</b>	<b>\$ 1,549,696</b>	<b>14.9%</b>
<b>COMMODITIES</b>				
<b>Total Power (next 4 accounts)</b>	\$ 10,199,308	<b>\$ 10,978,196</b>	\$ 778,888	7.6%
<i>Power costs used for the treatment and distribution of water are shown in the next 4 accounts:</i>				
<b>Power - Transmission</b>	5,470,955	<b>5,974,725</b>	503,770	9.2%
This budget is for power from the Board of Public Utilities (BPU) for transmission of water to the distribution system. The budget for this account is based on an operational plan by month for the two treatment facilities. The budget is increasing primarily due to a projected rate increase and an increase in the energy rate component (ERC).				
<b>Power - Source</b>	2,593,865	<b>2,906,976</b>	313,111	12.1%
This budget is for power from the Board of Public Utilities (BPU) at the intake facilities. The budget for this account is based on an operational plan by month for the four sources. The budget is increasing due to peak demands set at the Missouri Intake during 2023. Once new peak demands are set, there is a 12 month impact to power expense. The budget also includes power rate increases and an increase to the energy rate component (ERC).				
<b>Power - Distribution</b>	1,733,762	<b>1,764,738</b>	30,976	1.8%
This budget is for power from Evergy at the pump stations throughout the distribution system. The budget for this account is based on an analysis of the historical trends for power use at each of the large pump stations. The budget increase is due to a projected rate increase, partially offset by increased efficiency at the pump stations.				
<b>Natural Gas - Generators - Wolcott</b>	400,726	<b>331,757</b>	(68,969)	(17.2%)
This budget is for natural gas to produce a portion of the energy needed at the Wolcott Treatment Plant in lieu of purchased electricity. The budget is decreasing due to lower projected rates for natural gas.				

*Significant Account:*

*5% of category OR*

*change of \$25k+/- and 5%+/-*

	<b>2023</b>	<b>2024</b>	<b>\$ DIF</b>	<b>% DIF</b>
<b>Chemicals - Water Treatment</b>	6,314,893	<b>6,954,942</b>	640,049	10.1%
Various chemicals are used to make clean, safe, potable water. The budget for this account is based on an operational plan by month for the Kansas and Missouri intakes and the Hansen and Wolcott treatment facilities. The plan is based on projected water produced, price of chemicals, and the dose of chemical required. The budget is increasing primarily due to significant increases in prices.				
<b>Material &amp; Supplies</b>	1,746,145	<b>1,783,274</b>	37,129	2.1%
Material and supplies are non-inventory items that are necessary to operate and maintain WaterOne facilities. The budget increase is primarily due to inflationary price increases.				
<b>Electricity</b>	228,000	<b>198,000</b>	(30,000)	(13.2%)
This budget is primarily for electricity utilized at the administrative offices. The budget has been reduced based on actual historical usage.				
<b>BPU Water Purchased In-House</b>	215,000	<b>160,000</b>	(55,000)	(25.6%)
This account is for water purchased from the BPU at the Missouri Presedimentation and Intake facilities. The water is used for bearing water for the pumps, potable water, and intake screen washing. Most of the consumption is for bearing water. The budget is decreasing due to lower projected production at the Missouri Intake Facility.				
<hr/>				
COMMODITIES Transfers	(973,451)	(1,204,267)	(230,816)	23.7%
<b>Net COMMODITIES</b>	<b>\$ 19,525,559</b>	<b>\$ 20,655,476</b>	<b>\$ 1,129,917</b>	<b>5.8%</b>

<b>SERVICES</b>					
<b>PC Software License &amp; Maintenance</b>	\$ 2,474,163	<b>\$ 2,623,727</b>	\$ 149,564	6.0%	
This account covers WaterOne's software licenses and maintenance on that software. The budget increase is primarily due to the addition of software for managing inventory related to the Lead and Copper Rule and the planned purchase of additional security tools.					
<b>Property &amp; Liability Insurance</b>	1,073,322	<b>1,292,152</b>	218,830	20.4%	
The budget includes insurance premiums for General Liability, Property, Pollution, Umbrella, Crime, Licenses & Bonds, Fiduciary Insurance, and broker fees. The Property & Liability insurance policy renews in July of each year so premiums that are effective beginning in July 2023 will be in effect for the first half of the 2024 budget. The budget includes 3% projected premium increases for the second half of 2024. The increase is based on loss ratio and market conditions.					
<b>Contracted Services</b>	1,033,979	<b>1,192,223</b>	158,244	15.3%	
This account covers services that are not cost-effective to complete in-house. This account varies from year-to-year based on need. The increase is primarily due to demolition services for chemical treatment systems that were replaced with the implementation of the Ozone Treatment facility.					

*Significant Account:*

*5% of category OR*

*change of \$25k+/- and 5%+/-*

	<u>2023</u>	<u>2024</u>	<u>\$ DIF</u>	<u>% DIF</u>
<b>AMI Services</b>	549,674	<b>597,713</b>	48,039	8.7%
The budget for Advanced Metering Infrastructure (AMI) includes all fees related to the network, software, data management, and customer portal for the year. The increase is primarily related to new water conservation software as well as a 5% increase in annual fees.				
<b>Telecom</b>	731,680	<b>560,080</b>	(171,600)	(23.5%)
This account is for the data communication lines needed for the phone system and networks utilized at the treatment plants, administrative offices, and other locations including pump stations, pressure reducing valve (PRV) vaults, and telemetry locations throughout the service area. Budget decrease is a true-up to current service level.				
<b>Security / Security Guards</b>	490,733	<b>541,465</b>	50,732	10.3%
This account covers the cost of outsourced guard services and camera/monitoring services. Patrols include weekdays, weekends, special events, and holidays. The budget increase is due to an increase in the current contracted hourly rates.				
<b>Training</b>	317,250	<b>440,000</b>	122,750	38.7%
This budget is utilized for professional development of WaterOne staff. The budget has increased based on post-pandemic training trends. The budget for training is approximately 1% of payroll.				
<b>Maintenance Services</b>	410,614	<b>350,575</b>	(60,039)	(14.6%)
This budget is for contracted maintenance services. The budget decrease is primarily due to the completion of amortization for maintenance on variable frequency drives at the Missouri Intake and Hansen Treatment Plant.				
<b>IT Hardware Maintenance</b>	273,000	<b>304,500</b>	31,500	11.5%
This account is for the recurring maintenance contracts for network hardware. The budget increase is due to increased maintenance for the addition of five server nodes.				
<b>Cleaning &amp; Inspecting Facilities</b>	198,312	<b>274,776</b>	76,464	38.6%
This budget is for cleaning facilities such as reservoirs, basins, tanks and pipelines. The budget increase is primarily due to a cleaning project on the Wolcott raw water pipeline.				
<b>Mowing &amp; Landscaping</b>	213,200	<b>249,000</b>	35,800	16.8%
The budget is for outsourced mowing, landscaping and snow removal services. The budget is increasing based on vendor price increases.				
<b>Non-Employee Overload</b>	320,490	<b>147,000</b>	(173,490)	(54.1%)
This budget is for non-employee overload or contract employees utilized to complete one-time projects. The budget is decreasing due to a reduction in temporary custodial services and lower projected contractor needs for special projects.				

*Significant Account:*

*5% of category OR*

*change of \$25k+/- and 5%+/-*

	<u>2023</u>	<u>2024</u>	<u>\$ DIF</u>	<u>% DIF</u>
<b>General Expenses &amp; Miscellaneous</b>	9,325	<b>52,275</b>	42,950	460.6%
This budget is for volunteer activities, community service and chamber event sponsorships. The budget increase is due to funding the WaterOne Cares volunteer program and an annual contribution to Johnson County Utility Assistance. These programs are funded through a revenue sharing program with HomeServ. The revenue is included in other income.				
SERVICES Transfers	(739,189)	(861,468)	(122,280)	16.5%
<b>Net SERVICES</b>	<b>\$ 10,504,189</b>	<b>\$ 10,909,174</b>	<b>\$ 404,985</b>	<b>3.9%</b>
<b>GRAND TOTAL</b>	<b>\$ 66,917,073</b>	<b>\$ 70,325,840</b>	<b>\$ 3,408,767</b>	<b>5.1%</b>

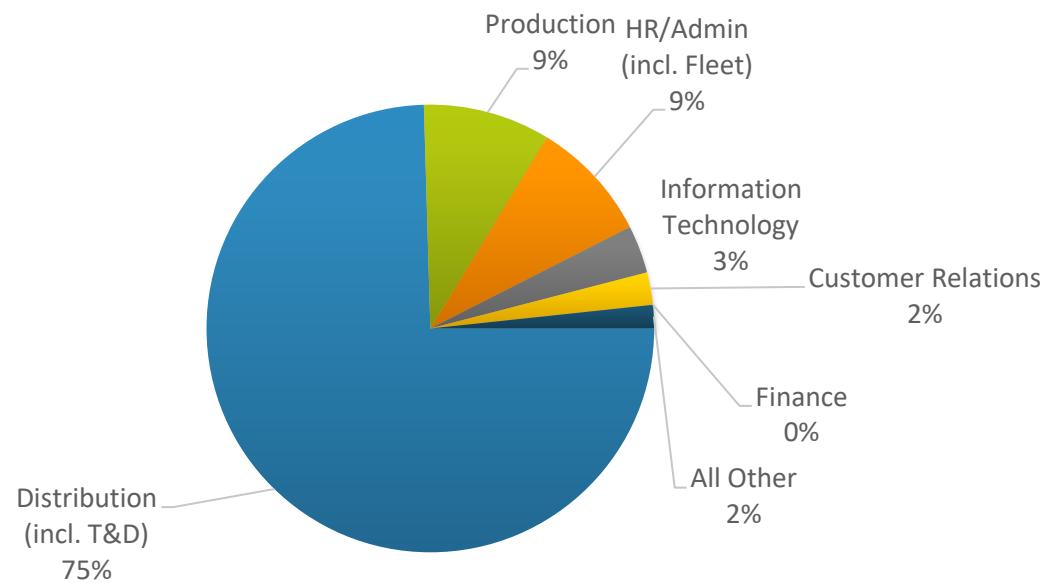
Numbers may not add due to rounding

[https://wateroneks.sharepoint.com/teams/FPA\\_Team/Budget/2024 Budget/FINAL BUDGET/05-O and M/\[District Level O\\_M Comparison-24Z.xlsx\]By Category-SIGNIFICANT CHANGES](https://wateroneks.sharepoint.com/teams/FPA_Team/Budget/2024%20Budget/FINAL%20BUDGET/05-O%20and%20M/[District%20Level%20O_M%20Comparison-24Z.xlsx]By%20Category-SIGNIFICANT%20CHANGES)

**TOTAL ANNUAL CAPITAL BUDGET BY DIVISION**  
Comparison of 2023 & 2024

Division	2023 Adopted Budget	2024 Budget	Dif \$	Dif %	% of Total Capital Requests	
					2023	2024
Distribution (incl. T&D)	\$ 24,033,507	\$ 26,270,996	\$ 2,237,489	9.3%	71.8%	74.5%
Production	4,166,972	3,238,308	(928,664)	(22.3%)	12.4%	9.2%
Human Resources / Admin. (incl. Fleet)	2,965,239	3,100,876	135,637	4.6%	8.9%	8.8%
Information Technology	1,092,829	1,212,975	120,146	11.0%	3.3%	3.4%
Customer Relations	640,640	827,687	187,047	29.2%	1.9%	2.3%
Omissions and Contingencies	580,813	594,159	13,346	2.3%	1.7%	1.7%
<b>Total Annual Capital</b>	<b>\$ 33,480,000</b>	<b>\$ 35,245,000</b>	<b>\$ 1,765,000</b>	<b>5.3%</b>	<b>100%</b>	<b>100%</b>

**2024 ANNUAL CAPITAL**



Transmission & Distribution (T&D) - included in *Distribution Division* above

	2023	2024	\$	%
			Incr/(Decr)	Incr/(Decr)
Distribution Main Replacements	\$ 12,460,000	\$ 14,040,000	\$ 1,580,000	12.7%
Distribution Main Breaks	5,120,000	5,025,000	(95,000)	(1.9%)
General Improvements	3,600,000	3,750,000	150,000	4.2%
Distribution Main Relocations	1,500,000	1,500,000	-	0.0%
Transmission Main Capital	700,000	730,000	30,000	4.3%
Condition Assessment	600,000	620,000	20,000	3.3%
<b>Subtotal T&amp;D Funding</b>	<b>\$ 23,980,000</b>	<b>\$ 25,665,000</b>	<b>\$ 1,685,000</b>	<b>7.0%</b>

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## STRATEGIC PLANNING AND PERFORMANCE MEASURES

The Strategic Plan (Plan) at WaterOne serves as the map to provide direction for future utility initiatives. It defines the mission, vision, values, and identifies eight strategic goals and their related strategies.

Each year WaterOne's Board reviews, reaffirms, and develops strategic goals which support WaterOne's vision. In the first quarter of each year a strategic board retreat is organized. During the retreat the General Manager, Directors and Board Members discuss current strategic goals and review any new objectives for the coming year and future year.

### Definitions

Strategic planning uses a variety of terms to describe the different components of the Plan. The following definitions are provided to clarify WaterOne's interpretation of those terms.

**Vision:** The aspirations of the utility for the future; what motivates strategic change.

**Mission:** The reason the utility is in business; its purpose in the community.

**Values:** The principles that govern how business is conducted and the actions of individuals.

**Strategic Goals:** Broad based goals that focus on the utility's future and ability to reach the vision.

**Strategies:** Broad based ideas that provide general direction to achieve the strategic goals.

## **Vision Statement**

WaterOne...Setting the standard for utility excellence.

## **Mission Statement**

To provide a safe, reliable, and high-quality water supply with exceptional service and value.

## **Values**

Quality | Integrity | Safety | Accountability | Respect

## **Goals and Strategies**

### Goal 1: Ensure a safe, reliable, high quality water supply

- Produce and distribute water to the customer that meets or exceeds all state and federal regulations.
- Meet or exceed Board-established water quality goals and customer expectations.
- Continue long-range water resource and infrastructure master planning to reliably serve current and future customer demands.
- Monitor and participate in activities that protect water resources.

### Goal 2: Provide excellent customer service

- Continuously improve customer service.
- Periodically evaluate customer perceptions and satisfaction.
- Expand online service to meet customer expectations.
- Provide education and outreach through the use of innovative communication tools and social media.
- Maintain effective relationships with public agencies.
- Cultivate a strong customer-oriented mindset among all employees.
- Provide timely emergency alerts to customers using mass notification system.

### Goal 3: Be an employer of choice

- Attract and retain a high-quality, diverse, and engaged workforce.
- Provide a competitive total compensation package.
- Train, develop, mentor, and plan for succession of employee talent.
- Foster an equitable and inclusive culture so employees have opportunity to thrive.
- Promote open employee communication.

### Goal 4: Ensure financial stability and predictable rates

- Develop effective annual budgets and long-range plans.
- Establish rates that are fair and equitable.
- Continuously monitor revenue and manage expenditures versus budget.
- Regularly and effectively communicate financial plans and results to stakeholders.
- Pursue opportunities for additional revenue that would be beneficial to our ratepayers.

**Goal 5:** Continuously improve business processes

- Meet or exceed established key performance indicators.
- Leverage the use of technology resources and assets.
- Ensure that institutional knowledge is documented, retained and improved over time.
- Utilize effective project management concepts, including broad communication of lessons learned.
- Maintain transparency and appropriate governance practices in all business processes.

**Goal 6:** Proactively manage infrastructure

- Monitor condition of water supply and distribution assets.
- Meet or exceed established service levels.
- Prioritize asset replacement using lowest lifecycle cost.
- Communicate results to stakeholders.

**Goal 7:** Be good stewards of the environment

- Promote efficient water use by fostering an educated, aware and engaged community.
- Develop alternative methods of performing activities to minimize environmental impact.
- Use sustainable materials and processes by balancing societal, financial and environmental impacts.
- Develop efficient, cost effective programs to reduce, recycle and reuse consumables.
- Conduct business operations in compliance with applicable environmental regulations.

**Goal 8:** Promote a safe work environment and establish a security conscious culture

- Maintain a safe workplace that maximizes employee safety.
- Safeguard facilities, electronic assets, and intellectual property by proactively identifying and addressing vulnerabilities.
- Ensure business continuity by maintaining redundant and resilient facilities and critical staffing capabilities.
- Continue to update and test emergency response plans to support the ability to respond to and recover from any incident.
- Promote employee awareness and security and safety issues.

**2024 Operational Goals and how they relate to the Strategic Goals**

		Strategic Goals								
		1 Quality Water	2 Customer Service	3 Employer of Choice	4 Financial Stability	5 Process Improvement	6 Asset Management	7 Environmental Stewardship	8 Safety & Security	
2024 Operational Goals By Division		Strategic Goal:								
		1	2	3	4	5	6	7	8	
<b>Production</b>										
1	Construction of campus improvement project			X		X	X		X	
2	Lead and Copper Rule Revisions (LCRR)	X	X		X					
3	Missouri River Collector Well No. 2 design and construction	X				X	X			
4	Execute SCADA master plan	X				X	X		X	
5	Construction of redundant power for Wyss Pump Station					X	X			
6	Complete hydro power generation facility design engineering				X	X		X		
<b>Distribution</b>										
1	Lead and Copper Rule Revisions (LCRR)	X	X		X					
2	Application development and deployment for field work	X	X			X	X			
3	30" transmission main replacement, Quivira road						X			
4	Replace approximately 16 miles of Distribution Mains	X	X		X		X			

		Strategic Goals							
		1 Quality Water	2 Customer Service	3 Employer of Choice	4 Financial Stability	5 Process Improvement	6 Asset Management	7 Environmental Stewardship	8 Safety & Security
2024 Operational Goals By Division		Strategic Goal:							
Strategic Goal:	1	2	3	4	5	6	7	8	
5 Transmission main condition assessments	X	X		X		X			
<b>Customer Relations</b>									
1 Advance Meter Infrastructure – Smart Utility Network	X	X			X		X		
2 Lead and Copper Rule Revisions (LCRR)	X	X		X					
3 Upgrade customer payment platform		X			X	X			
<b>Finance</b>									
1 Draft Sustainability Master Plan				X	X	X	X		
2 ERP Evaluation and Replacement		X	X	X	X	X			
<b>Human Resources</b>									
1 Facilitate Engagement Survey Initiatives			X		X				
2 Review and recommend enhancements to the appraisal process		X	X		X				
<b>Legal/Audit</b>									

		Strategic Goals							
		1 Quality Water	2 Customer Service	3 Employer of Choice	4 Financial Stability	5 Process Improvement	6 Asset Management	7 Environmental Stewardship	8 Safety & Security
2024 Operational Goals By Division		Strategic Goal:							
Strategic Goal:	1	2	3	4	5	6	7	8	
1	Implementation of records information management initiative				X				
<b>Information Technology</b>									
1	Execute SCADA master plan	X			X	X			X
2	Implementation of records information management initiative				X				
3	ERP Evaluation and Replacement		X	X	X	X			
4	Application development and deployment for field work	X	X		X	X			
5	Advance Meter Infrastructure – Smart Utility Network	X	X		X		X		

### Performance Measures

The performance measures on the following pages are WaterOne's system for objectively measuring the progress of accomplishing the strategic goals.

### 3. WATERONE KPIs and STRATEGIC GOALS

Misson: To provide a safe, reliable, high-quality water supply with exceptional service and value.

Key Performance Indicators	Current Month Rating	Page	GOAL 1: Safe, reliable, high quality		GOAL 2: Excellent customer service		GOAL 3: Employer of choice		GOAL 4: Financial stability		GOAL 5: Improve processes		GOAL 6: Proactively manage infrastructure		GOAL 7: Environmental stewardship		GOAL 8: Safety and security	
			Value	Target	Value	Target	Value	Target	Value	Target	Value	Target	Value	Target	Value	Target	Value	Target
1. Drinking Water Standards	G ↔	7	●															
2. Water Quality Goals	G ↔	7	●															
3. Distribution System Renewal Rate	B ↑	9	●															
4. Non-revenue water (Infrastructure Leakage Index)	R ↓	9	●															
5. Water Distribution System Integrity	R ↓	10	●															
6. Annual Water Outage Time per Customer	B ↔	11	●		●													
7. Water Outage Time - Percent of Customers	G ↑	11	●		●													
8. Sufficient Production Max Day Capacity	B ↑	11	●															
9. Minimum Pressure Goals	B ↓	12	●		●													
10. Maximum Pressure Goals	B ↔	12	●		●													
11. Facilities Maintenance "Planned" Hours	B ↓	13	●															
12. Facilities Maint Emergency Work Hours	B ↑	13	●															
13. Customer Satisfaction Rating	B ↔	14	●		●													
14. Water Quality Complaints	B ↔	14	●		●													
15. Billing Accuracy	B ↓	14	●		●													

**BLUE** Favorable variance is greater than 2% from target.

**ORANGE** Unfavorable variance is 2% to 5% of target.

**GREEN** Favorable or unfavorable variance from target is within 2%.

**RED** Unfavorable variance is over 5% of target.

# WATERONE KPI REPORT

### 3. WATERONE KPIs and STRATEGIC GOALS

Misson: To provide a safe, reliable, high-quality water supply with exceptional service and value.

Key Performance Indicators	Current Month Rating	Page	Strategic Goals Progress							
			GOAL 1: Safe, reliable, high quality		GOAL 2: Excellent customer service		GOAL 3: Employer of choice		GOAL 4: Financial stability	
16. Residential Cost of Water	G 	15								
17. Affordability Ratio	G 	15								
18. Customers Served Per Employee	G 	15								
19. O&M Cost Per Million Gallons Produced	G 	16								
20. O&M Cost Per Customer Accounts	R 	16								
21. Actual vs. Budgeted Water Sales Revenue	B 	17								
22. Actual vs. Budgeted Operating Costs	R 	17								
23. Debt Service Coverage Ratio	B 	17								
24. Active Customer Accounts vs. Projected	R 	18								
25. Employee Turnover	G 	18								
26. Employee Health and Safety Severity Rate	G 	19								
27. Miles Per Gallon - Light Duty Vehicles	G 	19								
28. Total Fuel Gallons Used	G 	19								
29. Renewable Energy Ratio	G 	19								

**BLUE** Favorable variance is greater than 2% from target.

**ORANGE** Unfavorable variance is 2% to 5% of target.

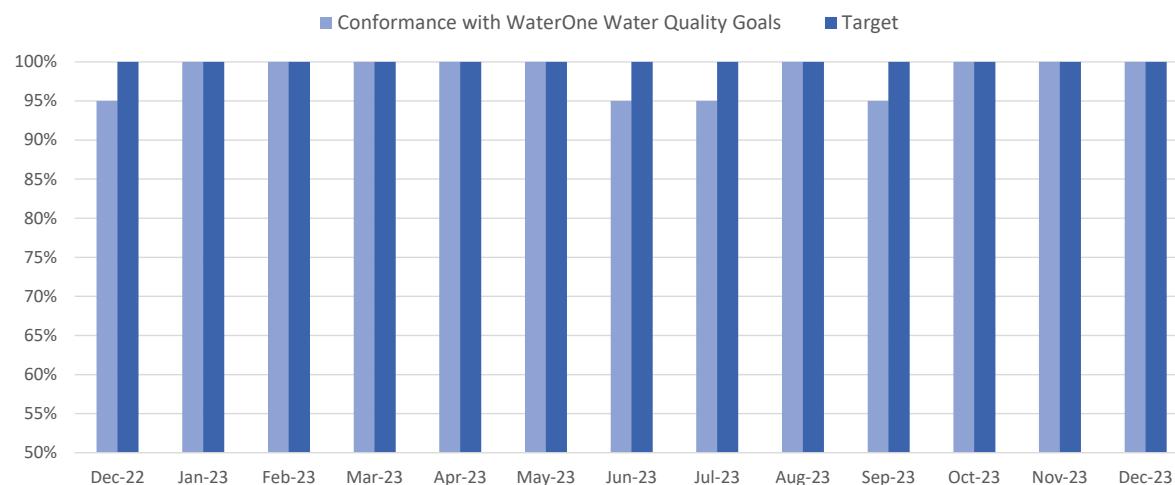
**GREEN** Favorable or unfavorable variance from target is within 2%.

**RED** Unfavorable variance is over 5% of target.

# WATERONE KPI REPORT

## 4. KPI DETAIL REPORT

Reporting Division	WaterOne Key Performance Indicators	2023 Target As Of Dec 31	2023 Actual	Variance	Current Month Target	Current Month Actual	Performance Rating
Reported Monthly							
PRD	<p><b>1. Conformance with Drinking Water Internal Standards, Regulations, Monitoring, MCL/TT</b> Percentage of parameter samples that comply with Safe Drinking Water Act Standards. (Monthly) (S.G. 1,7)</p>	100.0%	100.0%	0.00%	100.0%	100.0%	G 
PRD	<p><b>2. Conformance with WaterOne Water Quality Goals</b> Percentage of parameter-samples that comply with WaterOne Established drinking water standards. (Monthly) (S.G. 1, 7)</p>	100.0%	100.0%	0.00%	100.0%	100.0%	G 



- █ **BLUE** Favorable variance is **greater than 2%** from target.
- █ **GREEN** Favorable or unfavorable variance from target is **within 2%**.
- █ **ORANGE** Unfavorable variance is **2% to 5%** of target.
- █ **RED** Unfavorable variance is **over 5%** of target.

## WATER QUALITY KPI's

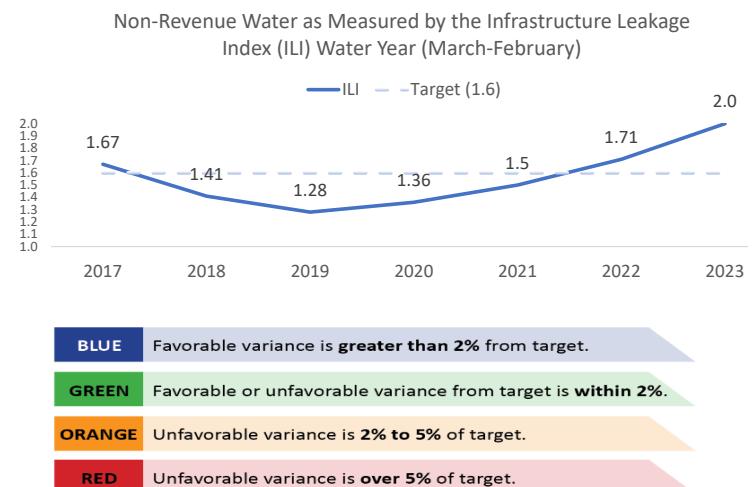
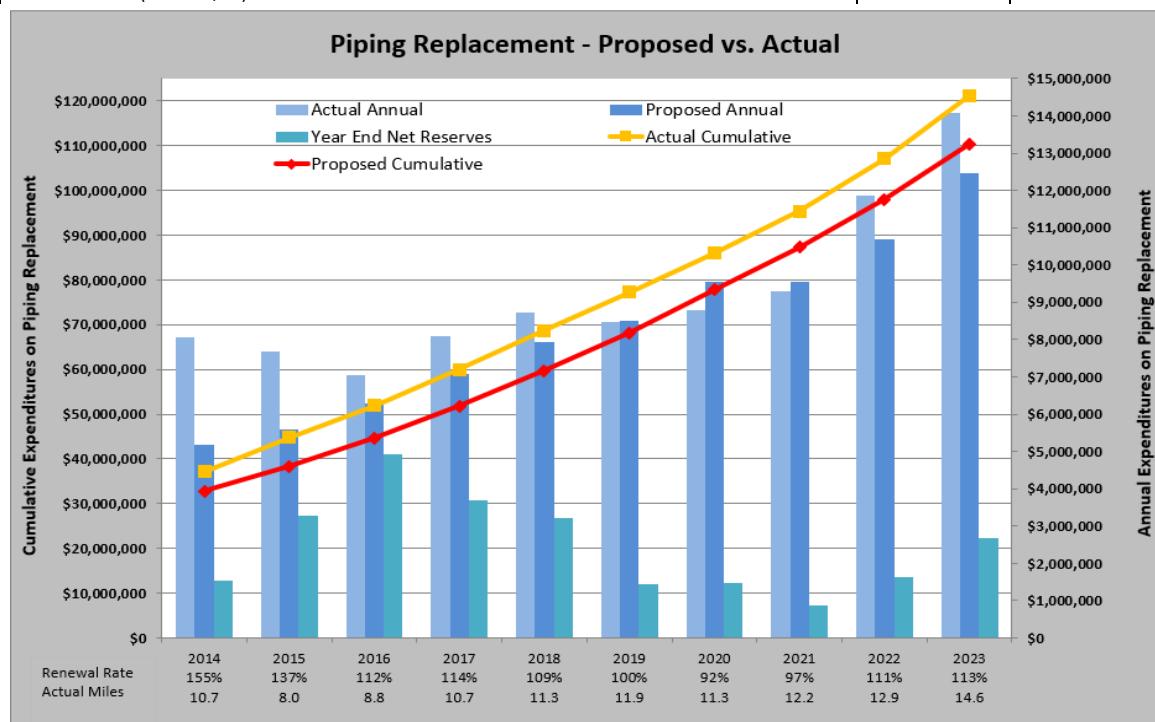
Process	Parameter	December 2023 Range	Performance Rating	Target Range	Frequency	Comments
Influent	Odor (MIB & Geosmin)	0 - 0	GREEN	< 10 ng/l	Weekly	
Membrane Combined Effluent	Turbidity	100.0%	GREEN	96% < 0.2 ntu	5 Minute	
Filter (Start Up)	Turbidity	100.0%	GREEN	99% < 0.8 ntu	15 Minute	
Filter (After Seat In)	Turbidity	100.0%	GREEN	99% < 0.3 ntu	15 Minute	
Tap	Turbidity	100.0%	GREEN	96% < 0.2 ntu	5 Minute	
Tap	Calcium Hardness	100.0%	GREEN	90% > 60 mg/L	Daily	
Tap	Total Hardness	134 - 140	GREEN	100 - 145 mg/L	Running Annual Average	
Tap	Total Alkalinity	100.0%	GREEN	90% > 45 mg/L	Daily Avg	
Tap	pH	100.0%	GREEN	90 % Between 9.3 - 9.7	Daily Avg	
Tap	Total Chlorine	100.0%	GREEN	90% Between 2.5 - 3.8 mg/L	Daily Avg	
Tap	Bromate	0.4%	GREEN	100% < 0.006 mg/L	Monthly	
Tap	Odor (MIB & Geosmin)	0 - 2.4	GREEN	< 5 ng/l	Weekly	
Tap	Total Coliforms	100.0%	GREEN	100% Negative	Weekly	
Tap	E. Coliforms	0.0%	GREEN	0 positive	Weekly	
Tap	Fluoride	100.0%	GREEN	90% Between 0.5 - 0.8 mg/L	Daily Avg	
Distribution	Total Chlorine	97.0%	GREEN	90% Between 2.25 - 3.8 mg/L	Daily	
Distribution	Total Coliforms	100.0%	GREEN	98% Negative	>200/Month	
Distribution	E. Coliforms	0.0%	GREEN	0 positive	>200/Month	
Distribution	pH	100.0%	GREEN	90% Between 9.3 - 9.7	Daily	
Distribution	Lead	Not Measured	RED	95% < 0.01 mg/L	Annual Percentile	

- GREEN: All Parameters Meet Goals
- YELLOW: 1 to 3 Parameters do not meet goals
- RED: 4 or more Parameters do not meet goals



## 4. KPI DETAIL REPORT

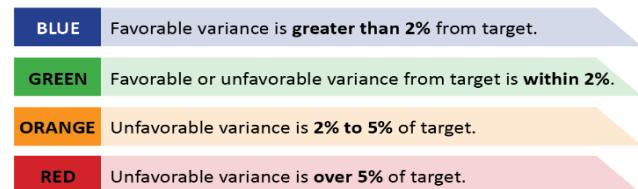
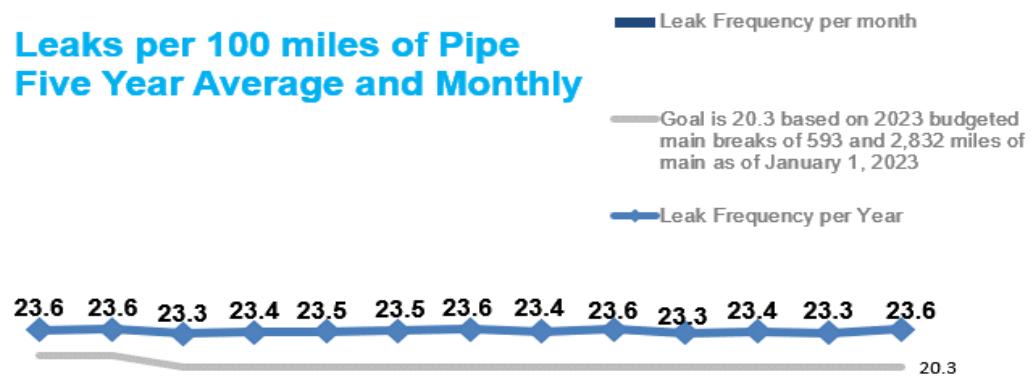
Reporting Division	WaterOne Key Performance Indicators	2020 Final	2021 Final	2022 Final	2022 Target	2023 Final	2023 Target	Performance Rating
	Reported Annually							
DST	<b>3. System Renewal Rate</b> Rate at which infrastructure is being renewed or replaced as compared to projected replacement needs. (S.G. 1, 4, 6, 7)	92.0%	97.0%	111.0%	90.0%	113.0%	90.0%	B <span style="color: blue;">↑</span>
CCR	<b>4. Non-revenue water (Infrastructure Leak Index)</b> Ratio of actual losses to expected losses. The ILI is an effective KPI for comparing utilities' operational management of real water losses. (S.G. 6, 7)	1.36	1.50	1.71	1.6	2.0	1.6	R <span style="color: red;">↓</span>



## 4. KPI DETAIL REPORT

Reporting Division	WaterOne Key Performance Indicators	2023 Target As Of Dec 31	2023 Actual	Variance	Current Month Target	Current Month Actual	Performance Rating
	Reported Monthly						
DST	<p><b>5. Water Distribution System Integrity</b>            Quantification of the condition of the water distribution system by considering the number of main breaks and leaks per 100 miles of pipeline.            (5 yr rolling) (S.G. 1, 6, 7)</p>	20.3	23.6	16.3%	2.0	2.9	R <span style="color: red;">↓</span>

### Leaks per 100 miles of Pipe Five Year Average and Monthly



## 4. KPI DETAIL REPORT

Reporting Division	WaterOne Key Performance Indicators	2020 Final	2021 Final	2022 Final	2022 Target	2023 Final	2023 Target	2022 Performance Rating
	Reported Annually							
DST	<b>6. Number of Minutes of Water Outage per Total System Customers</b>  Total annual minutes of service outage divided by the annual weighted average of number of customers will not exceed 20 minutes. (S.G. ,1 2, 6)	12	11	13	20	13	20	B 
DST	<b>7. Of the customers that experienced a water outage for the year, the percent of affected customers that were out of service &gt; 12 hours.</b>  (S.G. 1, 2, 6)	1.9%	0.9%	0.1%	0.0%	0.0%	0.0%	G 
PRD	<b>8. Production Facilities' Capacity of Available Max Day Gallons per Customer.</b> (S.G. 1, 6)	1,009	1,000	988	894	980	894	B 



<b>BLUE</b>	Favorable variance is <b>greater than 2%</b> from target.
<b>GREEN</b>	Favorable or unfavorable variance from target is <b>within 2%</b> .
<b>ORANGE</b>	Unfavorable variance is <b>2% to 5%</b> of target.
<b>RED</b>	Unfavorable variance is <b>over 5%</b> of target.

## WATERONE KPI REPORT

## 4. KPI DETAIL REPORT

Reporting Division	WaterOne Key Performance Indicators	2023 Target As Of Dec 31	2023 Actual	Variance	Current Month Target	Current Month Actual	Performance Rating
Reported Monthly							
PRD	9. Conformance with WaterOne Minimum Pressure Goals Percentage of time a minimum pressure of 40 psi was supplied to 95% of the service territory. (Monthly) (S.G. 1, 2, 6)	95.0%	100.0%	5.3%	95.0%	99.0%	B <span style="color: blue;">↓</span>
Reported Monthly							
PRD	10. Conformance with WaterOne Maximum Pressure Goals Percentage of time a maximum pressure of 135 psi was supplied to 75% of the service territory. (Monthly) (S.G. 1, 2, 6)	95.0%	100.0%	5.3%	95.0%	100.0%	B <span style="color: blue;">↔</span>



BLUE Favorable variance is greater than 2% from target.

GREEN Favorable or unfavorable variance from target is within 2%.

ORANGE Unfavorable variance is 2% to 5% of target.

RED Unfavorable variance is over 5% of target.

## WATERONE KPI REPORT

## 4. KPI DETAIL REPORT

Reporting Division	WaterOne Key Performance Indicators	2023 Target As Of Dec 31	2023 Actual	Variance	Current Month Target	Current Month Actual	Performance Rating
Reported Monthly							
PRD	11. Facilities Maintenance - % of "Planned" Man-hours (Monthly) (S.G. 5, 6)	85.0%	96.4%	13.4%	85.0%	96.4%	B <span style="color: blue;">↓</span>
PRD	12. Facilities Maintenance - % Man-hours on Emergency Workorders (Monthly) (S.G. 5, 6)	5.0%	0.3%	94.2%	5.0%	0.3%	B <span style="color: blue;">↑</span>



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- GREEN Favorable or unfavorable variance from target is **within 2%**.
- ORANGE Unfavorable variance is **2% to 5%** of target.
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## 4. KPI DETAIL REPORT

Reporting Division	WaterOne Key Performance Indicators	2023 Target As Of Dec 31	2023 Actual	Variance	Current Month Target	Current Month Actual	Performance Rating
Reported Monthly/Quarterly							
CCR	<b>13. Composite Customer Satisfaction Performance Rating</b> Based upon an index of various customer service and water service components common to utilities. (Quarterly) (S.G. 2)	80.0	83.3	4.1%	80.0	83.3	<span style="color: #4F81BD;">B</span> <span style="color: #4F81BD;">↔</span>
CCR	<b>14. Technical Water Quality Complaints/1,000 Accounts</b> Express of complaints related to core utility service, T&O, Turbidity, Pressure, etc. (YTD) (S.G. 1, 2)	8.0	5.3	33.8%	0.7	0.3	<span style="color: #4F81BD;">B</span> <span style="color: #4F81BD;">↔</span>
CCR	<b>15. Billing Accuracy</b> Expression of error-driven billing adjustments per 10,000 bills. (12 MTD) (S.G. 2, 4)	7.2	1.0	86.1%	7.2	1.0	<span style="color: #4F81BD;">B</span> <span style="color: #4F81BD;">↓</span>

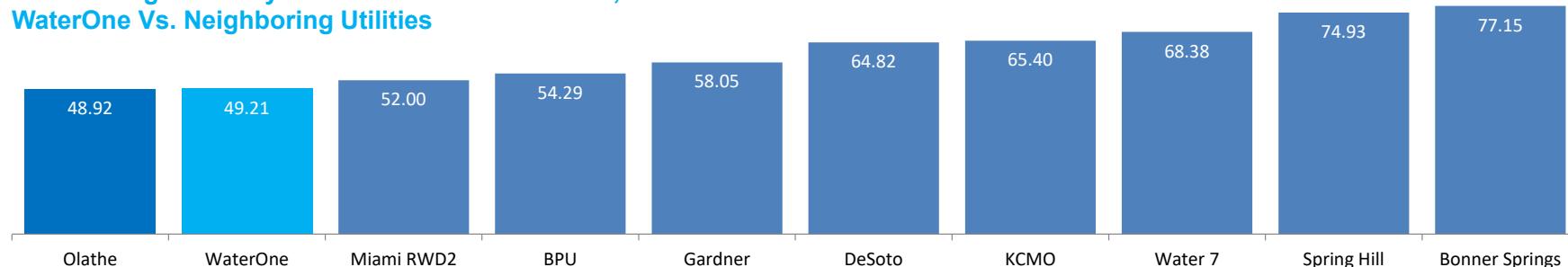


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## 4. KPI DETAIL REPORT

Reporting Division	WaterOne Key Performance Indicators	2020 Final	2021 Final	2022 Final	2022 Target	2023 Final	2023 Target	2022 Performance Rating
Reported Annually								
FIN	<b>16. Residential Cost of Water</b> Comparison of residential cost of water service based on both a defined quantity of water use and the average residential bill amounts for these services. (see note below) (S.G. 2, 4)	\$ 45.59	\$ 44.94	\$ 46.53	\$ 46.53	\$ 49.21	\$ 49.21	G ↓
FIN	<b>17. Affordability Ratio</b> The cost of low water usage for a low income resident divided by income after basic needs (housing, food, taxes, healthcare). Target income is 20th percentile. (S.G. 2, 4)	3.5%	3.7%	2.5%	No target	2.5%	No target	G ↔
HR	<b>18. Customers Served per Employee</b> Number of customer accounts that were billed for some or all of the reporting period divided by the number of full-time equivalent employees. (S.G. 2, 4)	376	378	377	No target established	377	No target established	G ↔

### 2023 Average Monthly Amount for Customers at 7,000 Gal. WaterOne Vs. Neighboring Utilities



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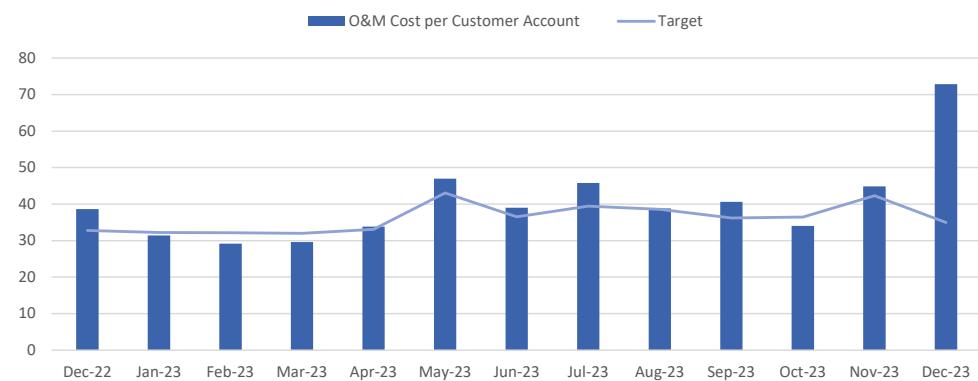
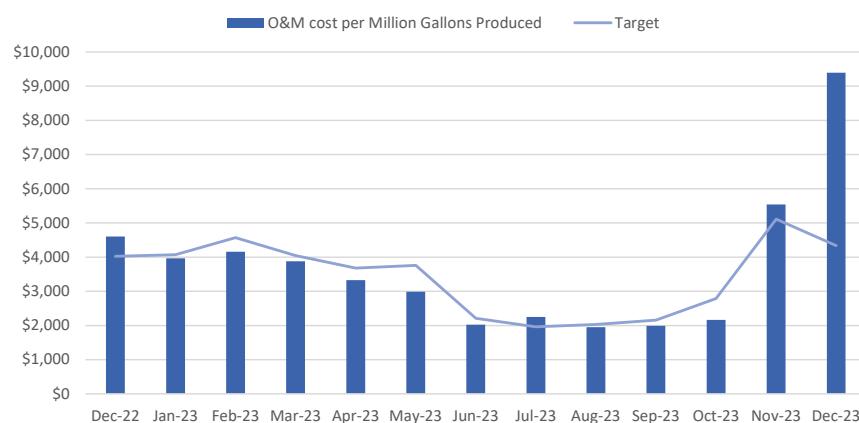
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# WATERONE KPI REPORT

## 4. KPI DETAIL REPORT

Reporting Division	WaterOne Key Performance Indicators	2023 Target As Of Dec 31	2023 Actual	Variance	Current Month Target	Current Month Actual	Performance Rating
Reported Monthly							
FIN	<b>19. O&amp;M Cost per Million Gallons Produced (YTD) (S.G. 4)</b>	\$ 3,010	\$ 3,042	1.1%	\$ 4,338	\$ 9,393	G <span style="color: green;">↓</span>
FIN	<b>20. O&amp;M Cost per Customer Account</b> O&M costs divided by number of customer accounts that were billed during the reporting period. (YTD) (S.G. 4)	\$ 433	\$ 483	11.6%	\$ 35	\$ 73	R <span style="color: red;">↓</span>



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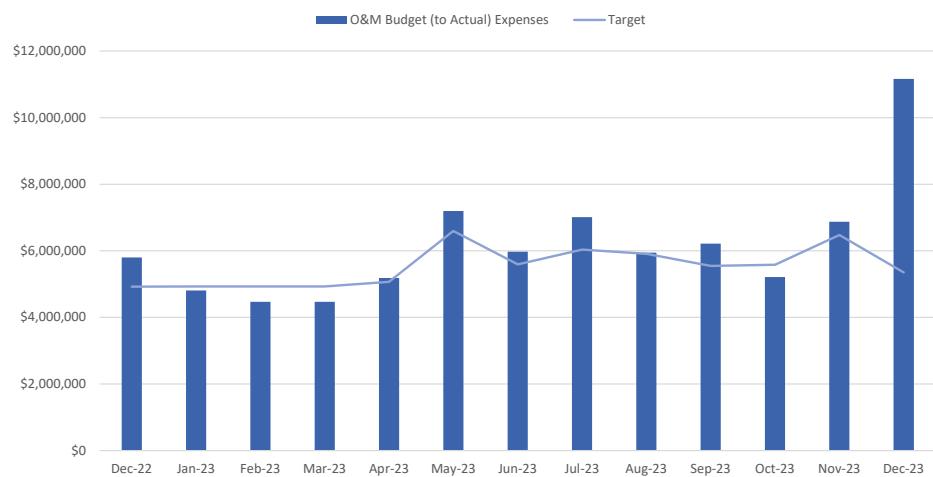
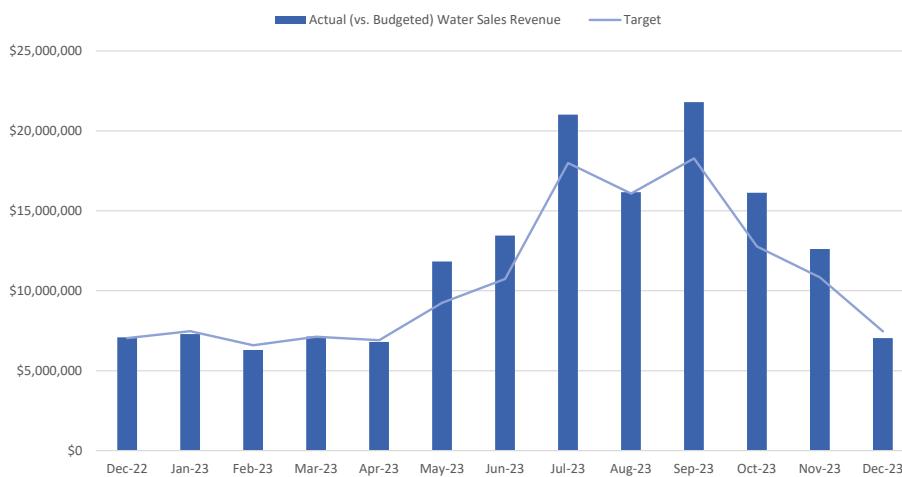
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## 4. KPI DETAIL REPORT

Reporting Division	WaterOne Key Performance Indicators	2023 Target As Of Dec 31	2023 Actual	Variance	Current Month Target	Current Month Actual	Performance Rating
Reported Monthly							
FIN	<b>21. Actual vs. Budgeted Water Sales Revenue</b> (YTD) (S.G. 4)	\$ 131,503,332	\$ 147,576,430	12.2%	\$ 7,464,536	\$ 7,034,353	B ↓
FIN	<b>22. O&amp;M Budget to Actual Expenses (YTD) (S.G. 4, 6)</b>	\$ 66,917,073	\$ 74,542,007	11.4%	\$ 5,352,775	\$ 11,163,868	R ↓
FIN	<b>23. Debt Service Coverage Ratio</b> Ratio of Net Operating Income to Required Debt Service. Board policy is to budget for 2.0. (12 MTD) (S.G. 4)	2.00	3.11	55.4%	2.00	3.11	B ↓



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## 4. KPI DETAIL REPORT

Reporting Division	WaterOne Key Performance Indicators	2023 Target As Of Dec 31	2023 Actual	Variance	Current Month Target	Current Month Actual	Performance Rating
Reported Monthly							
FIN	<b>24. Active Customer Accounts vs. Projected</b> Actual growth in the number of bill paying customers compared to estimated growth. (YTD) (S.G. 4, 6)	1,400	1,155	-17.5%	106	98	R <span style="color: red;">↑</span>
HR	<b>25. Turnover Rate</b> YTD expression of the performance and stability of the workforce. (YTD) (S.G. 3)	No target established	9.8%	No target established	Not calculated	Not calculated	G <span style="color: green;">↓</span>



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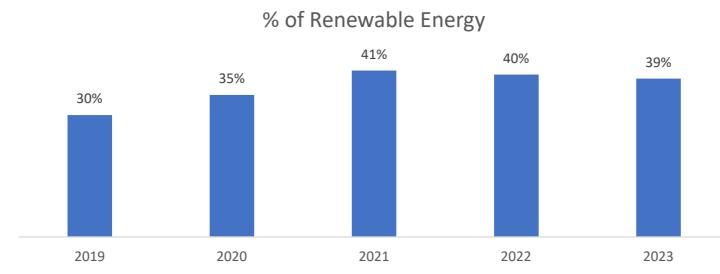
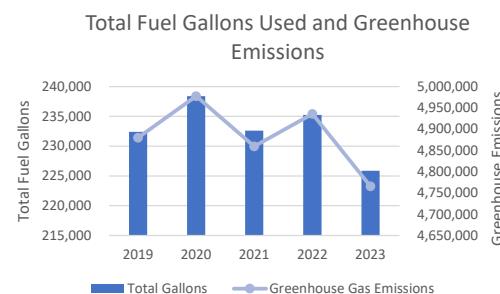
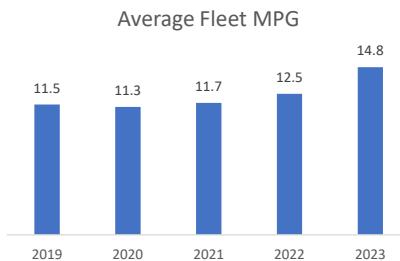
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## WATERONE KPI REPORT

## 4. KPI DETAIL REPORT

Reporting Division	WaterOne Key Performance Indicators	2020 Final	2021 Final	2022 Final	2022 Target	2023 Final	2023 Target	2022 Performance Rating
	<b>Reported Annually</b>							
HR	<b>26. Employee Health &amp; Safety Severity Rate</b> Employees dates lost due to injury. Rate per 100 employees. (S.G. 3, 8)	7.5	0.8	12.3	No target established	3.8	No target established	G 
HR	<b>27. Miles Per Gallon-Light Duty Vehicles</b> Includes MPG for fleet units with consumption measured in miles. (S.G. 7)	11.3	11.7	12.5	No target established	14.8	No target established	G 
HR	<b>28. Total Fuel Gallons Used</b> (S.G. 7)	238,401	232,613	235,235	No target	225,868	No target	G 
FIN	<b>29. Renewable Energy Ratio</b> Percent of electricity generated from wind, nuclear, hydro, and solar. (S.G. 7)	35.0%	41.0%	40.0%	No target established	39.0%	No target established	G 



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# WATERONE KPI REPORT

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## 2024 REVENUE SUMMARY

### OPERATING REVENUE ASSUMPTIONS

#### Comparison of Revenues

Revenue Type	2023 Budget	2024 Budget	\$ Inc<Dec>	% Inc<Dec>
Sales of Water	\$131,503,331	\$138,438,533	\$6,935,202	5.3%
Other Operating Revenues	1,695,000	1,830,000	135,000	8.0%
Investment Income	2,480,000	3,840,000	1,360,000	54.8%
<b>Total</b>	<b>\$135,678,331</b>	<b>\$144,108,533</b>	<b>\$8,430,202</b>	<b>6.2%</b>

#### Sales of Water

Sales of Water in 2024 are projected to increase by \$6,935,202 or 5.3%.

- A 4.8% rate increase will provide \$6,315,764 in additional revenue.
- 1,300 new retail customers will provide additional revenue of \$1,199,018. WaterOne projects new customer growth by analyzing the long term historical average as well as the recent growth trends.
- A 1.5% budgeted reduction in Residential (R1) gallons per customer caused revenues to decrease by \$890,211.
- An allocation change, a true-up to actual customer growth and meter size mixes increased revenue by \$310,631.

#### Volume Charge vs. Service Charge

- Volume charges are 83% of revenue
- Service charges are 17% of revenue

The water sales budget is developed assuming “normal” weather which means average temperature, rainfall, and rain frequency.

## Other Operating Revenues

### Delayed Payment Charges

Delayed Payment Charges are applied to water bills paid after the due date. Budgeted revenues from this source are \$625,000 which is \$25,000 or 4.2% more than the 2023 budget.

### Field Service Charges

Field Service Charges are assessed when service is restored after being shut off for non-payment or other rule violations. This category also includes charges assessed for returned checks. Field Service Charges for 2024 are budgeted to be \$425,000 which is a \$55,000 or 14.9% increase from the 2023 budget.

### Miscellaneous Revenue

Miscellaneous Revenue includes revenue from interest income on WaterOne checking accounts, rental income from farm land and wireless phone antennas, sale of miscellaneous equipment, purchasing card revenue sharing, reimbursements from Johnson County Wastewater for WaterOne's IT time, and HomeServe commissions. Budgeted revenue from these sources is \$780,000, which is \$55,000 or 7.6% more than the 2023 budget.

## MISCELLANEOUS FEES AND CHARGES

Delayed Payment Charge (as a % of the unpaid current amount)	5%
--	----

### Field Service Charges

Field Trip Charge	\$25
Reconnection Trip Charge	\$25
After Hours Reconnection Trip Charge	\$80
Returned Check Charge	\$25
Remote Connection Fee	\$25
Manual Meter Reading Fee	\$80

## Investment Income

Investment income is earned on investments made with cash that is not needed for daily operation. Investment income in 2024 is budgeted to be \$3,840,000. This is an increase of \$1,360,000 or 54.8% more than the 2023 budget. The large increase is due to the rise in interest rates.

**NON-OPERATING REVENUE (not a funding source for the Annual Budget)**

**System Development Charges (SDCs)**

SDCs are paid on new service connections in order to compensate for the applicable costs of investment required for existing and future water supply, treatment, transmission and distribution facilities, including major improvements to existing and future facilities which contribute to system capacity. They cannot be used for operating expenses and therefore the revenue is not included as a funding source for the annual budget. SDCs are used to fund Master Plan, and they could be utilized to retire debt. For 2024, SDC income is budgeted at \$7,020,000 which is \$20,000 or 0.3% more than the 2023 budget. The increase is due to an increase in the charge based on the cost of service. SDCs are conservatively budgeted by assuming that all of the customer growth will be 5/8" service connections. The SDC is budgeted at \$5,400, an increase of \$400.

**Meter Size/Type (a)**

5/8" Displacement Meter (BASE)	\$5,400
3/4" Displacement Meter	8,100
1" Displacement Meter	13,500
1 1/2" Displacement Meter	27,000
1 1/2" Turbine	32,400
2" Displacement Meter	43,200
2" Compound Meter	43,200
2" Turbine	51,300
3" Compound Meter	94,500
3" Turbine Meter	117,450
4" Compound Meter	162,000
4" Turbine Meter	202,500

(a) The meter sizes listed in the schedule are not intended to be all inclusive. Retail System Development Charges for meters not listed in the schedule will be determined based on the meter capacity ratio using the 5/8 inch displacement meter as the basis for comparison.

### WATER RATE STRUCTURE

WaterOne uses a Peak Management Rate (PMR) fee structure for water rates. This is an inclining rate structure designed to encourage customers to reduce peak usage. This delays the need for additional capacity and/or recovers costs more equitably from those customers who choose to have peak water usage. PMR rates are designed to charge a higher amount for water usage above the customer's base usage. Block 1 rates are for volumes up to 125% of the customer's Average Winter Consumption (AWC). Block 2 rates are for those gallons used in excess of 125% of the customer's AWC.

Each customer's AWC is calculated individually based on their actual consumption over the prior winter. There is also a Default AWC for each customer class and the customer is given the benefit of whichever is higher. The Default AWC is used when no individual customer AWC is set, such as for new customers.

WaterOne projects its average residential customer consumption to be approximately 7,000 gallons per month. The average bill is calculated as follows:

Block	Gallons	2024 Rates per 1,000 gallons	Total
1	5,180	\$5.16	\$26.72
2	1,820	\$7.75	\$14.11
Service Charge	NA	\$10.75	\$10.75
	<b>7,000</b>		<b>\$51.58</b>

There is an overall 4.8% rate increase for 2024. The typical customer's bill will increase 4.5% or \$2.21 to \$51.58 per month. The percent increase for the typical customer's bill is less than the rate increase because the service charge decreased while volume rates increased. The service charge for the typical customer is a larger percentage of the bill than the overall combined customer base.

Based on the recommendation in the Cost of Service study, the readiness to serve component of the service charge was eliminated resulting in a decrease in the service charge for all rate classes.

## Comparison of Volume Rates and Service Charges

**2023 to 2024**

## 4.8% Rate Increase

	Actual	Adopted	\$	%
Meter	2023	2024		
Size	Rates	Rates	Increase	Increase

## Retail Service Charges:

Single Family Residential		Bi-monthly			
Monthly	\$10.75	5/8"	\$26.10	<b>\$21.50</b>	(\$4.60)
	\$13.35	3/4"	\$34.30	<b>\$26.70</b>	(\$7.60)
	\$17.80	1"	\$51.00	<b>\$35.60</b>	(\$15.40)
	\$32.70	1 1/2"	\$94.60	<b>\$65.40</b>	(\$29.20)
	\$46.70	2"	\$141.60	<b>\$93.40</b>	(\$48.20)
	\$101.85	3"	\$342.20	<b>\$203.70</b>	(\$138.50)
	\$168.65	4"	\$537.70	<b>\$337.30</b>	(\$200.40)
All Other		Monthly			
	5/8"	\$16.20	<b>\$14.60</b>	(\$1.60)	-9.9%
	3/4"	\$20.30	<b>\$17.20</b>	(\$3.10)	-15.3%
	1"	\$28.70	<b>\$21.60</b>	(\$7.10)	-24.7%
	1 1/2"	\$50.50	<b>\$36.50</b>	(\$14.00)	-27.7%
	2"	\$74.00	<b>\$50.50</b>	(\$23.50)	-31.8%
	3"	\$174.10	<b>\$105.70</b>	(\$68.40)	-39.3%
	4"	\$272.00	<b>\$172.50</b>	(\$99.50)	-36.6%
Temporary Commercial (All Meter Sizes)	6"	\$576.00	<b>\$343.21</b>	(\$232.79)	-40.4%
		\$99.80	<b>\$44.40</b>	(\$55.40)	-55.5%

### Retail Volume Charges per 1,000 Gallons:

### Block 1 (0 to 125% of AWC):

---

All Classes \$4.59 \$5.16 \$0.57 12.4%

## Block 2 (Over 125% of AWC):

---

All Classes \$6.89 \$7.75 \$0.86 12.5%

AWC = Average Winter Consumption, stated on a "gallons-per-day" basis. The AWC is updated each year effective with the May billings, based on the preceding January - April billing periods.

For calculation of water bills, each customer will be given the benefit of whichever of the following is HIGHER:

- 1) The individual customer's own ACTUAL AWC
- 2) The DEFAULT AWC as defined below.

For Single-Family Residential (R1) customers, the DEFAULT AWC is based on the 5-year average of Individual AWCs of all Single-Family Residential (R1) customers, regardless of meter size.

For all NON-Single-Family Residential (R1) customers, the DEFAULT AWC is based on the 5-year average AWCs of customers with the same meter size and customer class.

**Monthly Bill Impact**  
**By Rate Class and Meter Size**

Rate Class	Meter Size	Annual Consumption	Monthly Consumption	Block 1 Gallon % (In Gallons)	Annual Consumption Block 1	Annual Consumption Block 2	2023 Avg Bill	2024 Avg Bill	% Increase (Decrease)	Monthly Increase (Decrease)
Average Residential	5/8"	84,000	7,000	74%	62,160	21,840	\$ 49.37	\$ 51.58	4.5%	\$ 2.21

**Single Family Residential**

Low Usage	5/8"	24,580	2,048	98%	24,104	476	\$ 22.54	\$ 21.42	-5.0%	\$ (1.12)
Moderate Usage	5/8"	53,374	4,448	70%	37,289	16,085	\$ 36.55	\$ 37.17	1.7%	\$ 0.62
High Usage	5/8"	108,105	9,009	57%	61,586	46,519	\$ 63.32	\$ 67.28	6.3%	\$ 3.96
Low Usage	1"	40,699	3,392	91%	37,157	3,542	\$ 41.75	\$ 36.07	-13.6%	\$ (5.68)
Moderate Usage	1"	100,466	8,372	63%	63,080	37,386	\$ 71.09	\$ 69.07	-2.8%	\$ (2.02)
High Usage	1"	201,637	16,803	52%	104,615	97,022	\$ 121.22	\$ 125.44	3.5%	\$ 4.22

**Multi-Family Residential**

Low Usage	1"	102,185	8,515	100%	101,842	343	\$ 67.85	\$ 65.61	-3.3%	\$ (2.24)
Moderate Usage	1"	216,049	18,004	97%	210,019	6,030	\$ 112.49	\$ 115.80	2.9%	\$ 3.31
High Usage	1"	484,879	40,407	83%	401,832	83,047	\$ 230.08	\$ 248.02	7.8%	\$ 17.94
Low Usage	1 1/2"	232,646	19,387	100%	231,965	681	\$ 139.62	\$ 136.68	-2.1%	\$ (2.94)
Moderate Usage	1 1/2"	420,053	35,004	97%	409,470	10,583	\$ 213.20	\$ 219.41	2.9%	\$ 6.21
High Usage	1 1/2"	1,108,925	92,410	86%	949,039	159,886	\$ 505.31	\$ 547.85	8.4%	\$ 42.54
Low Usage	2"	320,115	26,676	99%	316,665	3,450	\$ 197.11	\$ 188.89	-4.2%	\$ (8.22)
Moderate Usage	2"	637,046	53,087	96%	613,898	23,148	\$ 322.11	\$ 329.43	2.3%	\$ 7.32
High Usage	2"	2,464,334	205,361	89%	2,200,905	263,429	\$ 1,067.10	\$ 1,167.02	9.4%	\$ 99.92

**Small Commercial**

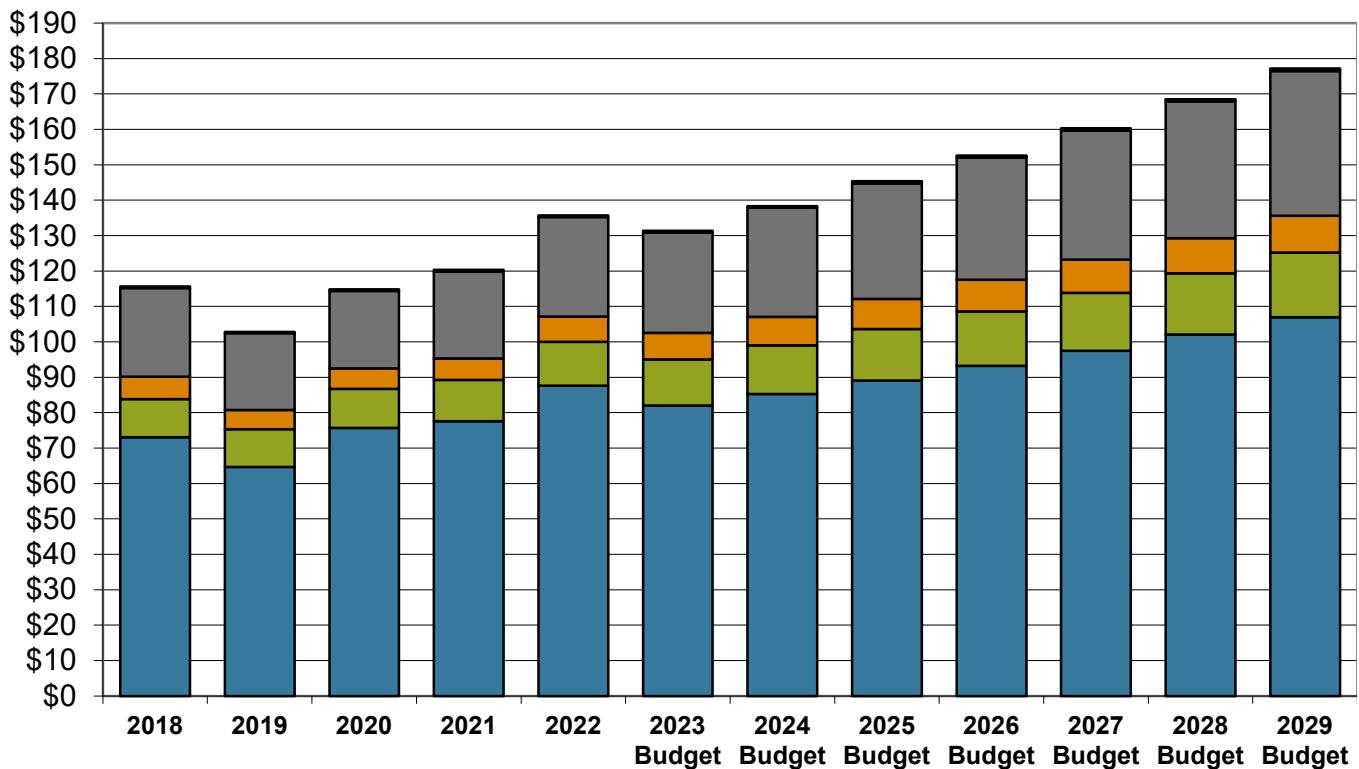
Low Usage	5/8"	5,598	467	100%	5,577	21	\$ 18.35	\$ 17.01	-7.3%	\$ (1.34)
Moderate Usage	5/8"	25,799	2,150	91%	23,470	2,329	\$ 26.51	\$ 26.20	-1.2%	\$ (0.31)
High Usage	5/8"	150,542	12,545	75%	112,845	37,697	\$ 81.01	\$ 87.47	8.0%	\$ 6.46
Low Usage	3/4"	13,918	1,160	98%	13,608	310	\$ 25.68	\$ 23.25	-9.5%	\$ (2.43)
Moderate Usage	3/4"	71,434	5,953	77%	55,060	16,374	\$ 50.76	\$ 51.45	1.4%	\$ 0.69
High Usage	3/4"	354,086	29,507	69%	244,670	109,416	\$ 176.71	\$ 193.07	9.3%	\$ 16.36
Low Usage	1"	22,091	1,841	97%	21,493	598	\$ 37.26	\$ 31.23	-16.2%	\$ (6.03)
Moderate Usage	1"	113,053	9,421	79%	88,853	24,200	\$ 76.58	\$ 75.44	-1.5%	\$ (1.14)
High Usage	1"	419,710	34,976	71%	300,029	119,681	\$ 212.18	\$ 227.91	7.4%	\$ 15.73

**Large Commercial**

Low Usage	1 1/2"	133,525	11,127	90%	120,103	13,422	\$ 104.15	\$ 96.81	-7.0%	\$ (7.34)
High Usage	1 1/2"	895,812	74,651	74%	660,741	235,071	\$ 438.20	\$ 472.44	7.8%	\$ 34.24
Low Usage	2"	216,857	18,071	94%	203,458	13,399	\$ 159.52	\$ 146.64	-8.1%	\$ (12.88)
High Usage	2"	1,819,363	151,614	77%	1,400,595	418,768	\$ 850.17	\$ 923.21	8.6%	\$ 73.04
Low Usage	3"	781,507	65,126	92%	719,357	62,150	\$ 484.94	\$ 455.16	-6.1%	\$ (29.78)
High Usage	3"	5,025,672	418,806	81%	4,069,230	956,442	\$ 2,279.74	\$ 2,473.17	8.5%	\$ 193.43
Low Usage	4"	1,912,747	159,396	92%	1,761,774	150,973	\$ 1,032.56	\$ 1,027.57	-0.5%	\$ (4.99)
High Usage	4"	16,952,350	1,412,696	82%	13,980,983	2,971,367	\$ 7,325.79	\$ 8,103.33	10.6%	\$ 777.54

# HISTORY OF WATER SALES BY RATE CLASS

In millions



In Million \$'s	Semi-Dry	Wet	Semi-Dry	Normal	Semi-Dry	Normal	Normal						
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
R1	\$ 73.0	\$ 64.7	\$ 75.7	\$ 77.6	\$ 87.6	\$ 82.0	\$ 85.2	\$ 89.1	\$ 93.2	\$ 97.5	\$ 102.1	\$ 106.9	
M1	\$ 10.8	\$ 10.7	\$ 11.1	\$ 11.6	\$ 12.4	\$ 13.0	\$ 13.8	\$ 14.6	\$ 15.4	\$ 16.3	\$ 17.3	\$ 18.3	
C1	\$ 6.4	\$ 5.3	\$ 5.7	\$ 6.1	\$ 7.1	\$ 7.5	\$ 8.1	\$ 8.5	\$ 8.9	\$ 9.4	\$ 9.9	\$ 10.4	
C2	\$ 25.0	\$ 21.7	\$ 21.9	\$ 24.4	\$ 28.1	\$ 28.3	\$ 30.8	\$ 32.6	\$ 34.5	\$ 36.5	\$ 38.6	\$ 40.8	
C3	\$ 0.5	\$ 0.4	\$ 0.5	\$ 0.6	\$ 0.5	\$ 0.5	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.5	\$ 0.5	
W1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	
<b>Total</b>	<b>\$ 115.6</b>	<b>\$ 102.8</b>	<b>\$ 114.9</b>	<b>\$ 120.4</b>	<b>\$ 135.7</b>	<b>\$ 131.5</b>	<b>\$ 138.4</b>	<b>\$ 145.3</b>	<b>\$ 152.6</b>	<b>\$ 160.3</b>	<b>\$ 168.5</b>	<b>\$ 177.2</b>	

R1 = Single Family Residential

M1 = Multi-Family Residential

C1 = Small Commercial

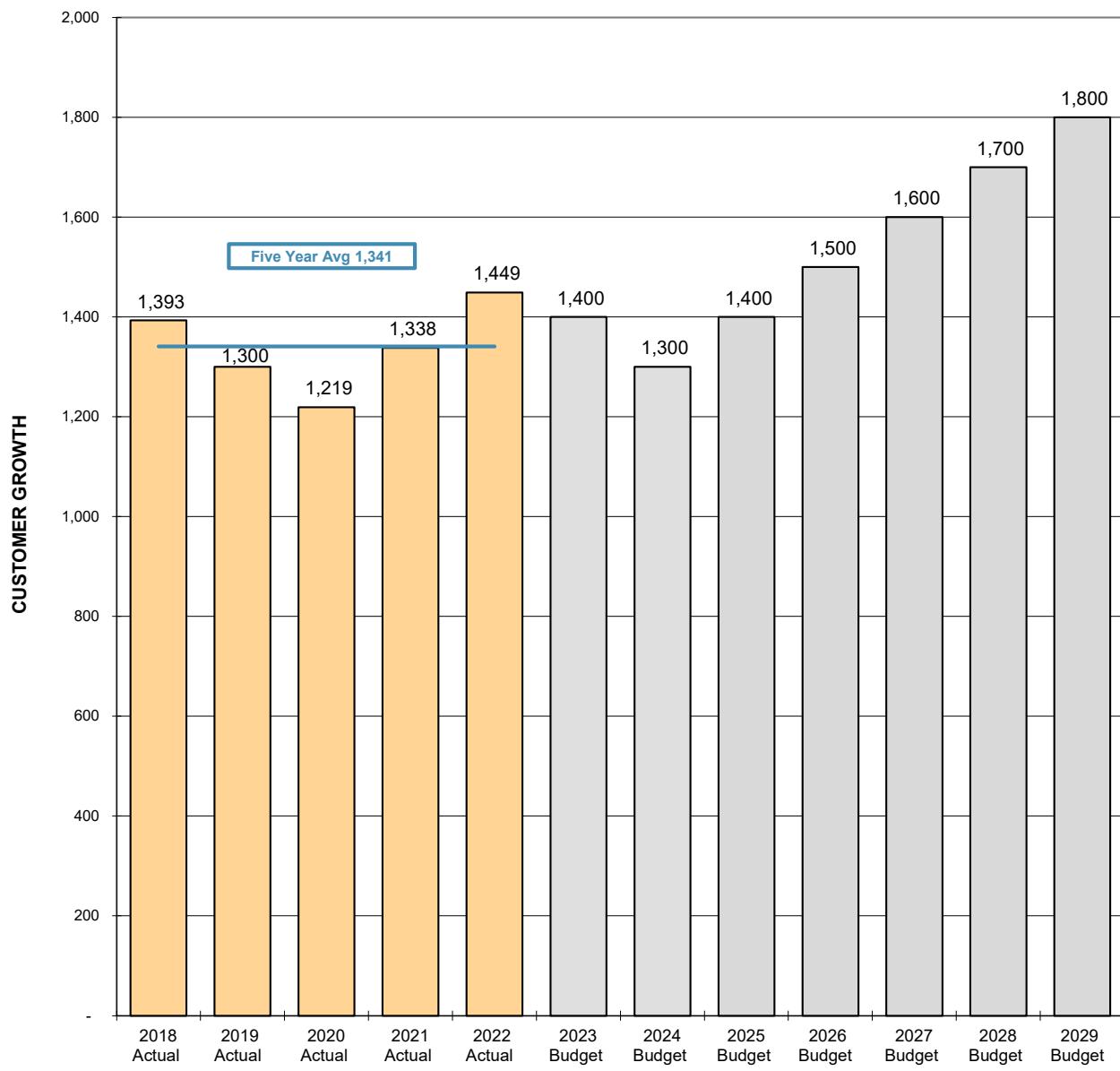
C2 = Large Commercial

C3 = Temporary Commercial

W1 = Wholesale

Actual Water Sales are weather dependent. Budgets are based on a normal year.

## CUSTOMER GROWTH



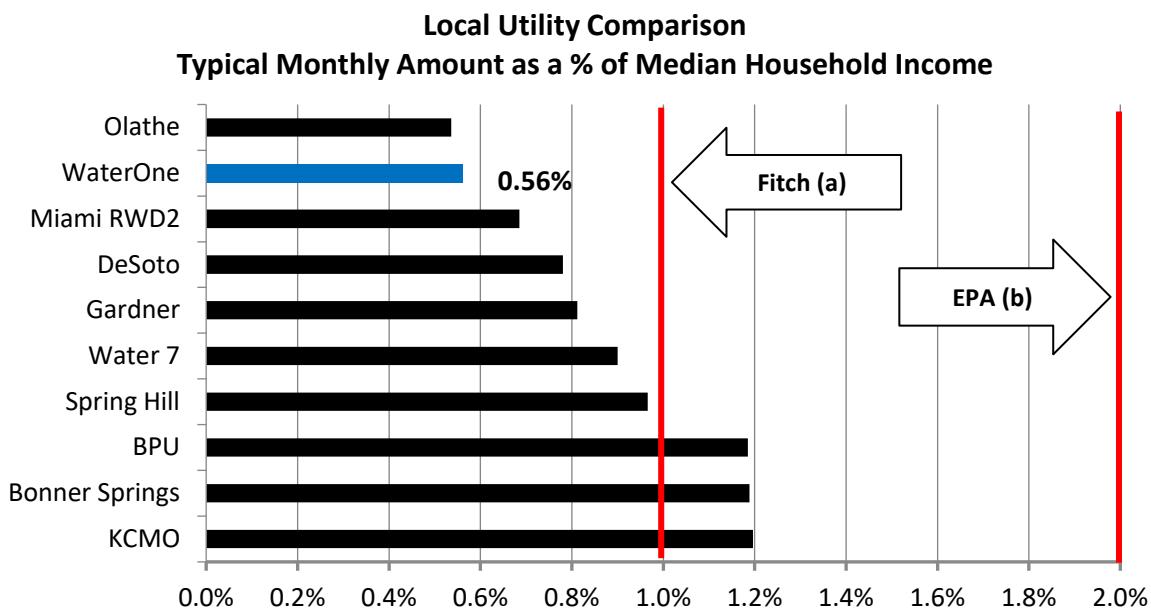

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**5 Year Average (2018 to 2022) of Customer Growth = 1,341**

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Commercial Temporary (C3) customers are excluded from the annual customer growth amounts.

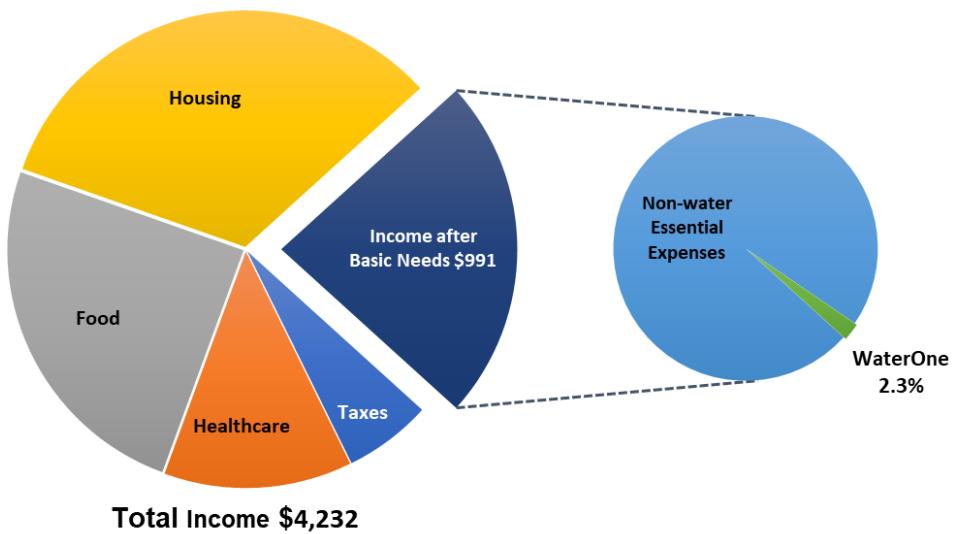
New customer growth is projected considering the long-term historical average, as well as recent trends. The budget is revised on an annual basis.



- a) Local economic and demographic factors affect a community's financial capacity to support and pay for drinking water service. Fitch Ratings has indicated that it considers rates that are higher than 1% for an individual water utility to be financially burdensome (Fitch, 2012).
- b) The US Environmental Protection Agency (EPA) indicates that rates higher than 2% of median household income may negatively impact a utility's financial capability (USEPA, 1995).

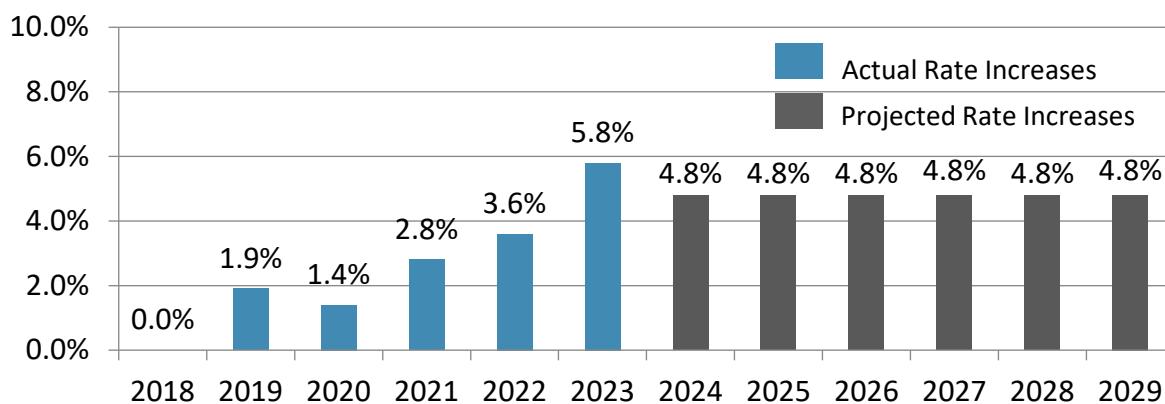
In the above graph, the typical monthly amount is compared to median household income for WaterOne. This provides a measurement of community affordability. In the graph below, low usage typical monthly amount is compared to the 20<sup>th</sup> percentile income, representing a comprehensive view of household affordability for WaterOne.

**Household Affordability**  
**Low Usage Monthly Amount as a % of**  
**20th Percentile Income after Basic Needs**



*Please note costs related to transportation, childcare, energy, and other household needs are not included in Basic Needs calculation.*

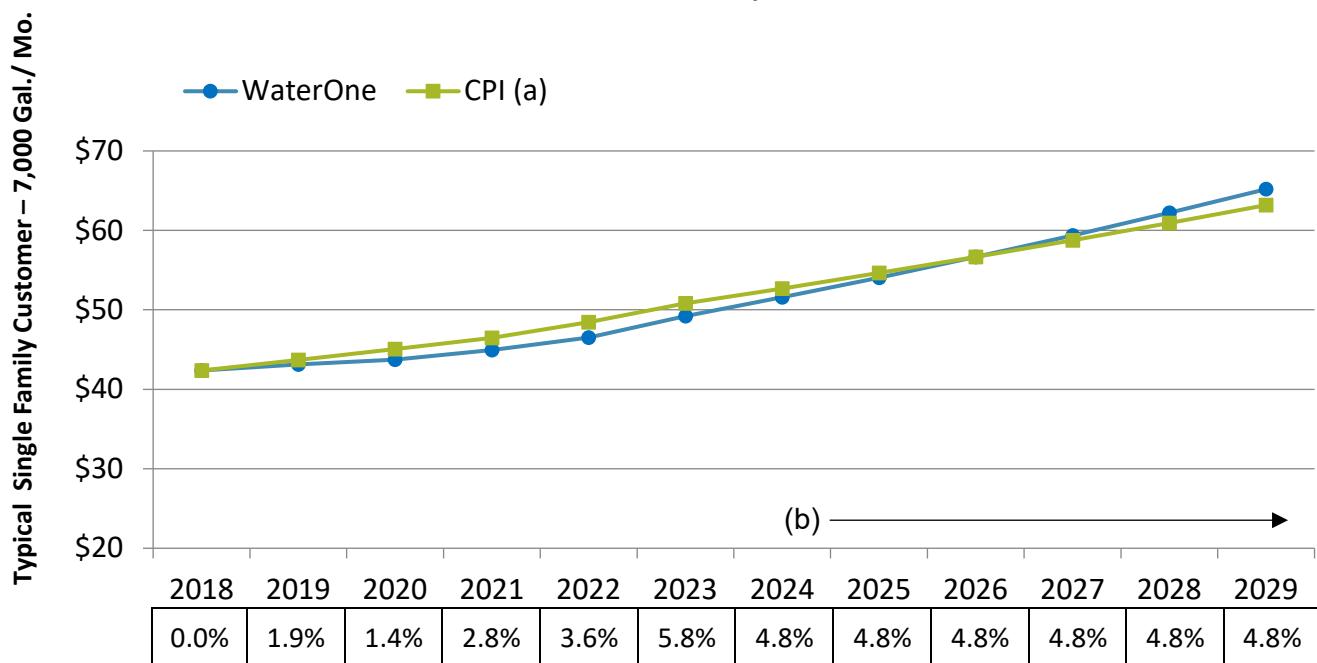
### Water Rate Increases



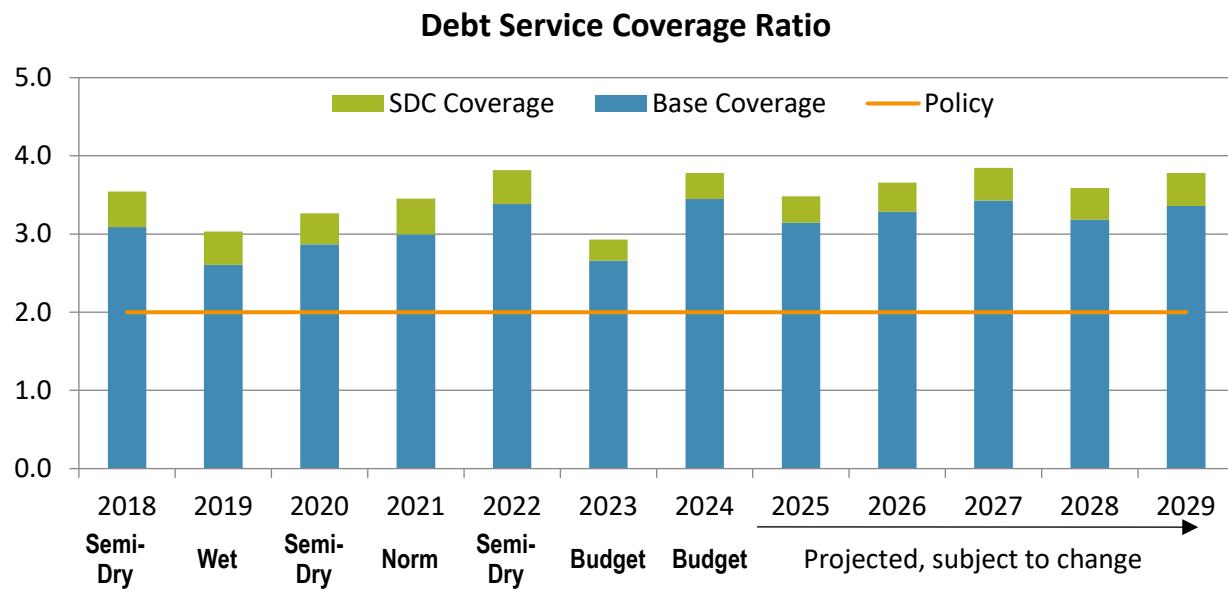
Rate increases beyond the current year are not formally adopted by the Board and are subject to change in the future.

### National Water & Sewer Index

#### WaterOne vs. All Cities Water & Sewer System Maintenance CPI



- a) Actual CPI comes from the Department of Labor. CPI estimated at 4.9% in 2023 which is the one year change from June 2022 to June 2023. CPI estimated at 3.7% for 2024 through 2029 which is the 5 year average. All projections on the assumed CPI rates are subject to change.
- b) Rate increases beyond the current year are not formally adopted by the Board and are subject to change in the future.



The Debt Service Coverage Ratio is the sum of the net operating revenues plus investment income available for debt service, divided by the annual debt service requirement.

WaterOne Board Policy Number 16 requires a budgeted debt service coverage ratio of at least 2.0 without SDCs. SDCs are used to enhance coverage above the policy level.

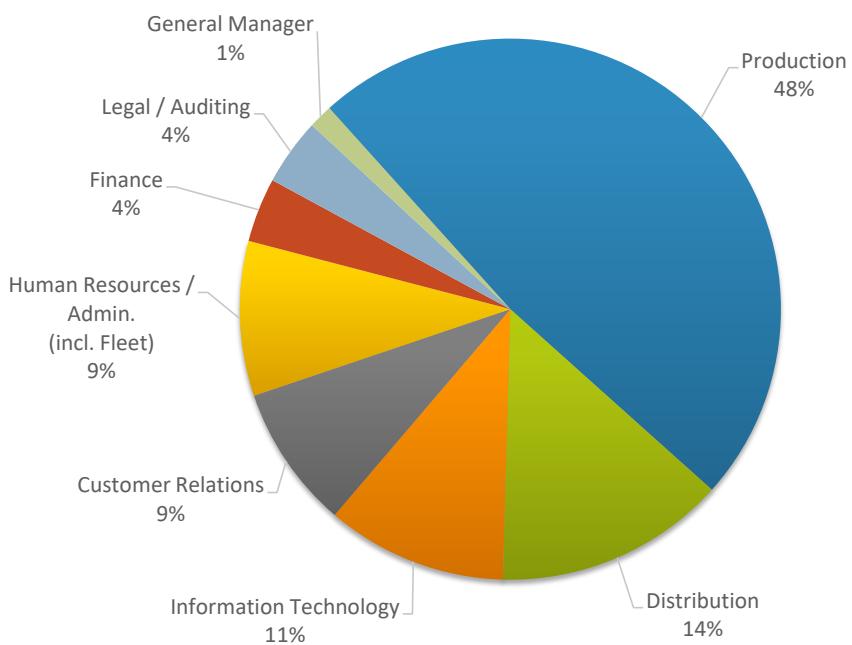
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**OPERATIONS & MAINTENANCE BUDGET BY DIVISION**  
**Comparison of 2023 & 2024**

Division	2023 Budget	2024 Budget	\$ Dif	% Dif	% of Total O&M Requests	
					2023	2024
Production	\$ 31,598,016	\$ 33,964,749	\$ 2,366,733	7.5%	47.2%	48.3%
Distribution	10,105,355	9,710,917	(394,439)	(3.9%)	15.1%	13.8%
Information Technology	7,383,770	7,596,514	212,744	2.9%	11.0%	10.8%
Human Resources / Admin.	6,197,691	6,503,288	305,597	4.9%	9.3%	9.2%
Customer Relations	5,560,069	6,029,866	469,797	8.4%	8.3%	8.6%
Legal / Auditing	2,469,615	2,811,574	341,959	13.8%	3.7%	4.0%
Finance	2,527,755	2,703,540	175,785	7.0%	3.8%	3.8%
General Manager	1,074,801	1,005,392	(69,408)	(6.5%)	1.6%	1.4%
<b>TOTAL</b>	<b>\$ 66,917,073</b>	<b>\$ 70,325,840</b>	<b>\$ 3,408,767</b>	<b>5.1%</b>	<b>100%</b>	<b>100%</b>

(totals may not add due to rounding)

**PERCENT OF TOTAL BUDGET BY DIVISION**



**2024 Budget Compared to 2023 Budget**  
**O&M ACCOUNTS BY CATEGORY**

	Account Number	<u>2023</u>	<u>2024</u>	<b>\$ DIF</b>	<b>% DIF</b>
<b>PAYROLL</b>					
<b>Labor - Non OT</b>	410010	34,216,879	<b>35,461,749</b>	1,244,870	3.6%
<b>Labor - OT</b>	410015	1,258,890	<b>1,338,080</b>	79,191	6.3%
Water Board Salaries	410080	60,000	<b>60,000</b>	-	0.0%
PAYROLL Transfers		(9,047,867)	(10,047,759)	(999,892)	11.1%
<b>Net PAYROLL</b>		<b>26,487,902</b>	<b>26,812,070</b>	324,168	1.2%
<b>BENEFITS</b>					
<b>Employee Insurance - Health</b>	413010	5,207,006	<b>5,193,586</b>	(13,420)	-0.3%
<b>Pension DB – Final Pay Plan</b>	412010	1,910,518	<b>2,631,353</b>	720,835	37.7%
<b>Pension DB – Cash Balance Plan</b>	412050	204,209	<b>902,854</b>	698,645	342.1%
<b>Pension DC – WaterOne</b>	412052	608,946	<b>751,363</b>	142,417	23.4%
<b>Pension DC – Match</b>	412051	534,350	<b>676,226</b>	141,876	26.6%
<b>Pension DC – (Legacy) WaterOne</b>	412020	410,829	<b>350,405</b>	(60,424)	-14.7%
<b>Pension DC – (Legacy) Match</b>	412030	312,230	<b>266,308</b>	(45,922)	-14.7%
<b>FICA</b>	411010	2,606,519	<b>2,709,760</b>	103,241	4.0%
<b>Worker's Compensation</b>	411020	504,941	<b>610,822</b>	105,881	21.0%
<b>Retirees Insurance - Health</b>	413050	355,668	<b>410,305</b>	54,637	15.4%
Retirees Insurance - Health Subsidy	413052	275,000	<b>275,000</b>	-	0.0%
Employee Health - Retiree Subsidy	413015	(275,000)	<b>(275,000)</b>	-	0.0%
<b>Employee Engagement</b>	414030	234,585	<b>264,783</b>	30,198	12.9%
Employee Insurance - Dental	413020	218,084	<b>215,738</b>	(2,346)	-1.1%
Employee Insurance - Disability	413040	130,894	<b>122,883</b>	(8,011)	-6.1%
Employee Insurance - Life	413030	126,948	<b>120,211</b>	(6,737)	-5.3%
Car Allowance - Employees	426065	102,300	<b>96,700</b>	(5,600)	-5.5%
Compensation & Benefits Consulting Services	414020	84,000	<b>76,000</b>	(8,000)	-9.5%
<b>WOW &amp; Water Spout Awards</b>	414090	30,000	<b>60,000</b>	30,000	100.0%
Employees Association Activity	414040	43,000	<b>43,000</b>	-	0.0%
Employee Insurance - Vision	413025	40,461	<b>41,265</b>	804	2.0%
Unemployment Insurance	411050	34,277	<b>35,646</b>	1,369	4.0%
Tuition Reimbursement	414100	30,000	<b>30,000</b>	-	0.0%
Service Awards	414070	23,000	<b>25,000</b>	2,000	8.7%
Health Related Training & Counseling	414060	22,650	<b>22,650</b>	-	0.0%
Retirees Insurance - Life	413060	18,138	<b>19,845</b>	1,707	9.4%

	Account Number	2023	2024	\$ DIF	% DIF
125D Flexible Benefit Plan	414010	5,376	<b>5,424</b>	48	0.9%
Flowers, Cards, Memorials	414050	1,400	<b>2,000</b>	600	42.9%
BENEFITS Transfers		(3,400,906)	(3,735,007)	(334,101)	9.8%
<b>Net BENEFITS</b>		<b>10,399,423</b>	<b>11,949,120</b>	<b>1,549,696</b>	<b>14.9%</b>

**COMMODITIES**

<b>Power - Transmission</b>	424030	5,470,955	<b>5,974,725</b>	503,770	9.2%
<b>Power - Source</b>	424020	2,593,865	<b>2,906,976</b>	313,111	12.1%
<b>Power - Distribution</b>	424010	1,733,762	<b>1,764,738</b>	30,976	1.8%
<b>Natural Gas - Generators - Wolcott</b>	424045	400,726	<b>331,757</b>	(68,969)	-17.2%
<b>Chemicals - Water Treatment</b>	424070	6,314,893	<b>6,954,942</b>	640,049	10.1%
<b>Material &amp; Supplies</b>	421070	1,746,145	<b>1,783,274</b>	37,129	2.1%
Inventory Withdrawals	421010	937,222	<b>943,741</b>	6,519	0.7%
Natural Gas	424050	270,743	<b>254,200</b>	(16,543)	-6.1%
<b>Electricity</b>	424040	228,000	<b>198,000</b>	(30,000)	-13.2%
<b>BPU Water Purchased In-House</b>	424065	215,000	<b>160,000</b>	(55,000)	-25.6%
Uniforms	421160	134,941	<b>137,097</b>	2,156	1.6%
Small Tools & Equipment	421130	103,750	<b>121,820</b>	18,070	17.4%
On-Line Analyzer Supplies	421090	80,000	<b>80,000</b>	-	0.0%
Safety Equipment & Supplies	421110	76,682	<b>73,680</b>	(3,002)	-3.9%
Kitchen Supplies	421040	65,000	<b>62,000</b>	(3,000)	-4.6%
OT Meals	426230	29,200	<b>36,000</b>	6,800	23.3%
Office Supplies	421080	31,900	<b>30,150</b>	(1,750)	-5.5%
Postage	426280	23,000	<b>22,200</b>	(800)	-3.5%
Other General Settlement	599000	23,277	<b>10,094</b>	(13,183)	-56.6%
Elec. Communication Device	423150	7,000	<b>8,000</b>	1,000	14.3%
Paper & Print Supplies	421100	4,000	<b>4,000</b>	-	0.0%
Envelopes	421030	3,500	<b>3,500</b>	-	0.0%
Medical & First Aid Supplies	421060	6,000	<b>3,300</b>	(2,700)	-45.0%
Proactive Safety Recognition	421120	2,100	<b>1,550</b>	(550)	-26.2%
Crushed Rock	421020	2,600	-	(2,600)	-100.0%
Topsoil	421150	250	-	(250)	-100.0%
Cash Discount Taken	426560	(5,500)	<b>(6,000)</b>	(500)	9.1%
COMMODITIES Transfers		(973,451)	(1,204,267)	(230,816)	23.7%
<b>Net COMMODITIES</b>		<b>19,525,559</b>	<b>20,655,476</b>	<b>1,129,917</b>	<b>5.8%</b>

	Account Number	2023	2024	\$ DIF	% DIF
<b>SERVICES</b>					
<b>PC Software License &amp; Maintenance</b>	426250	2,474,163	<b>2,623,727</b>	149,564	6.0%
<b>Property &amp; Liability Insurance</b>	425010	1,073,322	<b>1,292,152</b>	218,830	20.4%
<b>Contracted Services</b>	422090	1,033,979	<b>1,192,223</b>	158,244	15.3%
<b>AMI Services</b>	422260	549,674	<b>597,713</b>	48,039	8.7%
Clean Drinking Water Fee	426070	586,952	<b>587,853</b>	901	0.2%
<b>Telecom</b>	423030	731,680	<b>560,080</b>	(171,600)	-23.5%
<b>Security / Security Guards</b>	422340	490,733	<b>541,465</b>	50,732	10.3%
Water Billing Services	422430	472,120	<b>467,125</b>	(4,995)	-1.1%
<b>Training</b>	426340	317,250	<b>440,000</b>	122,750	38.7%
<b>Maintenance Services</b>	422240	410,614	<b>350,575</b>	(60,039)	-14.6%
<b>IT Hardware Maintenance</b>	423022	273,000	<b>304,500</b>	31,500	11.5%
Telecom - Cell Phones	423120	284,719	<b>292,648</b>	7,929	2.8%
<b>Cleaning &amp; Inspecting Facilities</b>	422080	198,312	<b>274,776</b>	76,464	38.6%
<b>Mowing &amp; Landscaping</b>	422270	213,200	<b>249,000</b>	35,800	16.8%
<b>Non-Employee Overload</b>	426210	320,490	<b>147,000</b>	(173,490)	-54.1%
Dues & Local Meetings	426120	126,512	<b>128,197</b>	1,685	1.3%
Communication Services	422085	115,333	<b>120,378</b>	5,045	4.4%
Vehicle Repair Services	422420	94,469	<b>115,172</b>	20,703	21.9%
Uncollectible Accounts	426350	119,678	<b>110,408</b>	(9,270)	-7.7%
Laboratory Services	422170	107,400	<b>104,900</b>	(2,500)	-2.3%
Engineering	422100	95,000	<b>95,000</b>	-	0.0%
Kansas River Water Assurance Dist. (KRWAD)	426190	80,725	<b>92,515</b>	11,790	14.6%
Special Assessment & Fees	426290	85,666	<b>91,476</b>	5,810	6.8%
Checking Account Service Fees	426040	58,150	<b>60,400</b>	2,250	3.9%
Printing Services	422330	58,850	<b>60,285</b>	1,435	2.4%
Job Posting/Advertising	426160	52,000	<b>60,000</b>	8,000	15.4%
Auditing Fees	422030	49,807	<b>52,315</b>	2,508	5.0%
<b>General Expenses &amp; Miscellaneous</b>	426150	9,325	<b>52,275</b>	42,950	460.6%
AWWA Research Foundation Fees	426030	48,943	<b>51,163</b>	2,220	4.5%
Property & Liability Insurance - Self Ins.	425030	50,000	<b>50,000</b>	-	0.0%
Recruitment Costs	426130	46,000	<b>46,400</b>	400	0.9%
WaterOne Memberships	426390	42,378	<b>43,550</b>	1,172	2.8%
Payroll Processing	422300	43,200	<b>43,200</b>	-	0.0%
Interest On Security Deposits	426170	15,000	<b>40,000</b>	25,000	166.7%
Subscriptions & Reference Materials	426330	53,562	<b>39,681</b>	(13,881)	-25.9%
KS State Water Analysis	422160	36,000	<b>36,000</b>	-	0.0%
Vehicle & Equipment Rental	426360	46,300	<b>35,836</b>	(10,464)	-22.6%

	Account Number	2023	2024	\$ DIF	% DIF
IT Maint - Printers	423024	30,000	<b>30,000</b>	-	0.0%
Environmental & Risk Mgmt	426140	34,730	<b>29,580</b>	(5,150)	-14.8%
Financial Advisory Services	422120	22,784	<b>28,140</b>	5,356	23.5%
Trash Removal Services	422400	33,700	<b>25,500</b>	(8,200)	-24.3%
Pre-Employment Services	422320	21,000	<b>22,400</b>	1,400	6.7%
Answering Service	422020	21,888	<b>20,878</b>	(1,010)	-4.6%
Legal Services	422180	20,000	<b>20,000</b>	-	0.0%
Bank Lockbox Processing Fees	426060	21,000	<b>19,000</b>	(2,000)	-9.5%
Delivery Charges (UPS/Fed Ex/Local)	426110	16,555	<b>17,630</b>	1,075	6.5%
Radio Charges	423075	15,800	<b>15,800</b>	-	0.0%
Cathodic Protection	422060	14,300	<b>15,400</b>	1,100	7.7%
Security System Repairs Locks & Keys	422350	20,000	<b>15,000</b>	(5,000)	-25.0%
Equipment Repair Services	422110	15,300	<b>11,260</b>	(4,040)	-26.4%
Post Offer Physicals	426270	10,000	<b>9,200</b>	(800)	-8.0%
Advertising	422010	8,540	<b>8,540</b>	-	0.0%
Medical Testing Services	422250	12,500	<b>8,000</b>	(4,500)	-36.0%
Commitment To Excellence Award	426080	8,000	<b>6,000</b>	(2,000)	-25.0%
Other Services Settlement	539100	1,900	<b>4,450</b>	2,550	134.2%
Indoor Plants Services	422150	2,200	<b>3,576</b>	1,376	62.5%
Access Control & Security Circuits	423130	3,300	<b>3,300</b>	-	0.0%
Storage Expenses	422380	2,600	<b>2,600</b>	-	0.0%
Permit & Easement Fees	426260	5,100	<b>2,200</b>	(2,900)	-56.9%
Bank Account Reconciliation Fees	426020	1,500	<b>1,500</b>	-	0.0%
Kansas One Call Fee	422165	500	<b>500</b>	-	0.0%
Water Rights	426380	200	<b>200</b>	-	0.0%
Pavement Repair	422290	21,125	-	(21,125)	-100.0%
Clean Up	422070	13,500	-	(13,500)	-100.0%
Barricade Rental	422040	1,250	-	(1,250)	-100.0%
Spoil Removal	422075	300	-	(300)	-100.0%
Job Work Revenue Credits	426180	(700)	-	700	-100.0%
SERVICES Transfers		(739,189)	(861,468)	(122,280)	16.5%
<b>Net SERVICES</b>		<b>10,504,189</b>	<b>10,909,174</b>	<b>404,985</b>	<b>3.9%</b>
<hr/>					
<b>GRAND TOTAL</b>		<b>66,917,073</b>	<b>70,325,840</b>	<b>3,408,767</b>	<b>5.1%</b>

Numbers may not add due to rounding

## 2024 O&M Budget compared to 2023 Estimated Actual

Explanations are provided when there is a \$10,000 and 10%  
2024 Budget Increase (Decrease) from the 2023 Estimated  
Actual.

### ESTIMATED ACTUAL AS OF 8/31/2023

Cost Elements	2023 ESTIMATED ACTUAL	2023 APPROVED BUDGET			2024 BUDGET			
		2023 Budget	2023 Estimated Actual Over (Under) 2023 Budget	% Over (Under) Budget	2024 Budget Increase (Decrease) from 2023 Estimated Actual			
					2024 Budget	% Increase (Decrease)		
<b>PERSONNEL COSTS</b>								
410010 Labor - Gross	\$ 32,413,386	\$ 34,216,879	\$ (1,803,493)	-5.3%	\$ 35,461,749	\$ 3,048,363	9.4%	
410015 Labor - OT Gross	1,433,488	1,258,890	174,599	13.9%	1,338,080	(95,408)	-6.7%	
410080 Water Board Salary	60,000	60,000	-	0.0%	60,000	-	0.0%	
413010 Employee Insurance - Health	4,921,777	5,207,006	(285,229)	-5.5%	5,193,586	271,809	5.5%	
411010 FICA - Gross	2,560,418	2,606,519	(46,101)	-1.8%	2,709,760	149,342	5.8%	
412010 Pension DB - Final Pay Plan	2,593,628	1,910,518	683,110	35.8%	2,631,353	37,725	1.5%	
P1 412050 Pension DB - Cash Balance Plan	212,659	204,209	8,450	4.1%	902,854	690,195	324.6%	
P2 412052 Pension DC - District	668,938	608,946	59,992	9.9%	751,363	82,425	12.3%	
412020 Pension DC - District (Legacy)	372,898	410,829	(37,931)	-9.2%	350,405	(22,493)	-6.0%	
P2 412051 Pension DC - Match	604,759	534,350	70,409	13.2%	676,226	71,467	11.8%	
412030 Pension DC - Match (Legacy)	279,245	312,230	(32,985)	-10.6%	266,308	(12,937)	-4.6%	
411020 Worker's Comp	557,884	504,941	52,943	10.5%	610,822	52,938	9.5%	
413050 Retiree Insurance - Health	391,245	355,668	35,577	10.0%	410,305	19,060	4.9%	
413052 Retiree Insurance - Health Subsidy	275,000	275,000	0	0.0%	275,000	(0)	0.0%	
413015 Employee Insurance - Health Subsidy	(275,000)	(275,000)	(0)	0.0%	(275,000)	0	0.0%	
414030 Employee Engagement	248,080	234,585	13,495	5.8%	264,783	16,703	6.7%	
413020 Employee Insurance - Dental	207,550	218,084	(10,534)	-4.8%	215,738	8,188	3.9%	
413040 Employee Insurance - LT & ST Disability	127,281	130,894	(3,613)	-2.8%	122,883	(4,398)	-3.5%	
413030 Employee Insurance - Life	120,131	126,948	(6,817)	-5.4%	120,211	80	0.1%	
426065 Car Allowance	90,825	102,300	(11,475)	-11.2%	96,700	5,875	6.5%	
414020 Compensation & Benefit Consulting Svcs	78,655	84,000	(5,345)	-6.4%	76,000	(2,655)	-3.4%	
414040 Employee Association Activity	36,027	43,000	(6,973)	-16.2%	43,000	6,973	19.4%	
413025 Employee Insurance - Vision	38,931	40,461	(1,530)	-3.8%	41,265	2,334	6.0%	
411050 Unemployment Insurance	33,543	34,277	(734)	-2.1%	35,646	2,103	6.3%	
414100 Tuition Reimbursement	24,961	30,000	(5,039)	-16.8%	30,000	5,039	20.2%	
P3 414090 Wow & Spout Awards	26,842	30,000	(3,158)	-10.5%	60,000	33,158	123.5%	
414070 Service Awards	26,759	23,000	3,759	16.3%	25,000	(1,759)	-6.6%	
414060 Health Training/Counseling	29,018	22,650	6,368	28.1%	22,650	(6,368)	-21.9%	
413060 Retiree Insurance - Life	19,241	18,138	1,103	6.1%	19,845	604	3.1%	
P4 414010 125D Plan - Gross	(11,364)	5,376	(16,740)	-311.4%	5,424	16,788	-147.7%	
414050 Flowers, Cards, Memorials	2,291	1,400	891	63.7%	2,000	(291)	-12.7%	
<b>TOTAL PERSONNEL COSTS</b>		<b>\$ 48,169,097</b>	<b>\$ 49,336,098</b>	<b>\$ (1,167,000)</b>	<b>-2.4%</b>	<b>\$ 52,543,956</b>	<b>\$ 4,374,858</b>	<b>9.1%</b>

P1 The 2024 Budget is increasing primarily due to an additional contribution of 3% of payroll.

P2 Changes to the pension budget accounts reflect changes in payroll and participation rates.

P3 The 2024 Budget increase is based on increased utilization of this program.

P4 The 2023 Actuals are under budget due to a \$16,188 True up liability for forfeitures.

## 2024 O&M Budget compared to 2023 Estimated Actual

Explanations are provided when there is a \$10,000 and 10%  
2024 Budget Increase (Decrease) from the 2023 Estimated  
Actual.

### ESTIMATED ACTUAL AS OF 8/31/2023

Cost Elements	2023 ESTIMATED ACTUAL	2023 APPROVED BUDGET			2024 BUDGET				
		2023 Budget	2023 Estimated Actual Over (Under) 2023 Budget	% Over (Under) Budget	2024 Budget	2024 Budget Increase (Decrease) from 2023 Estimated Actual	% Increase (Decrease)		
<b>COMMODITIES</b>									
424070	Chemicals - Water Treatment	\$ 7,691,895	\$ 6,314,893	\$ 1,377,002	21.8%	\$ 6,954,942	\$ (736,953)	-9.6%	
C1	424030 Power - Transmission	6,871,835	5,470,955	1,400,880	25.6%	5,974,725	(897,110)	-13.1%	
C2	424020 Power - Source	3,453,194	2,593,865	859,329	33.1%	2,906,976	(546,218)	-15.8%	
	424010 Power - Distribution	1,665,041	1,733,762	(68,721)	-4.0%	1,764,738	99,697	6.0%	
C3	424046 Gen Nat'l Gas Trans	46,738	240,436	(193,698)	-80.6%	199,054	152,316	325.9%	
C3	424045 Gen Nat'l Gas Source	32,437	160,290	(127,853)	-79.8%	132,703	100,266	309.1%	
C4	421070 Material & Supplies	2,069,396	1,746,145	323,251	18.5%	1,783,274	(286,122)	-13.8%	
	421010 Inventory Withdrawals	980,604	937,222	43,382	4.6%	943,741	(36,863)	-3.8%	
	424050 Natural Gas	255,485	270,743	(15,258)	-5.6%	254,200	(1,285)	-0.5%	
	424040 Electricity	182,930	228,000	(45,070)	-19.8%	198,000	15,070	8.2%	
	424065 Water Purchased In House	166,999	215,000	(48,001)	-22.3%	160,000	(6,999)	-4.2%	
	421160 Uniforms	138,436	134,941	3,495	2.6%	137,097	(1,339)	-1.0%	
	421130 Small Tools & Equipment	126,447	103,750	22,697	21.9%	121,820	(4,627)	-3.7%	
C5	421090 On-Line Analyzer Supplies	33,001	80,000	(46,999)	-58.7%	80,000	46,999	142.4%	
C6	421110 Safety Equip & Supplies	55,617	76,682	(21,065)	-27.5%	73,680	18,063	32.5%	
	421040 Kitchen Supplies	71,484	65,000	6,484	10.0%	62,000	(9,484)	-13.3%	
	421080 Office Supplies	38,735	31,900	6,835	21.4%	30,150	(8,585)	-22.2%	
	426230 OT Meals	34,982	29,200	5,782	19.8%	36,000	1,018	2.9%	
C7	599000 Other General Settlement	30,663	23,277	7,386	31.7%	10,094	(20,569)	-67.1%	
	426280 Postage	17,434	23,000	(5,566)	-24.2%	22,200	4,766	27.3%	
	423150 Electronic Communication Device	5,646	7,000	(1,354)	-19.3%	8,000	2,354	41.7%	
	421060 Med/1st Aid Supplies	0	6,000	(6,000)	-100.0%	3,300	3,300	100.0%	
	421100 Paper	3,373	4,000	(627)	-15.7%	4,000	627	18.6%	
	421030 Envelopes	4,354	3,500	854	24.4%	3,500	(854)	-19.6%	
	519210 Crushed Rock	1,787	2,600	(813)	-31.3%	0	(1,787)	-100.0%	
	421120 Proactive Safety Recognition	925	2,100	(1,175)	-56.0%	1,550	625	67.6%	
	421150 Topsoil	83	250	(167)	-66.7%	0	(83)	-100.0%	
	426560 Cash Discounts Taken	(9,566)	(5,500)	(4,066)	73.9%	(6,000)	3,566	-37.3%	
		<b>TOTAL COMMODITIES</b>	<b>\$ 23,972,054</b>	<b>\$ 20,499,011</b>	<b>\$ 3,473,044</b>	<b>16.9%</b>	<b>\$ 21,859,744</b>	<b>\$ (2,112,311)</b>	<b>-8.8%</b>

C1 Actuals in 2023 are over budget due to higher than projected water production as well as a higher than projected Energy Rate Component (ERC) from BPU.

C2 Actuals in 2023 are over budget due to a higher than projected Energy Rate Component (ERC) from BPU and increased production at the Missouri River Intake.

C3 Actuals in 2023 were under budget due to lower actual usage and rates less than budgeted.

C4 Actuals in 2023 were over budget due to higher spending levels in Facilities Maintenance.

C5 Actuals in 2023 were under budget due to a credit for three spare ozone analyzers.

C6 Actuals in 2023 were under budget due to lower spending levels.

C7 Actuals in 2023 include work orders for various production and distribution maintenance activities and are higher than projected due to dry weather and increased water production.

## 2024 O&M Budget compared to 2023 Estimated Actual

### ESTIMATED ACTUAL AS OF 8/31/2023

Explanations are provided when there is a \$10,000 and 10%  
2024 Budget Increase (Decrease) from the 2023 Estimated  
Actual.

Cost Elements	2023 ESTIMATED ACTUAL	2023 APPROVED BUDGET			2024 BUDGET		
		2023 Budget	2023 Estimated Actual Over (Under) 2023 Budget	% Over (Under) Budget	2024 Budget	2024 Budget Increase (Decrease) from 2023 Estimated Actual	% Increase (Decrease)
<b>SERVICES</b>							
	426250 PC Software & Maint	\$ 2,396,741	\$ 2,474,163	\$ (77,422)	-3.1%	\$ 2,623,727	\$ 226,986 9.5%
	425010 P&L Insurance	1,210,798	1,073,322	137,476	12.8%	1,292,152	81,354 6.7%
S1	422090 Contracted Services	588,577	1,033,979	(445,402)	-43.1%	1,192,223	603,646 102.6%
	423030 Telecom	509,224	731,680	(222,456)	-30.4%	560,080	50,856 10.0%
	426070 Clean Water Fee	625,050	586,952	38,098	6.5%	587,853	(37,197) -6.0%
	422260 AMI Services	549,674	549,674	-	0.0%	597,713	48,039 8.7%
	422340 Security	509,901	510,733	(832)	-0.2%	556,465	46,564 9.1%
	422430 Water Billing Services	463,866	472,120	(8,254)	-1.7%	467,125	3,259 0.7%
S2	422240 Maint Svcs	209,782	410,614	(200,832)	-48.9%	350,575	140,793 67.1%
S3	426210 Non-Employee Overload	771,894	320,490	451,404	140.8%	147,000	(624,894) -81.0%
	426340 Training	488,460	317,250	171,210	54.0%	440,000	(48,460) -9.9%
	423120 Telecom - Cell Phones	282,538	284,719	(2,181)	-0.8%	292,648	10,110 3.6%
S4	423022 IT Hardware Maintenance	185,990	273,000	(87,010)	-31.9%	304,500	118,510 63.7%
S5	422270 Mowing & Landscaping	212,757	213,200	(443)	-0.2%	249,000	36,243 17.0%
S6	422080 Clean/Inspect Facilities	217,004	198,312	18,692	9.4%	274,776	57,772 26.6%
S7	426120 Dues & Local Meetings	113,972	126,512	(12,540)	-9.9%	128,197	14,225 12.5%
S8	426350 Uncollectible Accounts	97,746	119,678	(21,932)	-18.3%	110,408	12,662 13.0%
S9	422085 Communication Services	77,599	115,333	(37,734)	-32.7%	120,378	42,779 55.1%
	422170 Laboratory Services	96,535	107,400	(10,865)	-10.1%	104,900	8,365 8.7%
S10	422100 Engineering	55,720	95,000	(39,280)	-41.3%	95,000	39,280 70.5%
S11	422420 Vehicle Repair Services	72,056	94,469	(22,413)	-23.7%	115,172	43,116 59.8%
	426290 Spec. Assessment & Fees	82,970	85,666	(2,696)	-3.1%	91,476	8,506 10.3%
	426190 KS River Assurance District	82,565	80,725	1,840	2.3%	92,515	9,950 12.1%

S1 The 2023 actuals are under budget due to a decrease in SAP and LIMS support.

S2 The 2023 actuals are under budget due to Charge offs complete for OM-20100 Inspect & Maintain Variable Drives that were budgeted for full year.

S3 The 2023 actuals are over budget due to several vacancies.

S4 The 2023 actuals are under budget due to timing of Cisco Smartnet, SAN Upgrade, VXRail and Avamar/Data Domain.

S5 The 2024 budget increase is due to additional landscaping work required at Nall Pump Station and actual history which can vary due to weather conditions.

S6 The 2024 budget increase is due the cleaning of the Wolcott raw water pipeline.

S7 The 2023 budget increase is due to an increase in memberships and local meetings.

S8 The 2023 actuals are due to lower than projected uncollectable amounts.

S9 The 2024 budget is increasing due to additional post call/email satisfaction surveys.

S10 The 2023 actuals are lower than budget primarily due to lower utilization of hydraulic modeling engineering services.

S11 The 2023 actuals are lower than projected due the ability to complete more repairs than projected in-house. The actuals vary depending on the type of equipment needing repairs annually.

## 2024 O&M Budget compared to 2023 Estimated Actual

### ESTIMATED ACTUAL AS OF 8/31/2023

Explanations are provided when there is a \$10,000 and 10%  
2024 Budget Increase (Decrease) from the 2023 Estimated  
Actual.

Cost Elements	2023 ESTIMATED ACTUAL	2023 APPROVED BUDGET			2024 BUDGET			
		2023 Budget	2023 Estimated Actual Over (Under) 2023 Budget	% Over (Under) Budget	2024 Budget	2024 Budget Increase (Decrease) from 2023 Estimated Actual	% Increase (Decrease)	
<b>SERVICES (Cont'd)</b>								
422330	Printing Services	52,261	58,850	(6,589)	-11.2%	60,285	8,024	15.4%
426040	Checking Account Service Fees	65,062	58,150	6,912	11.9%	60,400	(4,662)	-7.2%
426330	Subs & Reference Material	40,254	53,562	(13,308)	-24.8%	39,681	(573)	-1.4%
426160	Help Wanted Ads	63,202	52,000	11,202	21.5%	60,000	(3,202)	-5.1%
425030	P&L Ins - Self	52,538	50,000	2,538	5.1%	50,000	(2,538)	-4.8%
422030	Auditing Fees	48,384	49,807	(1,423)	-2.9%	52,315	3,931	8.1%
S12	426150 General Expense & Miscellaneous	1,359	9,325	(7,966)	-85.4%	52,275	50,916	3745.4%
S13	426030 AWWA Research Foundation Fees	77,405	48,943	28,462	58.2%	51,163	(26,242)	-33.9%
S14	426360 Vehicle & Equipment Rental	301,285	46,300	254,985	550.7%	35,836	(265,449)	-88.1%
S15	426130 Recruitment Costs	108,728	46,000	62,728	136.4%	46,400	(62,328)	-57.3%
	422300 Payroll Processing	39,704	43,200	(3,496)	-8.1%	43,200	3,496	8.8%
	426390 WaterOne Membership	50,948	42,378	8,570	20.2%	43,550	(7,398)	-14.5%
	422160 KS Water Analysis	36,000	36,000	-	0.0%	36,000	-	0.0%
	426140 Environ & Risk Management	20,233	34,730	(14,497)	-41.7%	29,580	9,347	46.2%
	422400 Trash Removal Services	19,178	33,700	(14,522)	-43.1%	25,500	6,322	33.0%
	423024 IT Maint - Printers	31,372	30,000	1,372	4.6%	30,000	(1,372)	-4.4%
	422120 Financial Services	20,414	22,784	(2,370)	-10.4%	28,140	7,726	37.8%
	422020 Answering Service	22,818	21,888	930	4.2%	20,878	(1,940)	-8.5%
	422320 Pre-Employment Services	27,299	21,000	6,299	30.0%	22,400	(4,899)	-17.9%
	426060 Bank Lockbox Fees	19,617	21,000	(1,383)	-6.6%	19,000	(617)	-3.1%
S16	519270 Pavement Repair	87,974	21,125	66,849	316.4%	0	(87,974)	-100.0%
S17	422180 Legal Services	60,649	20,000	40,649	203.2%	20,000	(40,649)	-67.0%
	426110 Delivery Charges	17,946	16,555	1,391	8.4%	17,630	(316)	-1.8%
	423075 Radio Charges (Fleet)	15,800	15,800	0	0.0%	15,800	(0)	0.0%
	422110 Equip Repair Svcs	4,247	15,300	(11,053)	-72.2%	11,260	7,013	165.1%
	426170 Interest On Security Deposit	39,150	15,000	24,150	161.0%	40,000	850	2.2%
	422060 Cathodic Protection	14,400	14,300	100	0.7%	15,400	1,000	6.9%
S18	422070 Clean Up	11,067	13,500	(2,433)	-18.0%	0	(11,067)	-100.0%

S12 The 2024 Budget increased due to WaterOne Cares and JoCo Utility Assistance.

S13 The 2023 actuals are higher than budget due to playing catch up with charge offs.

S14 The 2024 budget is reduced due to the addition of new Fleet for the 2024 Budget. The purchase of new fleet will eliminate the need to rent.

S15 The 2023 actuals are higher than budget due to the recruitment costs for the General Manager in addition to management and senior staff positions.

S16 The 2023 actuals are higher than budget due to pavement repair from investigating leaks. If no leak was found, the pavement repair was charged to this cost element. The 2024 Budget is \$0 due to the 2024 purchase of a cement truck.

S17 The 2023 Actuals are higher than budget due to a retirement plan review from Spencer Fane.

S18 The 2024 Budget is \$0 and 2024 purchases will be charged to Clean/inspect Facilities.

## 2024 O&M Budget compared to 2023 Estimated Actual

Explanations are provided when there is a \$10,000 and 10%  
 2024 Budget Increase (Decrease) from the 2023 Estimated  
 Actual.

### ESTIMATED ACTUAL AS OF 8/31/2023

Cost Elements	2023 ESTIMATED ACTUAL	2023 APPROVED BUDGET			2024 BUDGET		
		2023 Budget	2023 Estimated Actual Over (Under) 2023 Budget	% Over (Under) Budget	2024 Budget	2024 Budget Increase (Decrease) from 2023 Estimated Actual	% Increase (Decrease)
<b>SERVICES (Cont'd)</b>							
422250 Medical Testing Services	7,361	12,500	(5,139)	-41.1%	8,000	639	8.7%
426270 Post Offer Physical	14,302	10,000	4,302	43.0%	9,200	(5,102)	-35.7%
422010 Advertising	6,595	8,540	(1,945)	-22.8%	8,540	1,945	29.5%
426080 Commitment To Excellence Program	11,725	8,000	3,725	46.6%	6,000	(5,725)	-48.8%
426260 Permit & Easement Fees	3,499	5,100	(1,601)	-31.4%	2,200	(1,299)	-37.1%
423130 Access Control & Security	1,638	3,300	(1,662)	-50.4%	3,300	1,662	101.5%
422380 Storage Expenses	101	2,600	(2,499)	-96.1%	2,600	2,499	2475.5%
422150 Indoor Plants Svcs	2,679	2,200	479	21.8%	3,576	897	33.5%
539100 Other Serv Settlement	1,791	1,900	(109)	-5.8%	4,450	2,659	148.5%
426020 Bank Account Reconciliation Fees	1,537	1,500	37	2.5%	1,500	(37)	-2.4%
422165 Kansas One Call	750	500	250	50.0%	500	(250)	-33.3%
426380 Water Rights	0	200	(200)	-100.0%	200	200	100.0%
<b>TOTAL SERVICES</b>	<b>\$ 11,345,911</b>	<b>\$ 11,243,378</b>	<b>\$ 102,533</b>	<b>0.9%</b>	<b>\$ 11,770,642</b>	<b>\$ 424,732</b>	<b>3.7%</b>
<b>TOTAL TRANSFERS</b>	<b>\$ (14,467,972)</b>	<b>\$ (14,161,413)</b>	<b>\$ (306,559)</b>	<b>2.2%</b>	<b>\$ (15,848,502)</b>	<b>\$ (1,380,530)</b>	<b>9.5%</b>
<b>TOTAL O&amp;M</b>	<b>\$ 69,019,091</b>	<b>\$ 66,917,073</b>	<b>\$ 2,102,017</b>	<b>3.1%</b>	<b>\$ 70,325,840</b>	<b>\$ 1,306,749</b>	<b>1.9%</b>

Numbers may not total due to rounding

## INTRODUCTION

This section contains:

- organizational chart
- costs related to new positions
- overtime schedule
- authorized part-time and summer positions
- explanation of benefit expenditures by major category
- 5-year employee matrix

In 2024, a total of 407 full-time, 3 part-time, and 22 temporary/summer positions are budgeted. This includes 7 new full-time positions, with no additions to part-time or temporary/summer positions. Three positions within the IT division are reclassified as well as one summer intern position reclassified from the Production division to the Distribution division and one Plant Mechanic reclassified to a HVAC Tech within the Production Division. The total FTEs after all adjustments are 415.275 which is an increase of 7.0 FTEs versus the 2023 budgeted authorized personnel. The organizational chart is color-coded to show the reclassifications, eliminations and additional personnel requests.

Following the organizational chart, are justifications, first-year salary, benefits, and capital costs for the new personnel requests. The total first-year cost for new personnel is \$922,966.

The budget includes a performance compensation adjustment of 4.00%.

Employee benefits are allocated to divisions based on headcount or percent of payroll.

## FIVE YEAR PERSONNEL PLAN

For operational planning purposes, WaterOne maintains a Five-Year Personnel Plan beyond the next budget year. Financial modeling is based on a historical average number of additional personnel. For 2024, the five-year plan is from 2025 to 2029.

# ORGANIZATIONAL

## WATERONE ELECTED BOARD

### General Manager (1)

Executive Assistant/Ass't to Board (1)

2 FT  
0 PT  
0 Smr  
2 FTE

20 FT  
20.0 FTE

### Finance Division

Director (1)

Admin. Assistant (1)  
Sr. Financial Specialist (1)

### Accounting

Manager (1)

Accountant (2)  
Accts Payable (2)

### Fin. Plng & Analysis

Manager (1)

Financial Analyst (4)

### Procurement/Inventory Ctl

Manager (1)

Procurement:  
Senior Buyer (1)

Inventory Control:  
Fore-Inventory Control (1)  
Inv. Control/Buyer (1)  
Inv. Control Specialist (3)

Color Legend:

**Elimination**

**2023 Mid Year Reclass**

**New Position**

**2024 Reclass**

41 FT  
1 Smr  
2 Intern  
42.6 FTE

### Cust. Rel. Division

Director (1)

Admin. Assistant (1)  
Graduate Intern (1)

### Communications

Manager (1)

Comm. Spec. (2)  
Comm Intern (1)

### Meter Services

Manager (1)

AMI Data Analyst (1)

*Meter Maintenance:*  
Fore-Meter Maint. (1)  
Meter Maint. (6)  
Smr Meter Maint. (1)

*Field Services :*  
Supv.-Field Svcs. (1)  
Field Rep (6)

### Customer Service

Manager (1)

Data Analyst (1)

*Customer Care:*  
Supv Customer Care (2)  
Cust Rep (10)

*Account Administration:*  
Supv Acct Admin (1)  
Acct Admin Coord (4)  
Cust Rep/Teller (1)

30 FT  
2 PT  
2 Smr  
31.98 FTE

### HR/Admin Division

Director (1)

Admin Asst (1)  
PT Mail Clerk/Msgr (1)

### Talent Acquisition & Dev.

Manager (1)

L&D Specialist (1)  
HR Generalist (2)  
HR Intern (1)

### Total Rewards & HR Services

Manager (1)

Sr. HR Generalist (2)  
Payroll/HR Specialist (1)

### Safety & Security

Manager (1)

Sr. Enviro. Health & Safety Spec. (2)  
Safety & Security Adminitr (1)

### Fleet Services

Manager (1)

Admin. Coord - Fleet (1)  
PT Fleet Clerk (1)  
Foreman – Fleet Mech (1)  
Fleet Mech (4)  
Fleet Diesel Mech (1)  
Fleet Mech Intern (1)

Fore – Custodial Svcs (1)  
Custodian (7)

2 FT  
0 PT  
0 Smr  
2 FTE

10 FT  
1 Intern  
10.25 FTE

### Temp/Summer/

Full Time (FT)	Part Time (PT)	Intern
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400	3	22
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2023 Authorized

400	3	22
-----	---	----

Mid Year Reclass (2023)

0	0	0
---	---	---

New Positions

7	0	0
---	---	---

Reclass (2024)

0	0	0
---	---	---

Eliminated Positions

0	0	0
---	---	---

Total 2024

407	3	22
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### Full Time Equivalents (FTEs)

2023 Authorized	1.875	6.40	408.275
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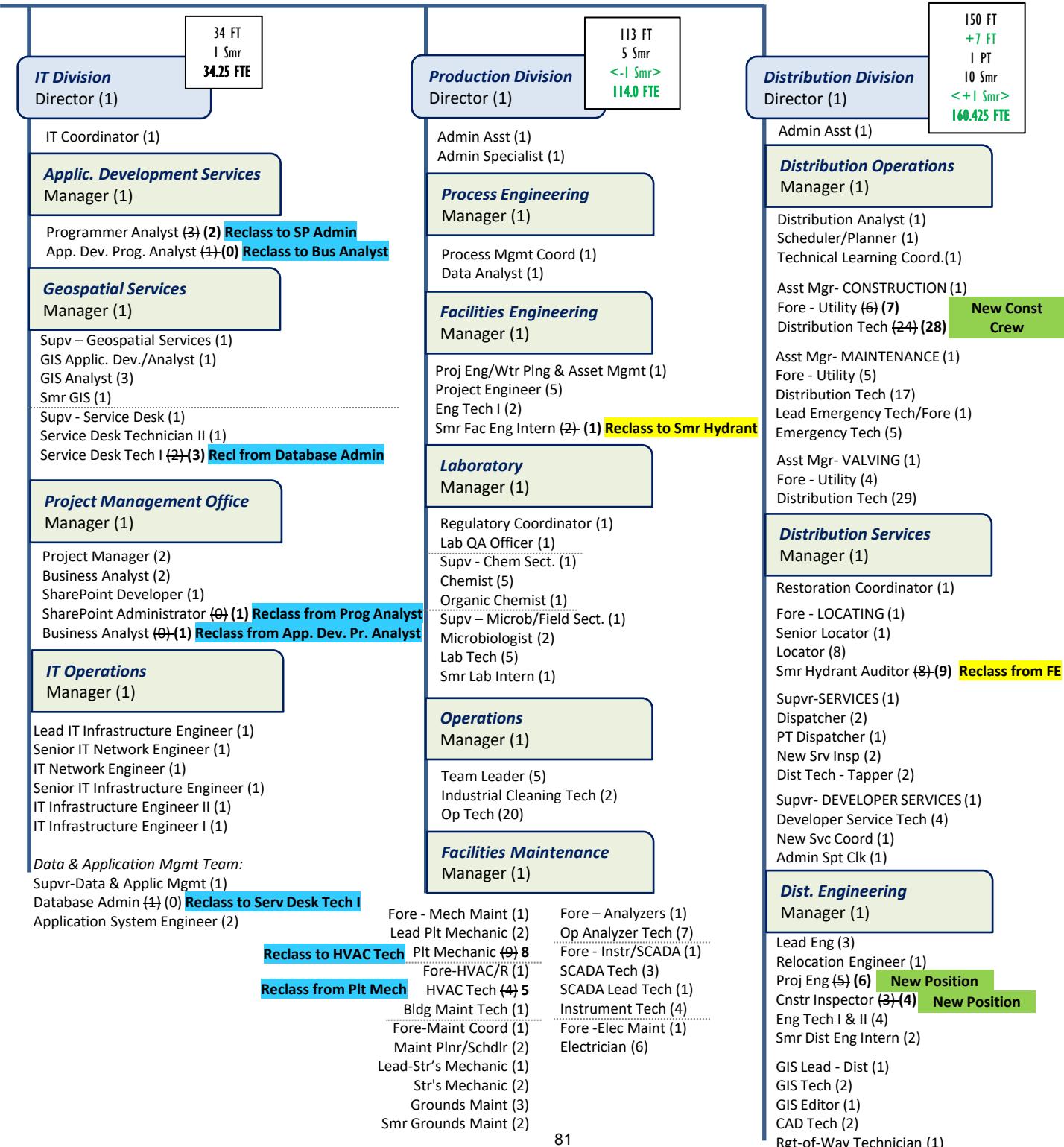
Total

2024 Authorized

407	1.875	6.40	415.275
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Net FTE Increase 7.000

# CHART 2024



**WaterOne 2024 Budget**  
**O&M Costs Related to New Personnel**

<b>Position</b>	<b>Start Date</b>	<b>Division</b>	<b>Full/Part Time</b>	<b>Total O&amp;M*</b>
Foreman - Utility	12/1/2024	Distribution	Full Time	\$10,384
Distribution Tech (4)	12/1/2024	Distribution	Full Time	\$24,104
Project Engineer	1/1/2024	Distribution	Full Time	\$143,360
Construction Inspector	1/1/2024	Distribution	Full Time	\$110,810
<b>TOTAL 2024 BUDGET for NEW EMPLOYEES</b>				<b>\$288,658</b>

\* Total O&M includes first year salary and benefits, uniform cost and cell phone charges.

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**WaterOne 2024 Budget**  
**Capital Related to New Personnel**

	<b>Total</b>
<b>Distribution</b>	
<b>Foreman - Utility &amp; 4 Distribution Techs</b>	
AP-24156 2 Ton Service Body (2025 Constr. Crew) DO	\$ 222,564
AP-24157 Mini Excavator (2025 Constr. Crew) DO	166,924
AP-24151 Skidsteer Track 92HP (2025 Constr. Crew) DO	111,282
AP-24150 3/4 Ton Service Body (2025 Constr. Crew) DO	66,769
AP-24155 Trailer (2025 Constr. Crew) DO	38,949
AP-24152 Breaker (2025 Constr. Crew) DO	27,820
	<b>\$ 634,308</b>
<b>Total Distribution Capital</b>	<b>\$634,308</b>
<b>TOTAL Capital for New Positions</b>	<b>\$634,308</b>

## WaterOne 2024 Budget

### PERSONNEL

#### Distribution 2024

Position	Full Yr Salary	First Yr Salary	Benefits	O&M	Capital	Total 2024 Costs
<b>Construction Crew</b>	<b>\$295,600</b>	<b>\$24,633</b>	<b>\$9,853</b>	<b>\$2,048</b>	<b>\$634,308</b>	<b>\$670,843</b>

Department Type      Distribution Operations  
Full Time

Justification      The five person construction crew will include a Foreman and 4 Distribution Techs. To align with supply chain delays on the equipment that this crew will require the starting date for this crew is December 2024.

The distribution division utilizes the Nessie Model to forecast distribution main replacement needs which achieve the goal of minimizing the life cycle costs of its in ground assets. The Nessie model shows an increase in replacement miles from 14.4 in 2023 to 17.1 miles in 2025. This increase of 2.7 miles by 2025, as well as greater replacement mileage increases in future years, drives the need for another construction crew. Although utilizing contract labor is appropriate for certain main replacement projects, when there is a long term need for this type of work, utilizing WaterOne crews is preferable. This ensures that WaterOne standards are met, ensures that trained staff will be available for years to come, and gives WaterOne leverage to protect against contractor price increases.

Position	Full Yr Salary	First Yr Salary	Benefits	O&M	Capital	Total 2024 Costs
<b>Project Engineer</b>	<b>\$102,400</b>	<b>\$102,400</b>	<b>\$40,960</b>	<b>\$1,024</b>	<b>\$0</b>	<b>\$144,384</b>

Department Type      Distribution Engineering  
Full Time

Justification      In 2020 the number of Project Engineers in the Distribution division was increased to 6 so they could keep pace with an expanding workload that included an average of about 2 miles of main replaced per engineer. Without the addition of another engineer, this average would increase to 2.62 miles per engineer in 2024, and existing staff would not be able to keep pace with the expanding replacement miles plan.

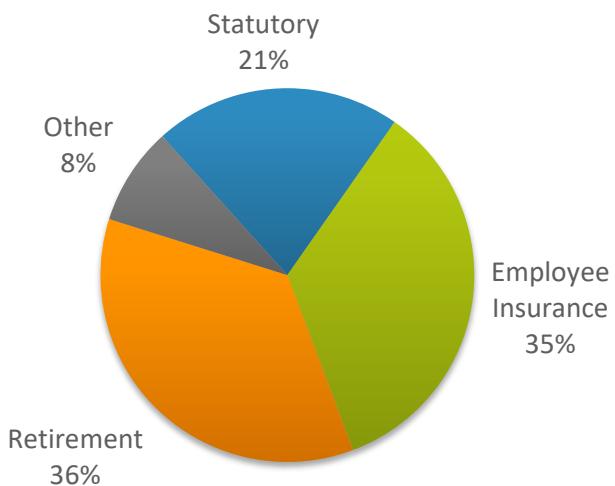
The addition of a new Project Engineer will provide sufficient staff to handle increased replacement main miles and allow more time for pipeline inspection and hydraulic analysis that allows for WaterOne to strategically select specific portions of the distribution system that need to be replaced.

## WaterOne 2024 Budget

### PERSONNEL

Position	Full Yr Salary					Total 2024 Costs
		First Yr Salary	Benefits	O&M	Capital	
<b>Construction Inspector</b>	<b>\$79,150</b>	<b>\$79,150</b>	<b>\$31,660</b>	<b>\$1,024</b>	<b>\$0</b>	<b>\$111,834</b>
Department Type	Distribution Engineering Full Time					
Justification	The projected increase in Nessie Model forecasted replacement main miles necessitates that not only will an additional construction crew be needed, but also that contracted construction crews will need to be utilized more heavily. In 2022 contracted crews only replaced about 1 mile on main replacement projects, but that is expected to increase to over 3.5 miles by 2024, and to nearly 5 miles by 2026. This increased use of contractors will mean that the 3 existing construction inspectors will not be able to keep pace with the increased number of contract crews utilized.					
<b>Total Distribution</b>	<b>\$477,150</b>	<b>\$206,183</b>	<b>\$82,473</b>	<b>\$4,096</b>	<b>\$634,308</b>	<b>\$927,061</b>

## 2024 BENEFITS



	2022 Actual	2023 Budget	2024 Budget	\$ Incr (Decr)	% Incr (Decr)
Retirement	\$5,048,598	\$3,981,082	\$5,578,509	\$1,597,427	40.1%
Employees' Insurance	5,455,546	5,448,393	5,418,683	(29,710)	(0.5%)
Statutory	3,006,772	3,145,737	3,356,228	210,491	6.7%
Other	1,001,534	1,225,117	1,330,707	105,590	8.6%
<b>Benefits - Gross</b>	<b>\$14,512,449</b>	<b>\$13,800,329</b>	<b>\$15,684,127</b>	<b>\$1,883,798</b>	<b>13.7%</b>
Less Transfers	(4,060,642)	(3,400,906)	(3,735,007)	(334,101)	9.8%
<b>Benefits - Net</b>	<b>\$10,451,807</b>	<b>\$10,399,423</b>	<b>\$11,949,120</b>	<b>\$1,549,696</b>	<b>14.9%</b>

A table and explanation of significant employee benefit expense budgets follows.

	Benefit Expenses				
	2022 Actual	2023 Budget	2024 Budget	\$ Incr (Decr)	% Incr (Decr)
Employee Insurance - Health	\$4,972,252	\$5,207,006	\$5,193,586	(\$13,420)	(0.3%)
FICA	2,494,916	2,606,519	2,709,760	103,241	4.0%
Pension DB - Final Pay Plan	2,089,488	1,910,518	2,631,353	720,835	37.7%
Pension DB - Cash Balance Plan	179,074	204,209	902,854	698,645	342.1%
Pension DC - WaterOne	525,932	608,946	751,363	142,417	23.4%
Pension DC - Match	432,981	534,350	676,226	141,876	26.6%
Worker's Compensation	443,253	504,941	610,822	105,881	21.0%
Retiree Insurance - Health	282,835	355,668	410,305	54,637	15.4%
Pension DC -(Legacy) WaterOne	398,939	410,829	350,405	(60,424)	(14.7%)
Pension DC - (Legacy) Match	304,813	312,230	266,308	(45,922)	(14.7%)
Employee Engagement	249,181	234,585	264,783	30,198	12.9%
Employee Insurance - Dental	210,088	218,084	215,738	(2,346)	(1.1%)
Employee Ins. - LT & ST Disab	118,400	130,894	122,883	(8,011)	(6.1%)
Employee Insurance - Life	115,804	126,948	120,211	(6,737)	(5.3%)
Car Allowance	95,125	102,300	96,700	(5,600)	(5.5%)
Comp & Ben Consulting Serv	101,829	84,000	76,000	(8,000)	(9.5%)
Wow & Spout Awards	170,256	30,000	60,000	30,000	100.0%
Employee Insurance - Vision	39,001	40,461	41,265	804	2.0%
Unemployment Insurance	33,130	34,277	35,646	1,369	4.0%
Other Post-Employment Ben.	1,117,371	0	0	0	N/A
All Other	137,779	143,564	147,919	4,355	3.0%
<b>Total Benefit Expense</b>	<b>\$14,512,449</b>	<b>\$13,800,329</b>	<b>\$15,684,127</b>	<b>\$1,883,798</b>	<b>13.7%</b>

#### Employee Insurance – Health

The budgeted components of health insurance include a 0% premium rate increase, additional personnel and changes to the employee coverage mix.

#### FICA

The budget increase is due to the higher projected payroll.

#### Pension DB – Final Pay Plan

Adjustments to this account reflect changes in payroll costs, participation rates, and amortized gains and losses to the pension trust. The budget is based on projected payroll and information from the annual actuarial report. Although there are fewer projected participants in the plan, the budget is increasing due to the recognition of the 2022 investment and experience losses. This plan was closed to new participants effective January 1, 2014.

**Pension DB - Cash Balance Plan**

The Cash Balance Plan is effective for employees hired on or after January 1, 2014. Changes to this account reflect changes in payroll costs, participation rates, and amortized gains and losses to the pension trust. The budget is based on projected payroll and information from the annual actuarial report. The budget is increasing primarily due to WaterOne contributing an additional 3% of payroll.

**Pension DC - WaterOne**

This budget covers WaterOne's contribution to the employees' voluntary Defined Contribution retirement account for all employees hired on or after January 1, 2014. Eligible participants receive an amount equal to 4% of base pay in the previous calendar year into their account. The budget is based on the eligible full-time employee base salary. The increase is due to increased payroll and participants in the plan.

**Pension DC - Match**

This budget covers WaterOne's matching contribution to the employees' voluntary Defined Contribution retirement account for all employees hired on and after January 1, 2014. Eligible participants receive a 100% match on the first 2% of base pay plus 50% of the next 5% of base pay the employee contributes. The budget is based on the projected payroll and participation rates of eligible full-time employees. The budget increase is due to additional participants entering the plan, payroll increases, and increased contribution rates.

**Worker's Compensation**

Policy premiums are based on experience. The policy is renewed in July of each year. Premiums that are effective beginning in July 2023 will be in effect for the first half of the 2024 budget. The budget is based on a 21% renewal increase due to market conditions and loss experience.

**Retiree Insurance – Health**

The budget is based on a 0% premium rate increase and retiree projections. Retiree projections remained flat for AARP and increased for BCBS due to a large shift in the retiree coverage mix.

**Pension DC – (Legacy) WaterOne**

This budget covers WaterOne's contribution to the employees' voluntary Defined Contribution retirement account. Eligible participants receive an amount equal to 2.5% of base pay in the previous calendar year into their account. The budget is based on the eligible full-time employee base salary. This plan is closed to new participants hired January 1, 2014, and after. The decrease is due to fewer projected participants in the plan.

**Pension DC – (Legacy) Match**

This budget covers WaterOne's matching contribution to the employees' voluntary Defined Contribution retirement account. Eligible participants receive a 50% match on the first 4% of base pay the employee contributes. The budget is based on projected payroll and participation rates of eligible employees. This plan is closed to new participants hired January 1, 2014, and after. The decrease is due to fewer projected participants in the plan.

**Employee Engagement**

This budget includes a variety of events and engagement activities throughout the year. The largest portion of the budget is for events such as employee day, town hall meetings, retirement recognitions, and team building. The budget is increasing primarily due to a new annual event for employees and their families.

**Employee Insurance - Dental**

This budget is based on no premium increase, additional personnel and the current coverage mix.

**Employee Insurance – LT & ST Disability**

The budget decrease is due to negotiated premium reductions.

**Employee Insurance - Life**

The budget decrease is due to negotiated premium reductions.

**Car Allowance**

This budget includes a monthly car allowance for directors and certain managers that frequently travel and represent WaterOne at industry events. The budget is remaining flat for 2024.

**Compensation & Benefits Consulting Services**

This budget funds compensation and benefit consulting projects including the retirement plan advisors and the amortization of the 2022 compensation study.

**Wow & Spout Awards**

This program is designed to reward individual achievements that make significant contributions to a department or WaterOne operations. Examples of such achievements may include the completion of a specific task in an exceptional manner; an exercise in initiative, innovation, and creativity over and above normal job responsibilities; or extraordinary customer service. The increase is based on increased utilization of this program.

**Employee Insurance - Vision**

The budget is based on no premium increase, additional personnel, and current coverage mix.

**Unemployment Insurance**

The budget is increasing due to the increase in projected payroll cost. There is no rate increase.

**Other Post Employment Benefits**

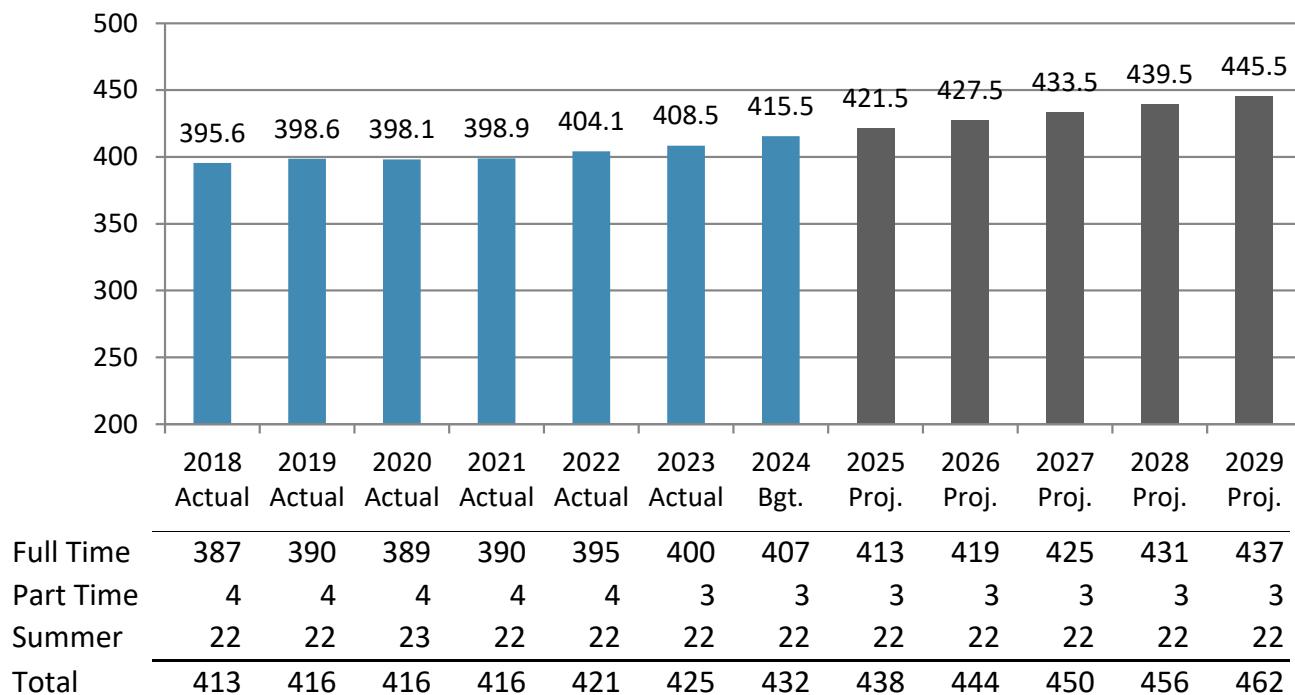
OPEB relates to the health care insurance that WaterOne provides to eligible retirees. The calculation of the annual OPEB expense is mandated by the Governmental Accounting Standards Board and generally requires an actuary to calculate it. The accounting expense is not related to the amount of the actual retiree premiums that WaterOne pays (called "pay-go"). Since the required accounting expense for OPEB is a non-cash flow item, WaterOne does not budget for it as part of the revenue requirements for the year.

## WaterOne 2024 Budget

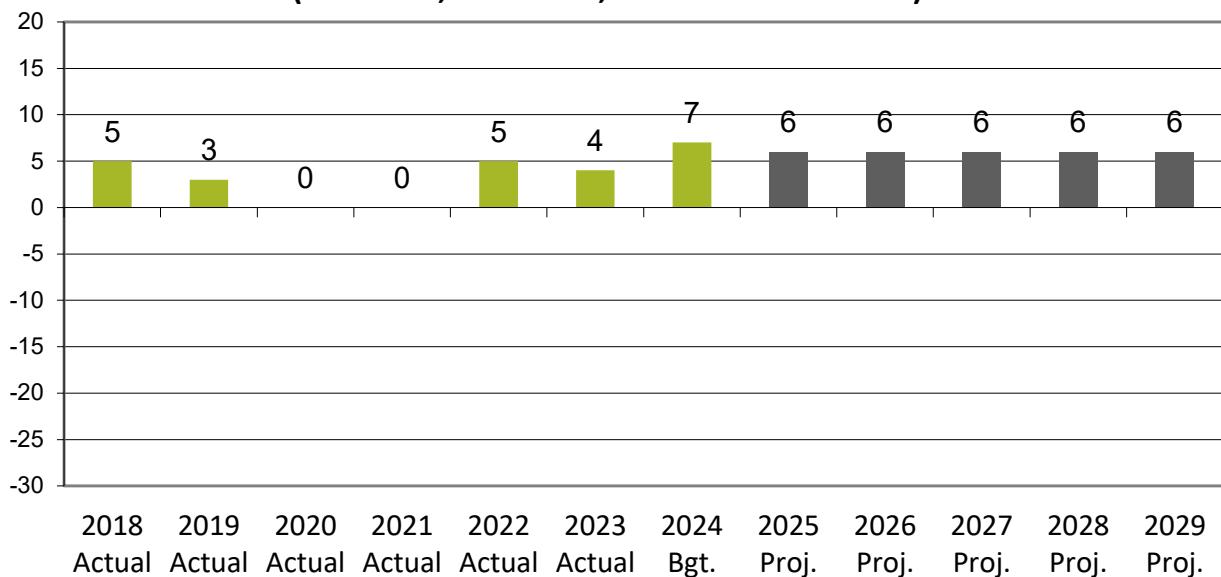
### Personnel

Actuals are budgeted authorized positions. Projections (■ in gray) are based on historical averages.

#### Authorized Full-Time Equivalent Employees

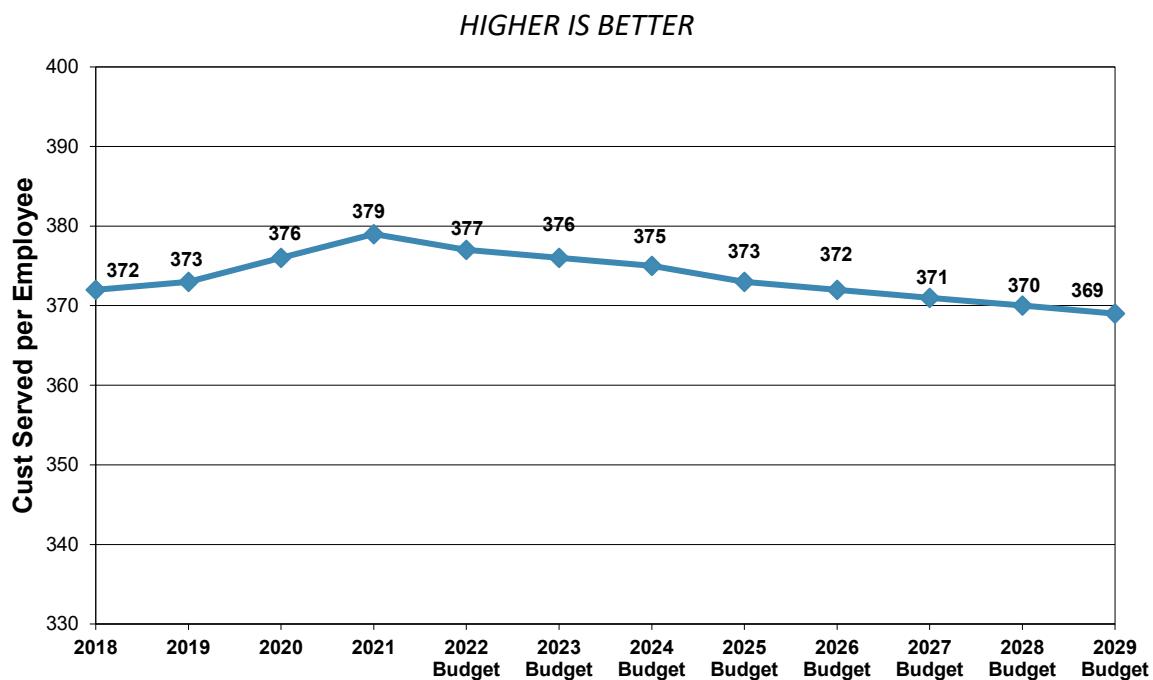


#### Headcount Change (Full-Time, Part-Time, & Summer Positions)



**Average Customers Served Per Employee**

Customer growth has been relatively stable between 1,200-1,500. The 2024 projections are estimated at 1,300 customers. Average customers served per employee has been relatively stable with a small increase in 2021 due to higher growth and a low number of new employees. The ratio of customers served per employee is used as a broad measure to check the balance of the number of customers to the number of personnel.



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## CAPITAL IMPROVEMENT PROGRAM

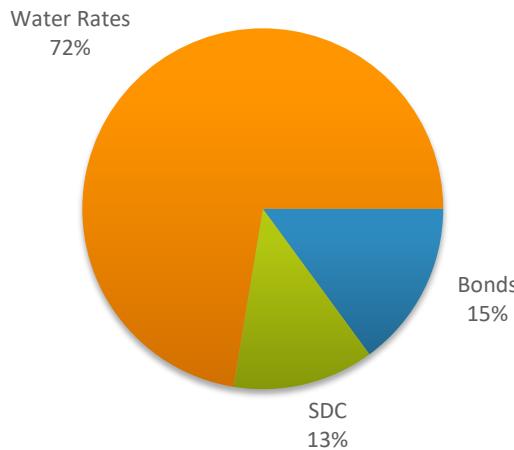
WaterOne provides water service to approximately 485,000 residents of Johnson County in 17 municipalities and encompasses 272 square miles. While WaterOne's service territory is only about 60% developed, portions of the distribution system are over 60 years old. This puts WaterOne in the position of planning and building for the growth of the system while at the same time dealing with the challenges of aging infrastructure. To meet its diverse capital needs, WaterOne has developed a Capital Improvement Program (CIP) that consists of three components.

- **Master Plan** – The Master Plan includes projects to build new or replace facilities related to water treatment, pumping, storage, transmission mains, and new distribution mains. Master Plan projects are designed to increase the water supply to serve new customers and to protect existing facilities from becoming obsolete. The projects in this category are more complex, more costly, and typically have a useful life of at least 20 years. Periodically, an engineering Master Plan study is done to provide a comprehensive long-range plan for the improvement and expansion of the water system. Replacement projects that meet the Master Plan criteria are identified by a detailed assessment of existing infrastructure needs through an asset management program.
- **Transmission & Distribution (T&D)** – The T&D capital program includes spending on water main, fire hydrant, and service connection assets. T&D expenditures are categorized, planned, and reported based on the following components: distribution main replacements, distribution main relocations, general improvements, distribution main breaks, transmission main repair and replacement, and condition assessments.
- **Annual Capital** – Annual Capital consists of the current year budget plus a rolling five-year plan for new and replacement projects or equipment purchases associated with ongoing operational needs. The most significant expenditures in the Annual Capital budget include water production, information technology, distribution, and fleet equipment, as well as meter replacement. Most of Annual Capital is spent on replacement of existing assets, and as WaterOne continues to age, the percentage of Annual Capital spent on replacement continues to increase. Annual Capital replacement projects are also identified by asset management programs, but they are usually less costly and tend to have shorter useful lives than Master Plan projects.

The major sources of funds for these capital expenditures are:

- **Water Rates** – Funds are designated on a “pay-as-you-go” basis from current water rates to fund Annual Capital, T&D, and Master Plan.
- **System Development Charges (SDCs)** – SDCs are paid by new customers when they apply for a service connection permit. The amount of the SDC, based on a growth pays for growth philosophy, is approved by the Board and is based on the results of an annual cost of service analysis. The SDC is designed so that new customers, through a “buy-in” methodology, pay for their share of the cost of capacity. SDCs are used to fund the Master Plan or pay off outstanding debt.
- **Bonds** – WaterOne issues tax-exempt revenue bonds for funding of the Master Plan when necessary. Bonds are used to fund the construction of significant expansions and replacements. The use of bonds helps avoid abnormally large water rate increases and improves equity between generations of WaterOne customers.

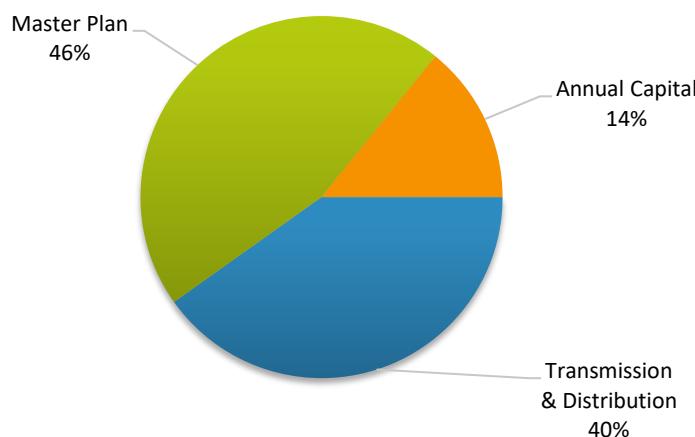
## CIP Funding



FUNDING	2024	2025	2026	2027	2028	2029	Total
Water Rates	\$50.3	\$50.4	\$53.0	\$56.6	\$57.6	\$61.7	<b>\$329.6</b>
SDCs	7.0	8.1	9.0	10.1	11.1	12.2	<b>57.6</b>
Bonds	0.0	0.0	33.0	0.0	0.0	35.0	<b>68.0</b>
<b>TOTAL FUNDING</b>	<b>\$57.3</b>	<b>\$58.5</b>	<b>\$95.0</b>	<b>\$66.7</b>	<b>\$68.7</b>	<b>\$108.9</b>	<b>\$455.2</b>

In millions. Numbers may not add due to rounding.

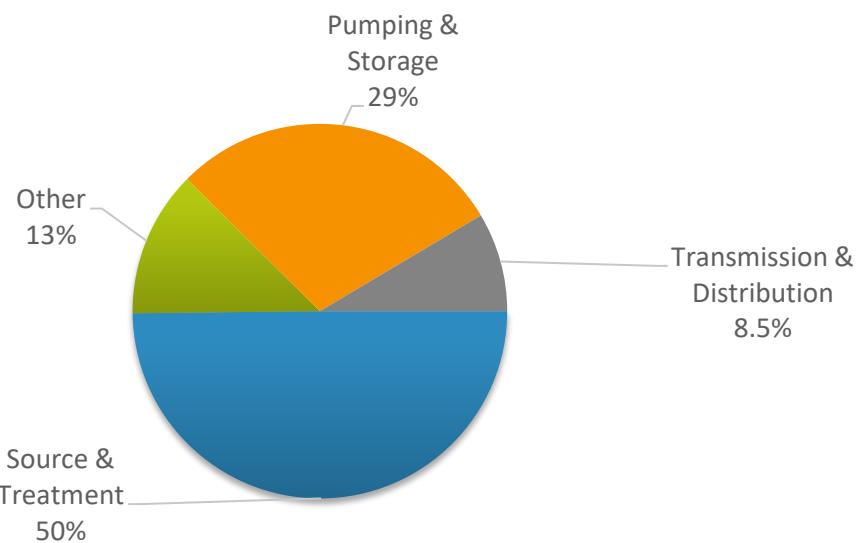
## CIP Expenditures



EXPENDITURES	2024	2025	2026	2027	2028	2029	Total
Master Plan	\$65.8	\$24.0	\$52.4	\$2.1	\$10.5	\$62.1	<b>\$216.8</b>
Annual Capital	9.6	10.7	11.1	11.5	12.0	12.5	<b>67.3</b>
T&D	25.7	27.9	30.3	32.8	35.6	38.5	<b>190.7</b>
<b>TOTAL EXPENDITURES</b>	<b>\$101.0</b>	<b>\$62.5</b>	<b>\$93.8</b>	<b>\$46.4</b>	<b>\$58.0</b>	<b>\$113.1</b>	<b>\$474.8</b>

In millions. Numbers may not add due to rounding

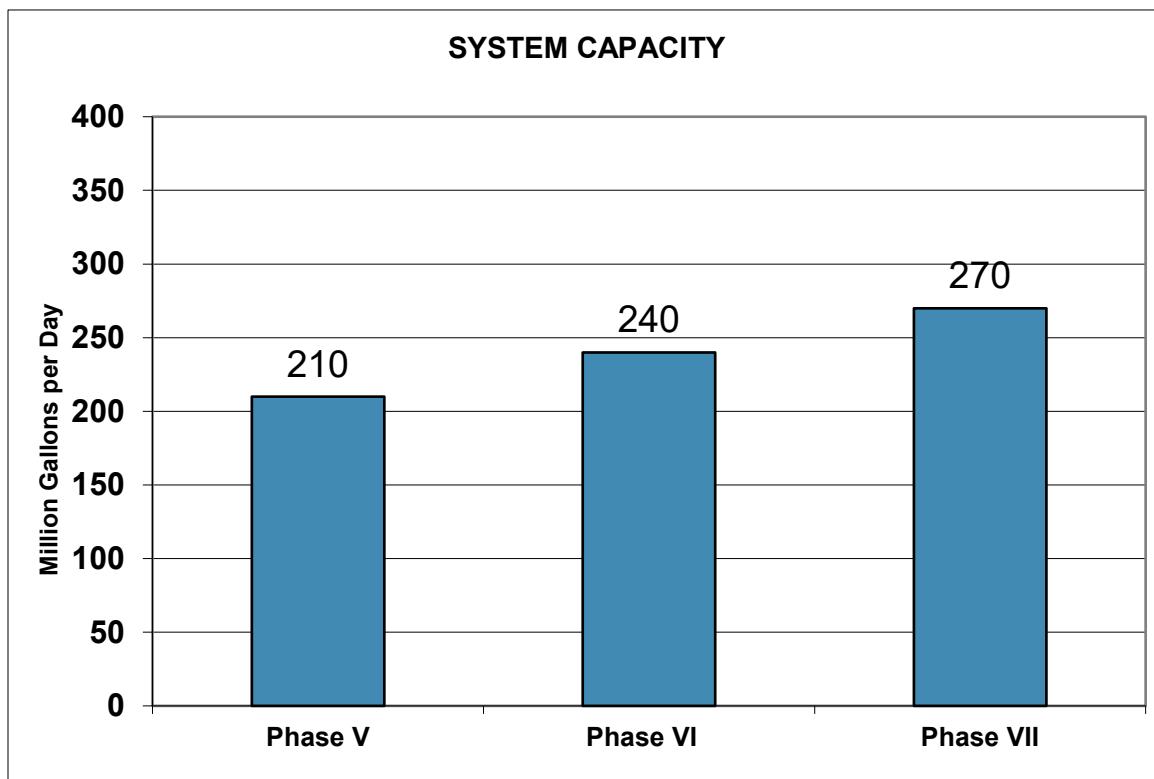
## 2024 Master Plan



### **Master Plan Purpose and Funding**

- **Source & Treatment** - These facilities consist of structures including river intakes, collector wells, a river weir, reservoirs, residual monofills, supply mains, and treatment plants. WaterOne's raw water is derived from several sources: the Kansas well field, an intake on the Kansas River, an intake on the Missouri River, and a collector well on the Missouri River. These four sources can provide up to 200 million gallons per day (mgd).
- **Pumping and Storage** – These facilities consist of equipment and structures including pumps, pump stations, underground and ground-level reservoirs as well as elevated storage in water towers. Pumping provides hydraulic pressure to the distribution system to meet Board policy requirements. Storage is primarily needed to maintain adequate supply during peak demand periods, for fire protection, and to serve as emergency pressure to the system in the event of equipment failure or power interruption. There are currently 83 million gallons of storage capacity in the distribution system.
- **New & Replacement Transmission Mains and New Distribution Mains** – These facilities include water mains, pressure reducing valves, and appurtenances for the mains. Transmission mains are defined as greater than 16" in diameter. Distribution mains are 16" in diameter and smaller. New or replacement mains included in the Master Plan are primarily related to the latest Water Supply Master Plan developed by WaterOne's consulting engineers.
- **Other** – This category includes all projects that do not fit within the scope of the Pumping and Storage, Source and Treatment, or New & Replacement Transmission Mains and New Distribution Mains categories. This includes projects such as remodeling or replacements at administration facilities, metering infrastructure improvements, and enterprise resource planning software.

The Master Plan was first adopted by the Board in 1977 as a long-term plan for expansion. Since then, the plan has been updated periodically to accommodate changing conditions and to keep pace with growth. The plan is divided into Phases as shown in the chart below. These Phases are designed to ensure that capital investment is made at the correct time to provide an adequate supply of water without building capacity above what will be needed in the next few years.



The largest project in 2024 is the Wyss Pumping Station and Reservoir expansion for \$22.0M. Other large projects in 2024 include the Well Field/Collector Wells Pump House at the Wolcott Treatment Plant for \$17.2M, \$8.3M for the Enterprise Resource Planning (ERP) upgrade, and \$5.9M for the Kansas Well Units Replacement.

Due to the more extensive scope and scale of Master Plan projects, and the corresponding larger costs typically associated with them, funding for Master Plan is more complex than that of Annual Capital. Financial modeling is done to determine the sources of funds and ensure the availability of these funds when needed. Funding for Master Plan is a combination of SDCs, designated water sales revenue, and long-term financing through State Revolving Funds or tax-exempt revenue bonds.

**2024 Master Plan Projects (Award Basis)****Source & Treatment**

MP-17003	Wolcott Well Field / Collector Wells Pump House	\$ 17,209,169
MP-20008	KS Well Units Replacement - Phase II	5,850,585
MP-22401	Facility 1 Improvements - Phase II	3,899,270
MP-26007	MO Presed Pump Nos 1,2&5 AFD Replacement	3,257,682
MP-26008	Facility 2 High Service Pump AFD Replacement	2,073,070
MP-24002	Hansen Basin Painting - Phase II	1,651,603
MP-20772	SCADA Data Business System Integration	1,165,726
MP-19773	SCADA HMI Upgrade Migration	600,370
MP-18003	Lime Residual Treatment Facility #10 (Corps of Engineers)	545,259
MP-20771	Electronic Document Management and Logbook	511,352
MP-19100	Renner North 90 Reclamation	500,000
MP-23121	Wolcott Membrane Module Replacement	437,475
MP-23013	Facility 2 HVAC Refurbishment	140,383
	<b>Source &amp; Treatment</b>	<b>\$ 37,841,945</b>

**Pumping & Storage**

MP-22001	Wyss Pumping Station & Reservoir Expansion - Phase II	\$ 22,038,120
	<b>Pumping &amp; Storage</b>	<b>\$ 22,038,120</b>

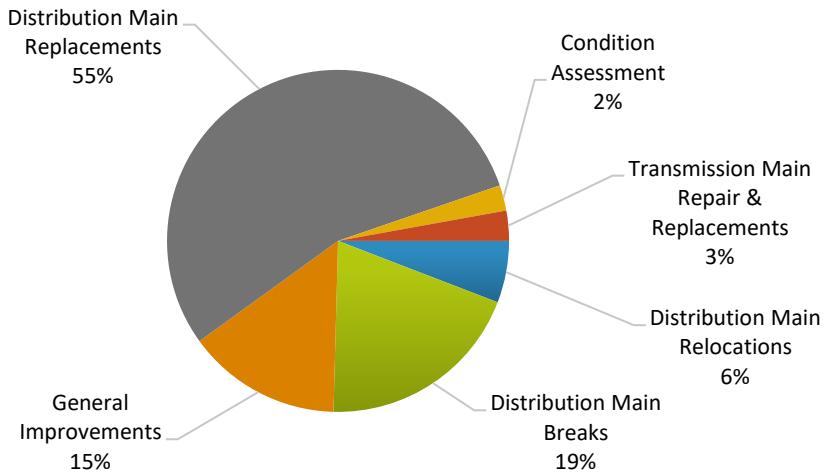
**Distribution & Transmission**

MP-24015	20" TM Outlook, Woodson PS to Johnson Dr	5,526,904
MP-23015	16" TM Outlook/Martway to 62nd/Woodson	813,341
MP-24100	30" TM Repl Switzer (67th-79th) & Flint St (55th-57th)	146,232
	<b>Distribution &amp; Transmission</b>	<b>\$ 6,486,476</b>

**Other Facilities**

MP-22800	Enterprise Resource Planning Upgrade	\$ 8,336,412
MP-24107	Meter Move Outs	1,254,132
	<b>Other Facilities</b>	<b>\$ 9,590,544</b>
	<b>Total Master Plan (Award Basis)</b>	<b>\$ 75,957,085</b>

## 2024 Transmission & Distribution Funding



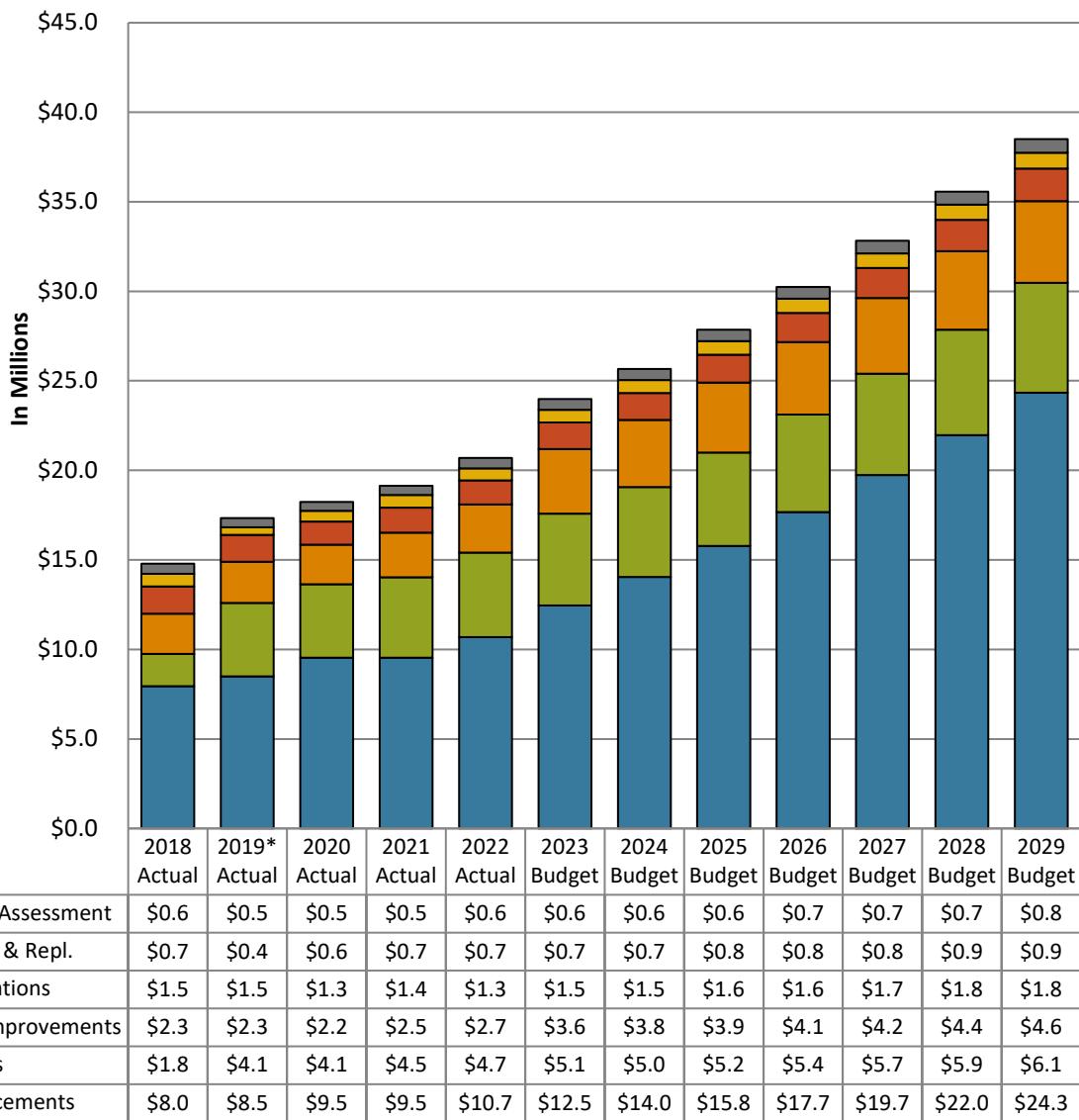
### **Transmission & Distribution Purpose and Funding**

- **Distribution Main Replacements** - Main replacements are budgeted based on the results of a water main asset management project that was developed in 2003 with the most recent update completed in 2022. The objective of the project was to produce a financial model that would identify the appropriate level of main replacement due to “wear-out”. The goal is to replace all assets, including water mains, at the time which produces the lowest life-cycle cost of that particular asset. InfoAsset Planner is used to help determine prioritization of main replacement projects. Two criteria used by InfoAsset Planner to prioritize projects are:
  1. Likelihood of failure examining pipe age, diameter, material, lining, as well as soil type, pressure, main breaks within the previous two years, and total main breaks.
  2. Consequence of failure scrutinizing proximity to hospitals, schools, home, and commercial dialysis centers, and large users along with city improvement projects, master plan system upgrades and pipe improvements, mains located under roads, and population density.

Restoration of streets, curbs, and sidewalks are a significant component of replacement costs, so WaterOne communicates with the municipalities' public works departments to coordinate the replacement of water mains with the municipalities' street projects. The goal is to minimize costs as well as reduce traffic disruptions to the public. WaterOne continues to use and investigate various condition assessment methods to improve its knowledge of the condition of underground assets. Different replacement technologies and techniques are also being used depending on the size, location, difficulty of replacement, and the type of restoration required.

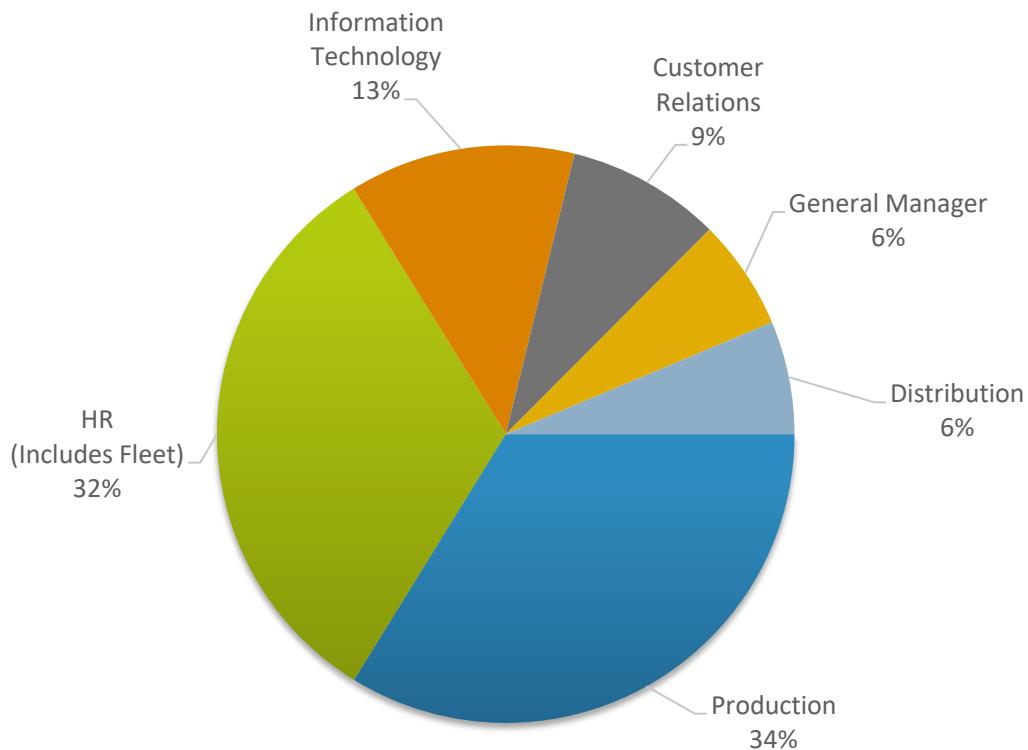
- **Distribution Main Breaks** - Main breaks are unplanned construction to replace sections of a water main or an entire fire hydrant that is broken and leaking. Prior to 2019 Distribution Main Breaks had capital and expense components. From 2019 forward, all breaks are considered capital improvements. This allows WaterOne to more accurately track the cost of main breaks while providing better internal and external transparency regarding the economic cost of main breaks. Given its aging infrastructure, the number of main breaks is expected to increase over time. WaterOne takes steps to minimize the rate of increase in breaks through a replacement program which is described in the Main Replacements section.
- **General Improvements** - General system improvements include normal service connection rehabilitation, main upsizing and downsizing, and installing new mains, valves, and fire hydrants. WaterOne has approximately 150,000 service connections which are the pipe and related material that connect the water main to the meter. These service connections require ongoing replacement and rehabilitation in order to maintain a reliable water supply. Main upsizing occurs when a main is replaced with a larger diameter main to allow for increased capacity or water flow. Most upsizing is paid for by WaterOne and is done in conjunction with relocation projects to improve water flow throughout the system. Some upsizing is done when new housing and commercial development occurs and is paid for by the developer. New mains are occasionally installed to extend the system but are primarily needed to provide redundant supply or improve fire protection water flow in a particular area.
- **Distribution Main Relocations** - These projects are constructed in coordination with street improvement projects planned by the municipalities that WaterOne serves. As the municipalities' populations grow, those municipalities' street improvement projects require main relocation, so they are not in conflict with future streets. Mains that are in the public right-of-way are paid for by WaterOne, while mains in the private easement are paid for by the requesting city.
- **Transmission Main Repair & Replacements** - This category includes transmission main breaks, minor replacements, relocations, or general improvements to a transmission main not funded in the Master Plan. New installations and extensive replacements of transmission mains are funded in the Master Plan.
- **Condition Assessment** - This category includes hiring contractors to assess transmission main condition as well as assessments completed by WaterOne staff.

## Transmission & Distribution by Category



\* Previous to 2019 Distribution Main Breaks had capital and expense components. From 2019 forward, all breaks are considered capital improvements.

### **2024 Annual Capital by Division**



### **Annual Capital Purpose and Funding**

Annual Capital is budgeted by organizational division. A listing of individual projects follows with detailed project descriptions and justifications included in the division sections later in the book.

Annual Capital projects are funded entirely from water rates, investment income, and other operating revenues following a pay-as-you-go philosophy. The first year of any six-year rolling Annual Capital budget is approved as part of the annual budget process. Projects planned in the remaining five years are not authorized until that year's budget is formally adopted by the Board. The future years serve as a guide for planning and are subject to further review and modification by staff and the Board.

## WATERONE 2024 BUDGET

### TOTAL CIP

#### Annual Capital Impact on Operating and Maintenance Expenses

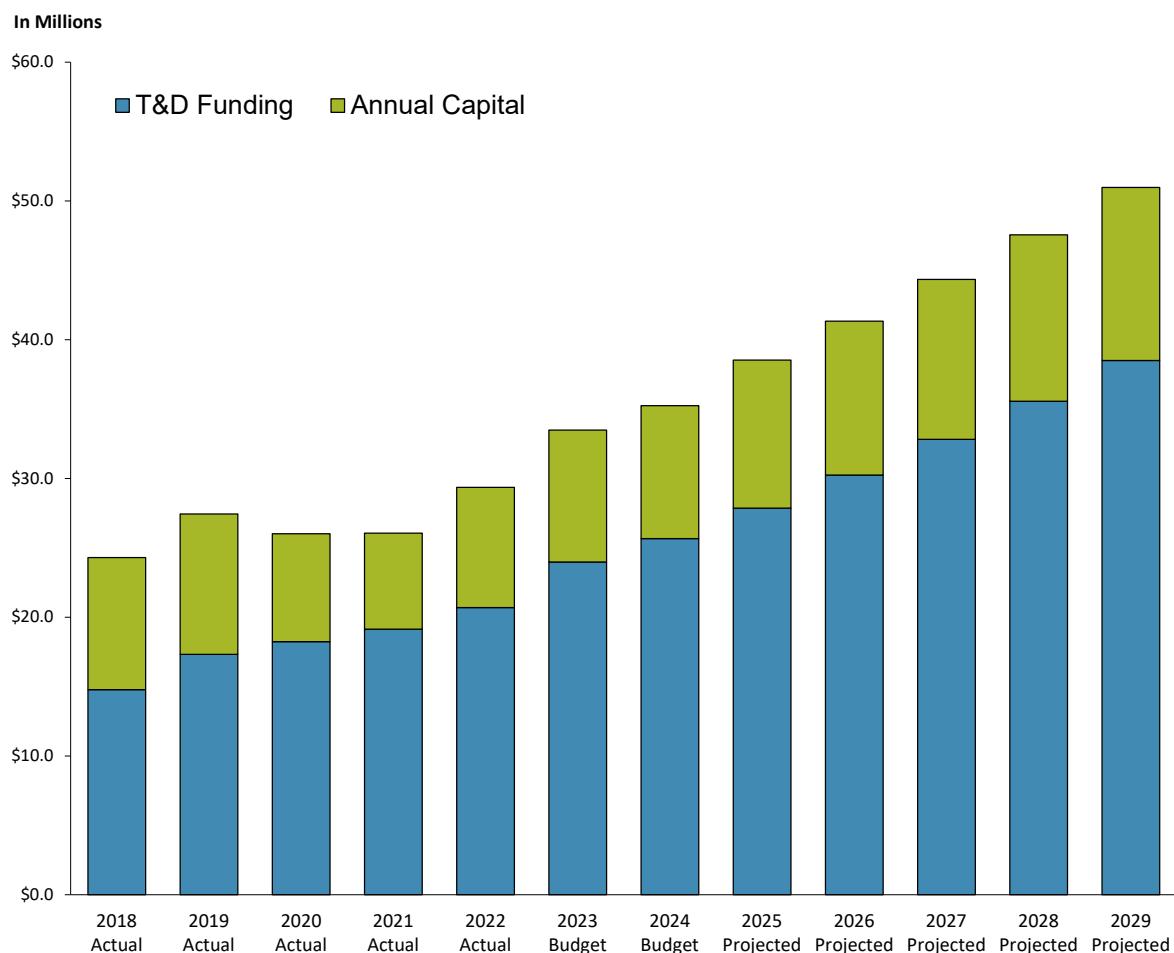
WaterOne's operating budget is directly impacted by its capital improvement program. Many of the Annual Capital projects will have ongoing operating costs that will continue to impact future budgets. Common ongoing costs include labor, maintenance, and fuel. Capital projects may also have a positive impact on the budget by increasing efficiency and reducing the use of power, chemicals, or labor.

Typically, replacement projects require similar labor and maintenance expenses as the existing assets and do not have a significant net operating impact. In 2023, approximately 70% of annual capital projects are replacement projects and the operating impact is projected to be minimal.

The table below summarizes the projected annual net operating impact of the annual capital projects by division during the current budget year and five-year plan.

Division	2024 Budget	Net Operating Impact					
		2024	2025	2026	2027	2028	2029
<b>New</b>							
Production	\$ 556,410						
Distribution	605,996						
Human Resources/Administration	1,891,798	74,225	76,452	78,745	81,108	83,541	86,047
Information Technology	60,094						
<b>New - Total</b>	<b>\$ 3,114,298</b>	<b>\$ 74,225</b>	<b>\$ 76,452</b>	<b>\$ 78,745</b>	<b>\$ 81,108</b>	<b>\$ 83,541</b>	<b>\$ 86,047</b>
<b>Replacement</b>							
General Manager	\$ 594,159						
Production	2,681,897						
Distribution	37,835						
Customer Relations	827,687						
Human Resources/Administration	1,171,242	(2,928)	(3,016)	(3,106)	(3,200)	(3,295)	(3,394)
Information Technology	1,152,882						
<b>Replacement - Total</b>	<b>\$ 6,465,702</b>	<b>\$ (2,928)</b>	<b>\$ (3,016)</b>	<b>\$ (3,106)</b>	<b>\$ (3,200)</b>	<b>\$ (3,295)</b>	<b>\$ (3,394)</b>
<b>Annual Capital Total</b>	<b>\$ 9,580,000</b>	<b>\$ 71,297</b>	<b>\$ 73,436</b>	<b>\$ 75,639</b>	<b>\$ 77,908</b>	<b>\$ 80,245</b>	<b>\$ 82,653</b>

## HISTORY & PROJECTION OF TOTAL ANNUAL CAPITAL



T&D Funding	\$14.78	\$17.33	\$18.24	\$19.15	\$20.69	\$23.98	\$25.67	\$27.86	\$30.25	\$32.82	\$35.57	\$38.50
Annual Capital	\$9.52	\$10.12	\$7.77	\$6.92	\$8.66	\$9.50	\$9.58	\$10.67	\$11.09	\$11.53	\$11.98	\$12.47
<b>Total Annual Capital</b>	<b>\$24.30</b>	<b>\$27.45</b>	<b>\$26.01</b>	<b>\$26.06</b>	<b>\$29.35</b>	<b>\$33.48</b>	<b>\$35.25</b>	<b>\$38.53</b>	<b>\$41.34</b>	<b>\$44.35</b>	<b>\$47.55</b>	<b>\$50.97</b>

**ANNUAL CAPITAL BY DIVISION/DEPARTMENT**

DIVISION/DEPARTMENT	2023 CAPITAL REQUESTS	2024 CAPITAL REQUESTS	PRIOR YEARS' CARRYOVERS (b)	GRAND TOTAL 2024 CAPITAL REQUESTS
<b>PRODUCTION</b>				
Facilities Engineering	\$ 2,954,070	\$ 2,506,073	\$ 3,039,677	\$ 5,545,750
Facilities Maintenance	699,149	689,948	38,115	728,063
Operations	290,382	-	276,366	276,366
Water Quality Laboratory	223,370	42,287	12,000	54,287
<b>TOTAL PRODUCTION</b>	<b>\$ 4,166,972</b>	<b>\$ 3,238,308</b>	<b>\$ 3,366,158</b>	<b>\$ 6,604,466</b>
<b>DISTRIBUTION</b>				
Distribution Engineering	\$ 23,980,000	\$ 25,665,000	\$ -	\$ 25,665,000
Distribution Operations	-	575,996	87,591	663,587
Distribution Services	53,507	30,000	-	30,000
<b>TOTAL DISTRIBUTION</b>	<b>\$ 24,033,507</b>	<b>\$ 26,270,996</b>	<b>\$ 87,591</b>	<b>\$ 26,358,587</b>
<b>CUSTOMER RELATIONS</b>				
Meter Services	\$ 640,640	\$ 827,687	\$ -	\$ 827,687
Communications	-	-	-	-
Customer Service	-	-	-	-
<b>TOTAL CUSTOMER RELATIONS</b>	<b>\$ 640,640</b>	<b>\$ 827,687</b>	<b>\$ -</b>	<b>\$ 827,687</b>
<b>HUMAN RESOURCES/ADMINISTRATION</b>				
Fleet Services	\$ 2,965,239	\$ 2,767,030	\$ 1,364,477	\$ 4,131,507
Safety & Security	-	333,846	-	333,846
<b>TOTAL HUMAN RESOURCES/ADMIN</b>	<b>\$ 2,965,239</b>	<b>\$ 3,100,876</b>	<b>\$ 1,364,477</b>	<b>\$ 4,465,353</b>
<b>INFORMATION TECHNOLOGY</b>				
IT Operations	\$ 722,046	\$ 607,600	\$ 163,211	\$ 770,811
Applications Development	223,370	-	-	-
Geospatial Services	147,413	605,375	55,000	660,375
Project Management Office	-	-	220,636	220,636
<b>TOTAL INFORMATION TECHNOLOGY</b>	<b>\$ 1,092,829</b>	<b>\$ 1,212,975</b>	<b>\$ 438,847</b>	<b>\$ 1,651,822</b>
<b>SUB-TOTAL (CAPITAL IMPROVEMENTS)</b>	<b>\$ 32,899,187</b>	<b>\$ 34,650,842</b>	<b>\$ 5,257,073</b>	<b>\$ 39,907,915</b>
Capital Contingencies (1.7% of Total) (a)	\$ 580,813	\$ 594,159	\$ -	\$ 594,159
<b>TOTAL OFFICE OF GENERAL MANAGER</b>	<b>\$ 580,813</b>	<b>\$ 594,159</b>	<b>\$ -</b>	<b>\$ 594,159</b>
<b>GRAND TOTAL CAPITAL REQUESTS</b>	<b>\$ 33,480,000</b>	<b>\$ 35,245,000</b>	<b>\$ 5,257,073</b>	<b>\$ 40,502,073</b>

Numbers may not total due to rounding

a) Listed under General Manager tab

b) Funding Source: prior years' revenue

**PRIOR YEARS' CAPITAL CARRY-OVERS**

Projects funded from Prior Year Revenues Carried Over to 2024

		<b>*2023 Budget</b>	<b>12-31-2023 Unspent</b>	<b>Budget Carry- Over to 2024</b>
<b>PRODUCTION</b>				
AC-19302	SCADA Task Methodology & Lifecycle Mgmt	\$ 276,366	\$ 276,366	\$ 276,366
	<b>Operations Department Subtotal</b>	<b>\$ 276,366</b>	<b>\$ 276,366</b>	<b>\$ 276,366</b>
AC-23402	WQ Lab GCMS (+autosampler) Replacement	\$ 223,370	\$ 66,361	\$ 12,000
	<b>Water Quality Laboratory Department Subtotal</b>	<b>\$ 223,370</b>	<b>\$ 66,361</b>	<b>\$ 12,000</b>
AC-23019	Facilities Paging System	\$ 558,425	\$ 558,425	\$ 558,425
AC-21024	Missouri Intake Pump No. 6 Replacement	503,635	499,645	530,000
AC-23006	Quivira Pump Station Sleeve Valve Refurb	335,055	268,833	384,000
AC-23022	KS Presed Pump No 2 Refurbishment	558,425	554,290	350,000
AC-22800	MO River Warm Water Supply Improvements	447,743	447,741	250,000
AC-23300	Alarm Rationalization & Standard Update	184,281	184,281	184,281
AC-23016	Wolcott Chemical System Refurbishment	167,529	167,524	167,524
AC-23302	SCADA O&M Performance Mgmt (KPI and PI)	106,101	106,101	106,101
AC-23015	Facilities Safety Replacements	89,348	89,346	89,346
AC-22710	Fleet Oil-Water Separator Replacement	111,936	111,936	80,000
AC-20204	AHQ Data Center UPS Replacement	110,845	110,845	80,000
AC-21017	Quivira Pump Station Controls Upgrade	195,669	182,016	75,000
AC-14100	Administrative Offices Space Study & Reconfiguration	208,064	98,051	50,000
AC-22070	Olathe Metering Station Upgrades	27,984	27,983	45,000
AC-23017	Tomahawk PRV Electrical Upgrade	55,842	53,597	40,000
AC-22027	Facility 2 Filter No. 27 Rebuild	335,758	43,379	35,000
AC-20023	Wolcott Conference Room Furniture	22,169	9,843	15,000
	<b>Facilities Engineering Department Subtotal</b>	<b>\$ 4,018,810</b>	<b>\$ 3,513,837</b>	<b>\$ 3,039,677</b>
OC-23004	ARC Flash Analysis	\$ 54,144	\$ 28,115	\$ 28,115
AC-23604	KS Fac. Hammer Mill Rotating Assy Repl	49,141	6,586	10,000
	<b>Facilities Maintenance Department Subtotal</b>	<b>\$ 103,285</b>	<b>\$ 34,701</b>	<b>\$ 38,115</b>
	<b>PRODUCTION TOTAL</b>	<b>\$ 4,621,831</b>	<b>\$ 3,891,265</b>	<b>\$ 3,366,158</b>
<b>DISTRIBUTION</b>				
OC-23006	Purchase of New Trailer	\$ 38,949	\$ 38,949	\$ 38,949
OC-23007	Purchase Six Locator Kits	38,566	38,566	38,566
OC-23008	Purchase of Brush Hog	10,077	10,077	10,077
	<b>Distribution Operations Department Subtotal</b>	<b>\$ 87,591</b>	<b>\$ 87,591</b>	<b>\$ 87,591</b>
	<b>DISTRIBUTION TOTAL</b>	<b>\$ 87,591</b>	<b>\$ 87,591</b>	<b>\$ 87,591</b>

**PRIOR YEARS' CAPITAL CARRY-OVERS**

Projects funded from Prior Year Revenues Carried Over to 2024

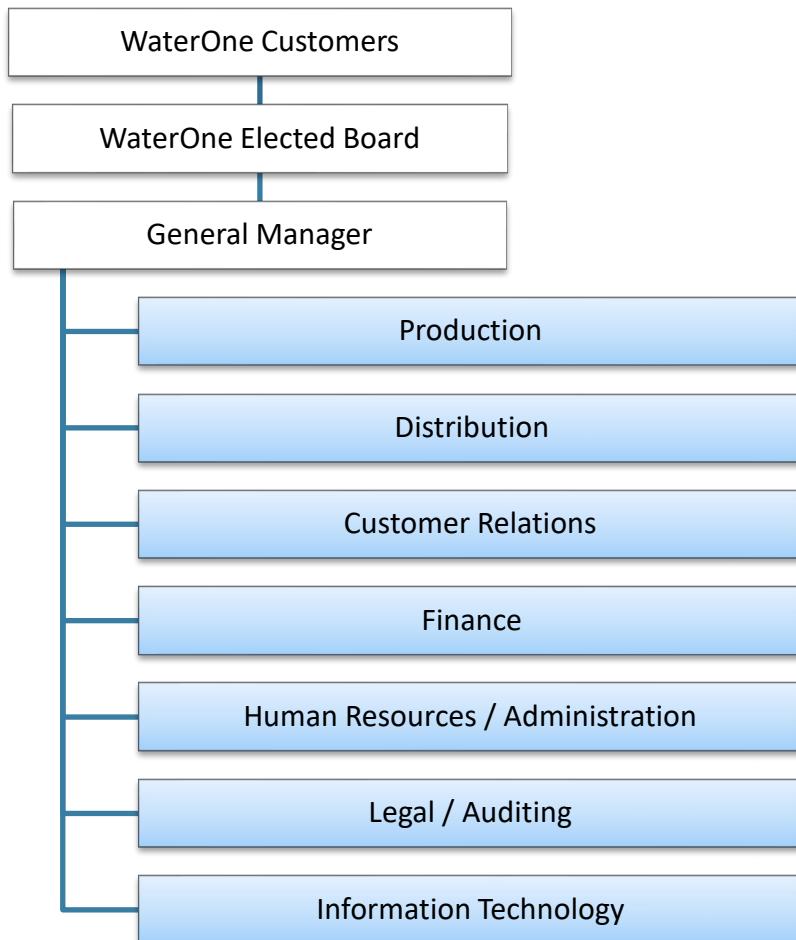
		*2023 Budget	12-31-2023 Unspent	Budget Carry- Over to 2024
<b>HUMAN RESOURCES</b>				
AF-22705	Mounted Hydro-Excavator Truck (Repl 4705) V&S	\$ 167,905	\$ 167,905	\$ 167,905
AP-23500	2 Ton Service Body (Valve Rep Crew)	273,628	166,794	166,794
AF-23300	Light Duty Fleet Program	614,268	161,876	161,876
AF-23562	Hydraulic Breaker	106,101	106,101	106,101
AF-23710	Dump Truck	106,101	106,101	106,101
AC-20070	Fuel Dispenser Replacement - AHQ	105,303	105,303	105,303
AF-20202	Service Body (Repl 5250) DOPS	205,063	98,230	98,230
AF-20040	Service Body (Repl 5040) DOPS	205,063	93,749	93,749
AF-20050	Service Body (Repl 5050) DOPS	205,063	93,749	93,749
AF-22709	Dump Truck (Repl 4709) C&M	89,549	89,549	89,549
AF-21103	1 Ton Service Body (Repl 4200) Fac Maint	60,678	60,678	60,678
AF-21640	1 1/2 Ton Svc Body (Repl 4640) DOPS	83,200	31,418	31,418
AC-22202	Hot Water Pressure Washer Replace	24,626	24,626	24,626
AF-18218	Trailer (Repl 7218) DOPS	19,951	19,951	19,951
AC-23113	Valve Operators for Crew Trucks	109,451	89,839	19,612
AF-19240	Equipment Trailer (Repl 7240) DOPS	18,836	18,836	18,836
<b>Fleet Department Subtotal</b>		<b>\$ 2,394,786</b>	<b>\$ 1,434,703</b>	<b>\$ 1,364,477</b>
<b>HUMAN RESOURCES TOTAL</b>		<b>\$ 2,394,786</b>	<b>\$ 1,434,703</b>	<b>\$ 1,364,477</b>
<b>INFORMATION TECHNOLOGY</b>				
AC-23014	GIS Upgrades and Enhancements	\$ 111,685	\$ 88,031	\$ 55,000
<b>Geospatial Services Department Subtotal</b>		<b>\$ 111,685</b>	<b>\$ 88,031</b>	<b>\$ 55,000</b>
AC-23150	System Upgrades and Enhancements	\$ 223,370	\$ 58,945	\$ 121,666
AC-19905	Records Information Mgmt Implementation	100,000	98,971	98,971
<b>PMO Department Subtotal</b>		<b>\$ 323,370</b>	<b>\$ 157,915</b>	<b>\$ 220,636</b>
AC-23900	Network Upgrades	\$ 100,518	\$ 83,524	\$ 83,524
AC-23105	Printer Replacement Program	44,674	43,687	43,687
AC-22041	Board Room Technology Upgrades	447,744	379,489	20,000
AC-23102	PC Replacement Program	386,989	31,009	10,000
AC-22699	Wireless Replacement Project	100,000	68,295	6,000
<b>Operations Department Subtotal</b>		<b>\$ 1,079,925</b>	<b>\$ 606,004</b>	<b>\$ 163,211</b>
<b>INFORMATION TECHNOLOGY TOTAL</b>		<b>\$ 1,514,980</b>	<b>\$ 851,950</b>	<b>\$ 438,847</b>
<b>GRAND TOTAL CARRY-OVERS</b>		<b>\$ 8,619,188</b>	<b>\$ 6,265,510</b>	<b>\$ 5,257,073</b>

Numbers may not total due to rounding

In instances where the project carry-over amount exceeds available budget, fiscal notes were executed that approve transfer of funding from projects which were completed under budget.

\*2023 Budget amount represents the approved 2023 budget amount or carryover amount for all projects that were requested for carryover into 2023.

## GENERAL MANAGER



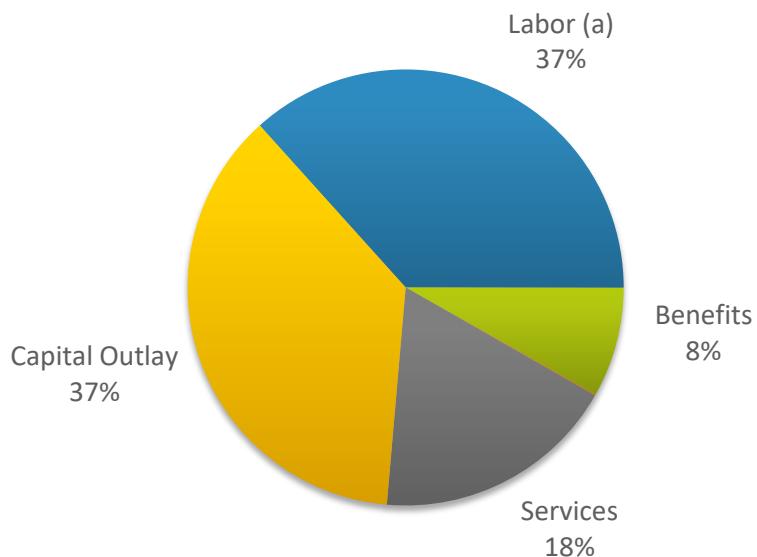
### Office of the General Manager

The General Manager provides comprehensive oversight for seven divisions throughout the utility. This administrative role ensures the utility's mission and strategic goals are successfully implemented with regard to customers, employees, and operations. The General Manager's office fosters open communication with the utility's seven-member board and communicates overall utility goals to them.

In addition to providing day-to-day administration, the Office of the General Manager also maintains a highly visible presence throughout the community. In this role, the General Manager continues to promote the utility and encourages dialogue with business, civic and political leaders.

**Mission Statement**

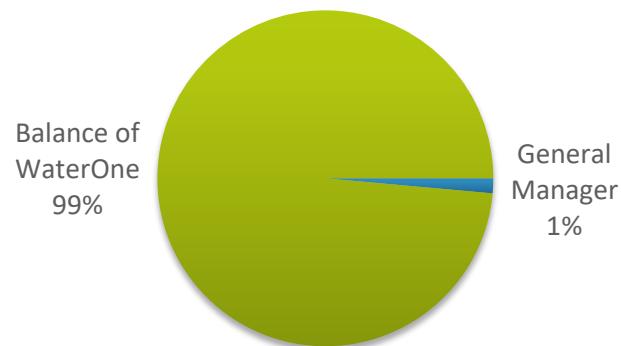
The Office of the General Manager ensures that individual divisions' goals and activities support the utility's mission statement: *"To provide a safe, reliable, high-quality water supply with exceptional service and value."*

**Expenditures by Major Category***Net of Transfers*

	2022 Actual	2023 Budget	2024 Budget	\$ Incr (Decr)	% Incr (Decr)
Labor (a)	\$475,751	\$573,292	\$589,936	\$16,644	2.9%
Benefits	111,077	108,233	130,970	22,737	21.0%
<i>Personnel Costs</i>	<b>\$586,828</b>	<b>\$681,525</b>	<b>\$720,906</b>	<b>\$39,381</b>	<b>5.8%</b>
Commodities	1,790	400	1,150	750	187.5%
Services	181,279	400,530	291,697	(108,833)	(27.2%)
Transfers	(9,458)	(7,654)	(8,360)	(707)	9.2%
<b>Total O&amp;M</b>	<b>\$760,439</b>	<b>\$1,074,801</b>	<b>\$1,005,392</b>	<b>(\$69,408)</b>	<b>(6.5%)</b>
Capital Outlay (b)	0	580,812	594,159	13,347	2.3%
<b>Total</b>	<b>\$760,439</b>	<b>\$1,655,613</b>	<b>\$1,599,551</b>	<b>(\$56,061)</b>	<b>(3.4%)</b>

Numbers may not add due to rounding

- a) Labor consists of wages and salaries including Board salaries.
- b) Omissions and Contingencies budgets are not assigned to particular divisions and are therefore reported in the General Manager's budget. However, as actual expenditures occur, those are reported in the responsible division. The target for the Omissions and Contingencies is approximately 2% of the total annual capital budget.

**Significant Division Operating Budgets by Cost Element****Division in Relation to Total WaterOne O&M Budget**

The 2024 Significant Cost Elements are described below.

	2022 Actual	2023 Budget	2024 Budget	\$ Incr (Decr)	% Incr (Decr)
Labor - Non OT	\$414,741	\$513,292	\$529,936	\$16,644	3.2%
Benefits	111,077	108,233	130,970	22,737	21.0%
Non-Employee Overload	0	250,000	125,000	(125,000)	(50.0%)
Water Board Salaries	60,076	60,000	60,000	0	0.0%
AWWA Research Foundation Fees	47,580	48,943	51,163	2,220	4.5%
WaterOne Memberships	46,133	42,378	43,550	1,172	2.8%
Dues & Local Meetings	45,381	37,000	39,000	2,000	5.4%
<b>Subtotal</b>	<b>\$724,988</b>	<b>\$1,059,846</b>	<b>\$979,619</b>	<b>(\$80,227)</b>	<b>(7.6%)</b>
All Other Accounts	44,909	22,609	34,134	11,525	51.0%
Less Transfers	(9,458)	(7,654)	(8,360)	(707)	9.2%
<b>Total O&amp;M</b>	<b>\$760,439</b>	<b>\$1,074,801</b>	<b>\$1,005,392</b>	<b>(\$69,408)</b>	<b>(6.5%)</b>

*Numbers may not add due to rounding*

GENERAL MANAGER	Full Time	Part Time	Summ/ Temp	Headcount	FTE
<b>2023 Budget</b>	<b>2</b>	-	-	<b>2</b>	<b>2.0</b>
Mid-Year Reclass/Transfers (2023)	-	-	-	-	-
New Positions (2024)	-	-	-	-	-
Reclass/PT Hour Adj (2024)	-	-	-	-	-
Eliminations	-	-	-	-	-
<b>2024 Budget</b>	<b>2</b>	-	-	<b>2</b>	<b>2.0</b>

#### **Gross Labor (Non-Overtime)**

A 4.0% performance compensation increase is budgeted.

#### **Employee Benefits (Transferred)**

Benefits are planned in the Human Resources/Administration Division and allocated to the divisions. More information on Benefits is located behind the PERSONNEL tab.

#### **Non-Employee Overload**

This budget is set aside as a pool of funds to help with one-time projects and workload across all divisions. The budget reduction is based on lower projected usage in 2024.

#### **Water Board Salaries**

Board salaries are \$700/month for Board Members and \$800/month for the Board Chair.

#### **AWWA Research Foundation Fees**

The AWWA Research Foundation administers research programs related to providing safe, sustainable, and affordable drinking water. The fee is based on gallons produced and the population served. The 2024 budget is based on gallons produced in 2022 which were more than gallons produced in 2021.

#### **WaterOne Memberships**

WaterOne's utility memberships include the American Water Works Association, Association of Metropolitan Water Agencies (AMWA), Mo-Ark, Friends of the KAW, the Coalition to Protect the Missouri River, Kansas Rural Water Association, and Missouri River Public Water Supply. This budget also includes seven memberships in local chambers and one organizational membership. The budget increase is due to additional memberships for The Climate Registry, Amazon Prime Business, Metropolitan Energy Center, Shawnee Mission Educational Foundation, and Blue Valley Educational Foundation.

#### **Dues & Local Meetings**

This budget includes an annual Town Hall, Senior Staff and Board retreats, and costs associated with board and committee meetings.

**Annual Capital**

**Division in Relation to  
Total WaterOne Annual Capital Budget**



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OC-24100	(a) 2024 Omissions & Contingencies	\$594,159
<b>Total Annual Capital</b>		<b>\$594,159</b>

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a) Omissions and Contingencies budgets are not assigned to particular divisions and are therefore reported in the General Manager's budget. However, as actual expenditures occur, those are reported in the responsible division. The target for the Omissions and Contingencies is approximately 2% of the total annual capital budget.

# WaterOne 2024 Budget

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## GENERAL MANAGER

Replace

### Project Description

2024 Omissions & Contingencies

**Year**

2024

**Project #**

OC-24100

**Plan**

\$594,159



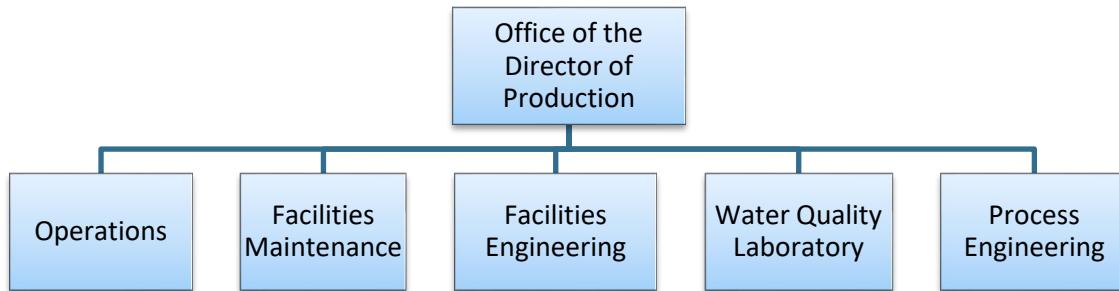
**Justification**

This is a contingency for unanticipated projects. Each Omissions & Contingencies project is reviewed and approved separately at the time of the request and is assigned a unique project number. The project is budgeted to be about 1% of total annual capital.

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## PRODUCTION DIVISION

### Division Organization



The Operations department is responsible for the treatment of raw water and for pumping finished potable water to customers.

The Facilities Maintenance department is responsible for all aspects of maintaining WaterOne facilities, production equipment, and grounds. Functional areas included in the department are Electrical, Mechanical, HVAC, Instrument/SCADA, Analyzer, and Structures and Grounds.

The Facilities Engineering department is responsible for improvement projects related to production facilities/equipment, distribution facilities, and administrative facilities.

The Water Quality Laboratory department collects daily water samples and oversees bacteriological and chemical analysis as required by state and federal regulations. Water quality analysis is performed at all stages of water production to ensure that the water meets or exceeds regulation and performance goals.

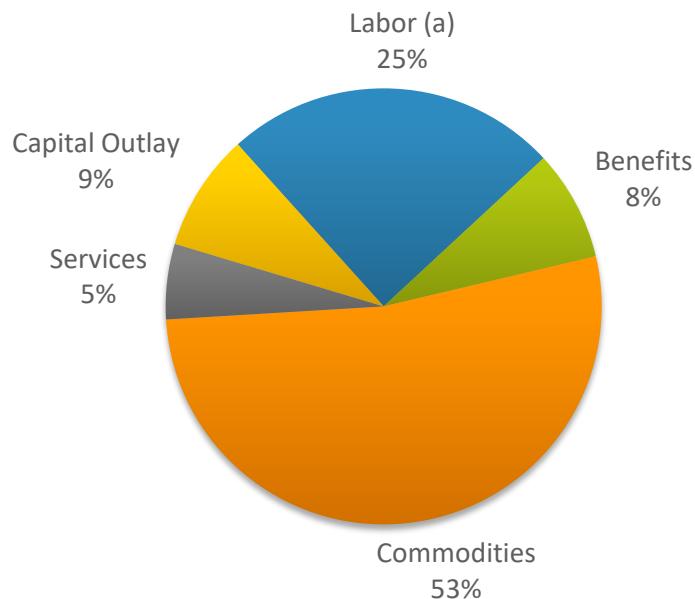
The Process Engineering department is responsible for facilitating strategy development and using advanced analytics to provide technical assistance to staff regarding water treatment, water quality, monitoring, controls, and regulatory compliance matters.

### Division Objective

Produce and deliver high-quality drinking water to customers in a reliable and efficient manner and in quantities required to meet customer's needs, including the engineering and maintenance services necessary to accomplish that goal.

### Annual Goals And Key Performance Measures

Divisional goals for the fiscal year are located in the Strategic Plan section under "2024 Operational Goals By Division." Division Key Performance Measures can also be found in the Strategic Plan section, under Monthly & Quarterly & Annual KPI Detail Reports.

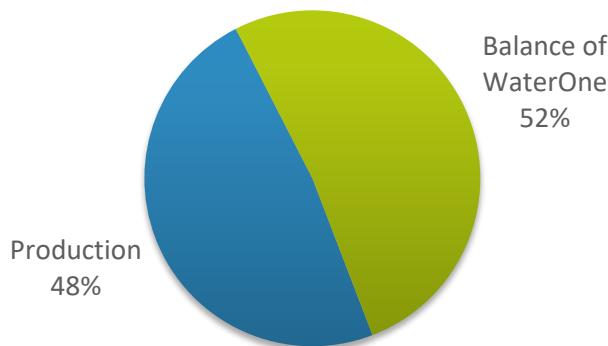
**Expenditures by Major Category**

*Net of Transfers*

	2022 Actual	2023 Budget	2024 Budget	\$ Incr (Decr)	% Incr (Decr)
Labor (a)	\$9,309,986	\$9,681,999	\$9,887,169	\$205,171	2.1%
Benefits	2,980,743	2,692,933	3,052,920	359,987	13.4%
<i>Personnel Costs</i>	<b>\$12,290,729</b>	<b>\$12,374,931</b>	<b>\$12,940,089</b>	<b>\$565,157</b>	<b>4.6%</b>
Commodities	19,725,859	18,230,659	19,621,895	1,391,236	7.6%
Services	1,573,463	1,732,015	2,076,888	344,874	19.9%
Transfers	(785,029)	(739,588)	(674,123)	65,465	(8.9%)
<b>Total O&amp;M</b>	<b>\$32,805,022</b>	<b>\$31,598,016</b>	<b>\$33,964,749</b>	<b>\$2,366,733</b>	<b>7.5%</b>
Capital Outlay	3,107,062	4,166,972	3,238,308	(928,664)	(22.3%)
<b>Total</b>	<b>\$35,912,084</b>	<b>\$35,764,988</b>	<b>\$37,203,057</b>	<b>\$1,438,068</b>	<b>4.0%</b>

Numbers may not add due to rounding

(a) Labor consists of wages and salaries (including overtime).

**Significant Division Operating Budgets by Cost Element****Division in Relation to Total WaterOne O&M Budget**

The 2024 Significant Cost Elements are described below.

	2022 Actual	2023 Budget	2024 Budget	\$ Incr (Decr)	% Incr (Decr)
Labor - Non OT	\$9,037,550	\$9,422,504	\$9,631,264	\$208,760	2.2%
Labor - OT	307,777	259,495	255,905	(3,590)	(1.4%)
Benefits	2,980,743	2,692,933	3,052,920	359,987	13.4%
Chemicals - Water Treatment	6,075,732	6,314,893	6,954,942	640,049	10.1%
Power - Transmission	6,371,842	5,470,955	5,974,725	503,770	9.2%
Power - Source	3,231,157	2,593,865	2,906,976	313,111	12.1%
Power - Distribution	1,727,356	1,733,762	1,764,738	30,976	1.8%
Material & Supplies	1,119,172	850,490	936,100	85,610	10.1%
Contracted Services	130,211	132,300	371,272	238,972	180.6%
Maintenance Services - Other	301,709	378,064	340,875	(37,189)	(9.8%)
Natural Gas – Generators – Wolcott	370,232	400,726	331,757	(68,969)	(17.2%)
Clean and Inspect Facilities	332,457	198,312	274,776	76,464	38.6%
PC Software & Maintenance	68,375	248,450	265,333	16,883	6.8%
<b>Subtotal</b>	<b>\$32,054,313</b>	<b>\$30,696,748</b>	<b>\$33,061,583</b>	<b>\$2,364,835</b>	<b>7.7%</b>
All Other Accounts	1,535,738	1,640,857	1,577,289	(63,568)	(3.9%)
Less Transfers	(785,029)	(739,588)	(674,123)	65,465	(8.9%)
<b>Total O&amp;M</b>	<b>\$32,805,022</b>	<b>\$31,598,016</b>	<b>\$33,964,749</b>	<b>\$2,366,733</b>	<b>7.5%</b>

Numbers may not add due to rounding

**PRODUCTION**

PRODUCTION	Full Time	Part Time	Summ/ Temp	Headcount	FTE
<b>2023 Budget</b>	<b>113</b>	-	<b>5</b>	<b>118</b>	<b>114.25</b>
Mid-Year Reclass/Transfers (2023)	-	-	-	-	-
New Positions (2024)	-	-	-	-	-
Reclass/PT Hour Adj (2024)	-	-	-1	-	-
Eliminations	-	-	-	-	-
<b>2024 Budget</b>	<b>113</b>	-	<b>4</b>	<b>117</b>	<b>114.0</b>

a) Reclass of 1 Summer Facilities Engineering Intern position to Summer Hydrant Auditor in the Distribution Division.

**Gross Labor (Non-Overtime)**

A 4.0% performance compensation increase is budgeted.

**Labor - OT**

Overtime is required for plant operators that work holidays and replace employees who are sick or on vacation. Facilities maintenance requires overtime for after-hour emergency repairs to WaterOne facilities. The decrease in 2024 is based on a slight decrease in planned OT hours in Facilities Maintenance.

**Employee Benefits (Transferred)**

Benefits are planned in the Human Resources/Administration Division and allocated to the divisions. More information on Benefits is located behind the PERSONNEL tab.

**Chemicals – Water Treatment**

Various chemicals are used to make clean, safe, potable water. The budget for this account is based on an operational plan by month for the Kansas and Missouri intakes and the Hansen and Wolcott treatment facilities. The plan is based on projected water produced, price of chemicals, and the dose of chemical required. The budget is increasing primarily due to significant increases in prices.

**Power - Transmission**

This budget is for power from the Board of Public Utilities (BPU) for transmission of water to the distribution system. The budget for this account is based on an operational plan by month for the two treatment facilities. The budget is increasing primarily due to a projected rate increase and an increase in the energy rate component.

**Power - Source**

This budget is for power from the Board of Public Utilities (BPU) at the intake facilities. The budget for this account is based on an operational plan by month for the four sources. The budget is increasing primarily due to an increase in the established peak energy demand, a projected rate increase, and an increase in the energy rate component.

**Power - Distribution**

This budget is for power from Evergy at the pump stations throughout the distribution system. The budget for this account is based on an analysis of the historical trends for power use at each of the large pump stations. The budget increase is due to a projected rate increase, partially offset by increasing efficiency, lower power consumption, at the pump stations.

**Material & Supplies**

Material and supplies are non-inventory items that are necessary to operate and maintain WaterOne facilities. The budget increase is primarily due to inflationary price increases.

**Contracted Services**

Contracted Services consists of services that WaterOne does not have the resources for or are not cost-effective to perform in-house. The significant increase in the budget is due to the demolition of chloride dioxide systems no longer used after the implementation of the Ozone treatment facility.

**Maintenance Services**

This account is for routine maintenance services and condition assessments of laboratory equipment and production facilities. The budget decrease is primarily due to the completion of amortization for maintenance on variable frequency drives at the Missouri Intake and Hansen Treatment Plant.

**Natural Gas – Generators - Wolcott**

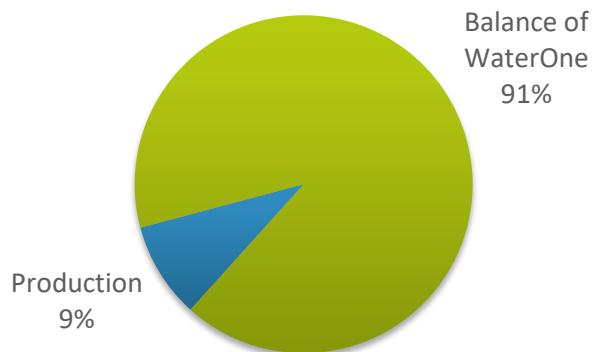
This budget is for natural gas to produce a portion of the energy needed at the Wolcott Treatment Plant in lieu of purchased electricity. The budget is decreasing due to lower projected rates for natural gas.

**Clean & Inspect Facilities**

This budget is for cleaning and inspecting facilities such as storage tanks, basins, horizontal collector wells, and reservoirs. The budget increase is due to planned cleaning and inspecting of the Wolcott Collector Well.

**PC Software & Maintenance**

This budget is for software subscriptions and maintenance/support on that software. The budget increase is primarily due to an increase in the contract for SCADA software.

**Annual Capital****Division in Relation to  
Total WaterOne Annual Capital Budget****New**

AC-24018	Hansen Liquid Oxygen Tank No. 3	\$556,410
<b>Annual Capital - New</b>		<b>\$556,410</b>

**Replacement / Refurbish**

AC-24012	Missouri River Low River Pump System Improvements	\$573,102
AC-24002	Facility 2 Carbon Dioxide Bulk Tank Replacement	556,410
AC-24019	Emergency Equipment Replacements	556,410
AC-24005	Wolcott Surge Tank Painting and Improvements	333,846
AC-24013	KS Presed Overhead Crane Replacement	278,206
AC-24601	Total Organic Carbon Analyzers (4) Replacement	133,538
AC-24023	Fleet Offices Remodel	94,590
AC-24017	Wolcott Hypochlorite Pump Replacement	91,252
AC-24401	Microbiology Incubators for WQ Lab (4) Replacement	31,159
AC-24016	Olathe Metering Station Roof Replacement	22,256
AC-24403	Water Quality Lab Low Range Balance Replacement	11,128
<b>Annual Capital - Replace / Refurbish</b>		<b>\$2,681,897</b>
<b>Total Annual Capital</b>		<b>\$3,238,308</b>

Numbers may not add due to rounding

**Master Plan**

MP-17003	Wolcott Well Field / Collector Wells Pump House	\$ 10,948,552
MP-20008	KS Well Units Replacement - Phase II	5,850,609
MP-22401	Facility 1 Improvements - Phase II	3,899,606
MP-26007	MO Presed Pump Nos 1,2&5 AFD Replacement	3,258,896
MP-26008	Facility 2 High Service Pump AFD Replacement	2,073,843
MP-23013	Facility 2 HVAC Refurbishment	1,714,919
MP-24002	Hansen Basin Painting - Phase II	1,651,603
MP-20772	SCADA Data Business System Integration	1,165,726
MP-23771	Instrumentation Upgrade and Asset Monitoring	1,079,244
MP-19772	SCADA Control Center Upgrades	696,595
MP-19773	SCADA HMI Upgrade Migration	600,370
MP-18003	Lime Residual Treatment Facility #10 (Corps of Engineers)	550,935
MP-20771	Electronic Document Management and Logbook	511,352
	<b>Source &amp; Treatment</b>	<b>\$ 37,841,945</b>
MP-22001	Wyss Pumping Station & Reservoir - Phase II	\$ 22,038,120
	<b>Pumping &amp; Storage</b>	<b>\$ 22,038,120</b>
	<b>Total Master Plan (Award Basis)</b>	<b>\$ 59,880,065</b>
	<b>Total Capital</b>	<b>\$ 63,118,373</b>

# WaterOne 2024 Budget

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## PRODUCTION DIVISION

### New

**Project Description**

Hansen LiqOx Tank No. 3

**Year**

2024

**Project #**

AC-24018

**Plan**

\$556,410

**Justification**

The ozone system recently installed at the Hansen Treatment Plant utilizes liquid oxygen as the base chemical for the formation of ozone. The original design included two bulk liquid oxygen (LOX) tanks that were sized to provide enough storage to comply with the regulatory standards, while providing room for the installation of a future third tank. By installing a third bulk tank, additional storage can be maintained to reduce risk and increase the resiliency of the Hansen facility. This redundancy capacity will ensure that, during peak summer demands, if one of the tanks was deemed unavailable, LOX supplies will be sufficient to avoid increased operational risk and potentially reduced facility capacity.

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# WaterOne 2024 Budget

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## PRODUCTION DIVISION

### Replace

**Project Description**

Missouri River Low River Pump System Imp

**Year**

2024

**Project #**

AC-24012

**Plan**

\$573,102

**Justification**

This project consists of the refurbishment of three of the four low river pumps as well as the replacement of the adjustable frequency drives (AFDs) that control the pumps. The pumps were originally installed in 2005 and have been rebuilt once after 10 years of service. One pump has recently been rebuilt for the second time. The AFDs that serve this equipment were also installed in 2005, making them 18 years old in 2024. The AFDs have an expected useful life of 15 to 20 years and are ready for replacement. This work will increase the reliability of this critical system that provides raw water to the intake during extreme low water conditions.

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# WaterOne 2024 Budget

## PRODUCTION DIVISION

### Replace

#### Project Description

Facility 2 Carbon Dioxide Bulk Tank Repl

#### Year

2024

#### Project #

AC-24002

#### Plan

\$556,410

#### Justification

The carbon dioxide bulk tank and associated equipment, installed in 1995 making them 29 years old in 2024, will be replaced due to the age of the equipment and the need to increase onsite storage. The equipment associated with the tank has a 25 year expected life and has been able to surpass that with regular maintenance. The bulk tank, which has an expected life of 50 years, will be replaced due to the need for increased volume of carbon dioxide storage. Carbon dioxide usage has increased over time due to operational changes and keeping the tank at appropriate levels during peak demands has been challenging for operations staff. This improvement will increase the reliability and resiliency of Facility 2.



#### Project Description

Emergency Equipment Replacements

#### Year

2024

#### Project #

AC-24019

#### Plan

\$556,410

#### Justification



For certain assets, the most cost-effective asset management strategy is to run the asset to failure because the consequence of failure is low or the asset was designed with redundancy. Since 2007 there has been an annual project to refurbish or replace water production equipment that has been run to failure. When these assets fail, they still need to be replaced in a timely manner which is difficult through the normal budget process. The budget amount is determined by reviewing a five-year history of these kinds of equipment failures.

# WaterOne 2024 Budget

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## PRODUCTION DIVISION

### Replace

**Project Description**

Wolcott Surge Tank Painting and Improvem

**Year**

2024

**Project #**

AC-24005

**Plan**

\$333,846

**Justification**

The Wolcott Surge Tank was constructed in 2009 as a part of the original phase of the Wolcott 60-inch Transmission Main project. Its purpose is to protect the transmission main in the event of a power outage that creates a massive pressure swing due to pumps shutting down. A routine inspection in 2021 found the interior coating system beginning to fail. The current coating system is 15 years old in 2024 and has a useful life of 20 years. In addition to repainting, this project includes installation of a supplemental chemical feed system. The chemical feed system will allow for the addition of a chlorine based chemical to the influent of the tank, maintaining appropriate water quality parameters.

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**Project Description**

KS Presed Overhead Crane Replacement

**Year**

2024

**Project #**

AC-24013

**Plan**

\$278,206

**Justification**

The crane that serves the KS Presed pump station is original to the facility's construction in 1965, making it 59 years old in 2024. This type of equipment can have a useful life of 50 years or more depending on the installation conditions and the amount of use. Recent inspections have required temporary repairs to be made to keep the crane in service, but full replacement is recommended to ensure safe operation going forward.

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# WaterOne 2024 Budget

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## PRODUCTION DIVISION

### Replace

**Project Description**

Total Organic Carbon Analyzers Replaceme

**Year**

2024

**Project #**

AC-24601

**Plan**

\$133,538

**Justification**

The online analyzer shop currently operates and maintains 4 Total Organic Carbon (TOC) analyzers. The current units are 8 years old and their reliability is significantly diminished. The manufacturer has stopped producing the current units and is phasing out support. The expected useful life is 8-10 years.

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**Project Description**

Fleet Offices Remodel

**Year**

2024

**Project #**

AC-24023

**Plan**

\$94,590

**Justification**

The office and break room spaces in the fleet building are original to the 2001 construction, making them 23 years old in 2024. Due to normal wear and tear, the tile flooring, cabinetry, carpet and paint are all showing wear. These improvements will refresh the workspaces of the fleet personnel and extend the life and functionality of the spaces.

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# WaterOne 2024 Budget

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## PRODUCTION DIVISION

### Replace

**Project Description**

Wolcott Hypochlorite Pump Replacement

**Year**

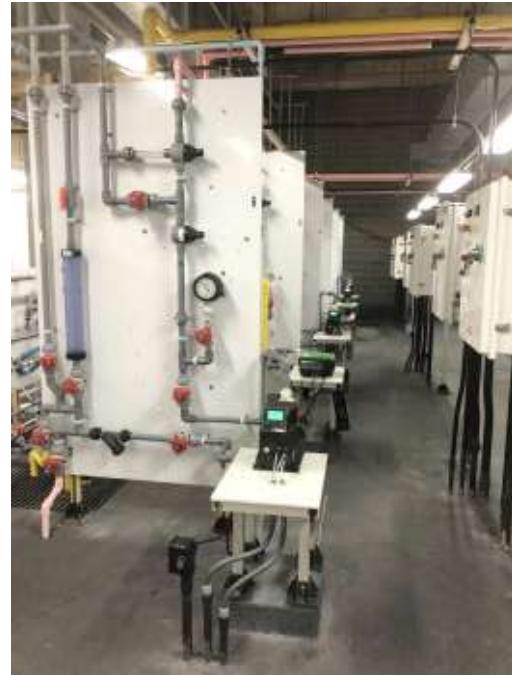
2024

**Project #**

AC-24017

**Plan**

\$91,252

**Justification**

The hypochlorite pumps at Wolcott transport hypochlorite into untreated water for the purpose of disinfection. The pumps will vary in age in 2024 from 5 to 8 years old, as the originally installed pumps in 2010 were replaced over time due to poor performance. The existing pumps have reached their expected useful life of 5-10 years. This project will replace all 6 of the existing pumps and improve the reliability for the Wolcott Facility.

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**Project Description**

Microbiology Incubators for WQ Lab (4)

**Year**

2024

**Project #**

AC-24401

**Plan**

\$31,159

**Justification**

The microbiology incubators are essential pieces of lab equipment that maintain the temperature of samples at the required values for accurate testing to occur. This project is to replace the existing incubators that are over 11 years old and have exceeded their expected useful life of 10 years.

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# WaterOne 2024 Budget

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## PRODUCTION DIVISION

### Replace

**Project Description**

Olathe Metering Station Rehabilitation

**Year**

2024

**Project #**

AC-24016

**Plan**

\$22,256

**Justification**

This facility was built in 1984, making it 40 years old in 2024, and has the original roofing and siding materials. The materials of construction used for this facility have an expected useful life of 30 years. Normal wear requires the replacement of the roofing and the addition of a water- proofing/slip resistant coating to ensure the facility is weather tight and can provide the appropriate protection to the equipment within the facility. Also, there are wood-rot issues to address and interior drywall removal/replacement.

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**Project Description**

Water Quality Lab Low Range Balance Repl

**Year**

2024

**Project #**

AC-24403

**Plan**

\$11,128

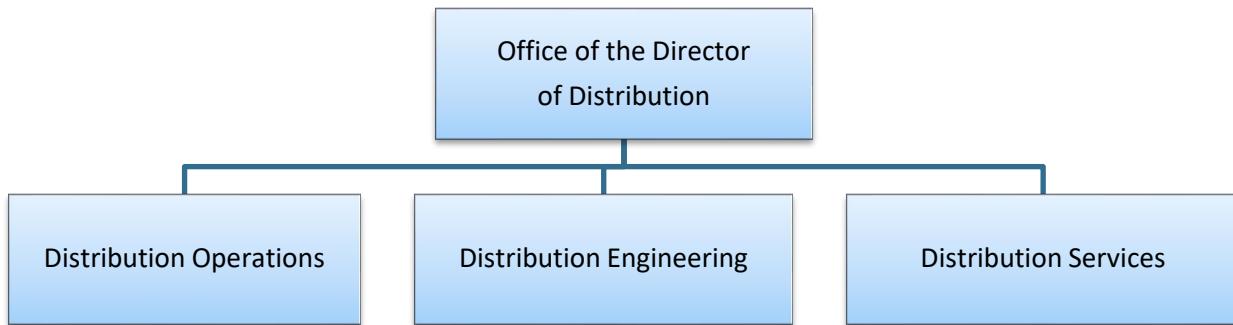
**Justification**

The low range balance is an essential piece of equipment used for measuring amounts of reagents and the specifications required for chemical analysis. This unit will replace an existing balance that is over 11 years old and beyond its expected useful life.

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## DISTRIBUTION DIVISION

### Division Organization



The Distribution Operations department is responsible for the construction, rehabilitation, and maintenance of the underground piping distribution system. This includes the replacement of pipelines; the relocation of pipelines as a result of road improvement projects initiated by governmental entities; the installation of new pipelines for improvements to the distribution system; repair of main breaks; and maintenance of all meter pits.

Distribution Engineering designs and coordinates projects to replace aging infrastructure and upgrade existing facilities. Engineering reviews and develops plans for capital improvement projects and coordinates the relocation of WaterOne pipelines with Distribution Operations. In addition, the department is responsible for the installation of distribution piping to serve the residential and commercial development that occurs in our service territory.

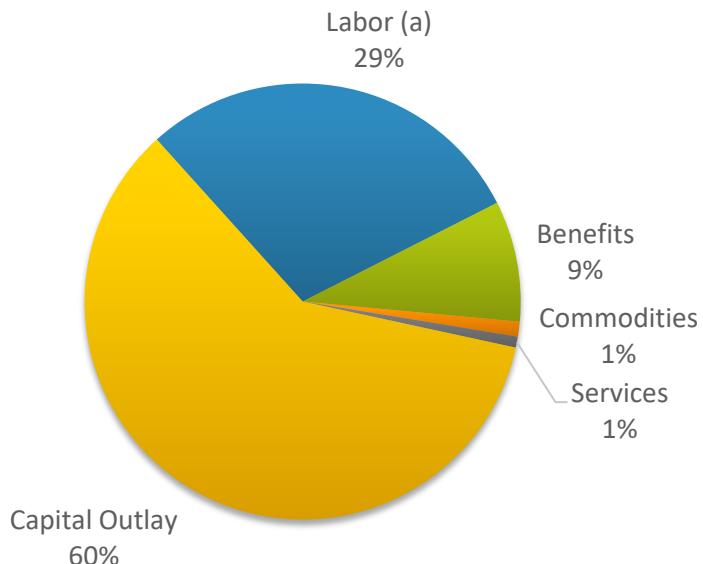
The Distribution Services department is responsible for the maintenance of all the fire hydrants and valves in the distribution system. In addition, the Distribution Services department provides all dispatching functions to both the Operations and Services Departments along with emergency response after normal business hours; preparation and assistance with condition assessments of transmission mains along with routine preventive maintenance of transmission mains; maintenance of pressure reducing valves within the distribution system, taps for all new water service connections and Kansas One Call locating services for WaterOne pipelines. Included in Distribution Services is the Developer Services function. The New Service Connection section works with builders, developers, plumbing contractors, and private property owners to review plans, investigate water availability, and process applications for residential and commercial service connection permits. The department also administers WaterOne's Cross-Connection Control Program, Fire Service Line Flushing Program, and handles pressure call notifications from customers.

### Division Objective

Deliver high-quality drinking water to customers in quantities required to meet their needs, reliably and efficiently, in a manner consistent with excellent customer service. Provide engineering services to the various cities served by WaterOne and the development community in a professional and timely manner. These activities are completed with an emphasis and focus on the safety of the public and the employees.

**Annual Goals And Key Performance Measures**

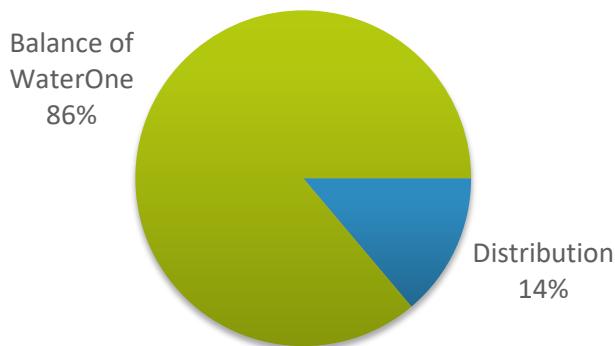
Divisional goals for the fiscal year are located in the Strategic Plan section under “2024 Operational Goals By Division.” Division Key Performance Measures can also be found in the Strategic Plan section, under Monthly & Quarterly & Annual KPI Detail Reports.

**Expenditures by Major Category***Net of Transfers*

	2022 Actual	2023 Budget	2024 Budget	\$ Incr (Decr)	% Incr (Decr)
Labor (a)	\$12,220,522	\$12,635,643	\$12,792,572	\$156,929	1.2%
Benefits	3,925,522	3,467,680	3,925,751	458,071	13.2%
<i>Personnel Costs</i>	<b>\$16,146,044</b>	<b>\$16,103,323</b>	<b>\$16,718,323</b>	<b>\$615,000</b>	<b>3.8%</b>
Commodities	551,197	497,499	481,295	(16,204)	(3.3%)
Services	584,051	379,000	357,399	(21,601)	(5.7%)
Transfers	(6,404,343)	(6,874,467)	(7,846,100)	(971,633)	14.1%
<b>Total O&amp;M</b>	<b>\$10,876,949</b>	<b>\$10,105,355</b>	<b>\$9,710,917</b>	<b>(\$394,439)</b>	<b>(3.9%)</b>
Capital Outlay	22,300,564	24,033,507	26,270,996	2,237,489	9.3%
<b>Total</b>	<b>\$33,177,513</b>	<b>\$34,138,862</b>	<b>\$35,981,913</b>	<b>\$1,843,050</b>	<b>5.4%</b>

*Numbers may not add due to rounding*

(a) Labor consists of wages and salaries (including overtime).

**Significant Division Operating Budgets by Cost Element****Division in Relation to Total WaterOne O&M Budget**

*The 2024 Significant Cost Elements are described below.*

	2022 Actual	2023 Budget	2024 Budget	\$ Incr (Decr)	% Incr (Decr)
Labor - Non OT	\$11,231,137	\$11,750,037	\$11,820,527	\$70,490	0.6%
Labor - OT	1,084,625	885,606	972,045	86,439	9.8%
Benefits	3,925,522	3,467,680	3,925,751	458,071	13.2%
Materials & Supplies	68,770	183,100	188,300	5,200	2.8%
Contracted Services	112,036	137,750	129,200	(8,550)	(6.2%)
Cell Phone	108,552	110,388	122,004	11,616	10.5%
Uniforms	66,055	72,414	86,285	13,871	19.2%
<b>Subtotal</b>	<b>\$16,596,697</b>	<b>\$16,606,975</b>	<b>\$17,244,112</b>	<b>\$637,137</b>	<b>3.8%</b>
All Other Accounts	684,595	372,847	312,905	(59,942)	(16.1%)
Less Transfers	(6,404,343)	(6,874,467)	(7,846,100)	(971,633)	14.1%
<b>Total O&amp;M</b>	<b>\$10,876,949</b>	<b>\$10,105,355</b>	<b>\$9,710,917</b>	<b>(\$394,439)</b>	<b>(3.9%)</b>

*Numbers may not add due to rounding*

**DISTRIBUTION**

<b>DISTRIBUTION</b>	Full Time	Part Time	Summ/ Temp	Headcount	FTE
<b>2023 Budget</b>	150	1	10	161	153.175
Mid-Year Reclass/Transfers (2023)	-	-	-	-	-
New Positions (2024)	7	-	-	7	7.0
Reclass/PT Hour Adj (2024)	-	-	0.25	-	0.25
Eliminations	-	-	-	-	-
<b>2024 Budget</b>	157	1	11	169	160.425

a) New positions include a Construction Crew, Project Engineer, and a Construction Inspector.

b) The Summer Fire Hydrant Auditor (0.25 FTE) is a reclassified position from Production.

**Gross Labor (Non-Overtime)**

A 4.0% performance compensation increase is budgeted.

**Labor - OT**

The majority of overtime planned is related to main breaks and will be transferred to capital.

**Employee Benefits (Transferred)**

Benefits are planned in the Human Resources/Administration Division and allocated to the divisions. More information on Benefits is located behind the PERSONNEL tab.

**Materials & Supplies**

Materials & Supplies consists of valve parts, clamps, gaskets, pipe wrenches, marking paint, reflective cones, safety glasses, and other material used in the maintenance of the transmission and distribution system. The budget is based on historical spending and is increased slightly based on actuals.

**Contracted Services**

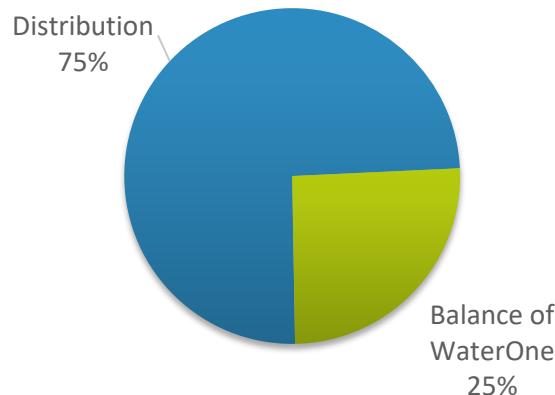
Contracted Services consists of services that WaterOne does not have the resources for or are not cost-effective to perform in-house. This budget is related to repainting fire hydrants and is decreasing due to a reduction in the number of hydrants that are budgeted to be painted.

**Cell Phones**

Cell Phones include the cost of all cell phones, data devices, GPS units, enterprise-wide area networking, and hydrant audit units for Distribution. The increase in the budget is primarily due to higher utilization of the PCPP reimbursement option.

**Uniforms**

Uniforms include a stipend for the purchase of jeans as well as a budget for WaterOne provided work apparel and a reimbursement for payroll taxes. The increase is primarily due to a true up of how many employees require uniforms.

**Annual Capital****Division in Relation to  
Total WaterOne Annual Capital Budget****New**

AC-24800	Directional Drill	\$556,410
AC-24114	New Services Cost Standard Difference	30,000
<b>Annual Capital - New</b>		<b>\$586,410</b>

**Replacement / Refurbish**

RV-24001	2024 Transmission & Distribution Funding	\$25,665,000
AC-24110	Valve Operator Replacement	19,586
<b>Annual Capital - Replace / Refurbish</b>		<b>\$25,684,586</b>
<b>Total Annual Capital</b>		<b>\$26,270,996</b>

*Numbers may not add due to rounding*

**Annual Capital Listed in Other Divisions:**

Projects are listed in the division responsible for project management and maintenance. Listed below are projects for which this division is the primary user, but the project detail can be found in the managing division.

AF-24153	(h)	Hydro Excavator (New) DOPS	\$723,333
AF-24002	(h)	Directional Drill (Replace 7085) DOPS	239,256
AP-24156	(h)	2 Ton Service Body (2025 Constr. Crew) DOPS	222,564
AF-24106	(h)	Dump Truck (New) DOPS	183,616
AF-24104	(h)	Dump Truck (New) DOPS	183,616
AF-24558	(h)	60HP Track Excav (Replace 7558) DOPS	178,051
AF-24155	(h)	Concrete Truck (New) DOPS	166,925
AP-24157	(h)	Mini Excavator (2025 Constr. Crew) DOPS	166,924
AP-24151	(h)	Skidsteer Track 92HP (2025 Constr. Crew) DOPS	111,282
AP-24150	(h)	¾ Ton Service Body (2025 Constr. Crew) DOPS	66,769
AP-24155	(h)	Trailer (2025 Constr. Crew) DOPS	38,949
AF-24256	(h)	40KT Equipment Trailer (Replace 7256) DOPS	37,837
AP-24152	(h)	Breaker (2025 Constr. Crew) DOPS	27,820

(h) Fleet vehicles and equipment are listed in the 'Human Resources/Administration Division'

**Master Plan**

MP-24015	20" TM Outlook, Woodson PS to Johnson Dr	\$ 5,526,904
MP-23015	16" TM Outlook/Martway to 62nd/Woodson	\$ 813,341
MP-24100	30" TM Repl Switzer (67th-79th) & Flint St (55th-57th)	\$ 146,232
<b>Distribution &amp; Transmission</b>		<b>\$ 6,486,476</b>
<b>Total Master Plan (Award Basis)</b>		<b>\$ 6,486,476</b>

**Total Capital \$ 32,757,472**

# WaterOne 2024 Budget

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## DISTRIBUTION DIVISION

### New

**Project Description**

Valve Operator Replacement

**Year**

2024

**Project #**

AC-24110

**Plan**

\$19,586

**Justification**

A valve operator allows valves that are stiff to be operated without placing undue stress on the valve stem or the person operating it. This results in less breakage of valves and fewer potential injuries to personnel. One of the leading causes of shoulder injuries is operating valves by hand. Valves that will not seat and are leaking through can be repetitively cycled quickly to get a positive shut-off. The existing valve operator that is being replaced was purchased in 2015 and will be 9 years old in 2024. This project will allow for the replacement of this operator and has an estimated useful life of 8-10 years.

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# WaterOne 2024 Budget

## DISTRIBUTION DIVISION

### Replace

#### Project Description

2024 Transmission & Distribution Funding

#### Year

2024

#### Project #

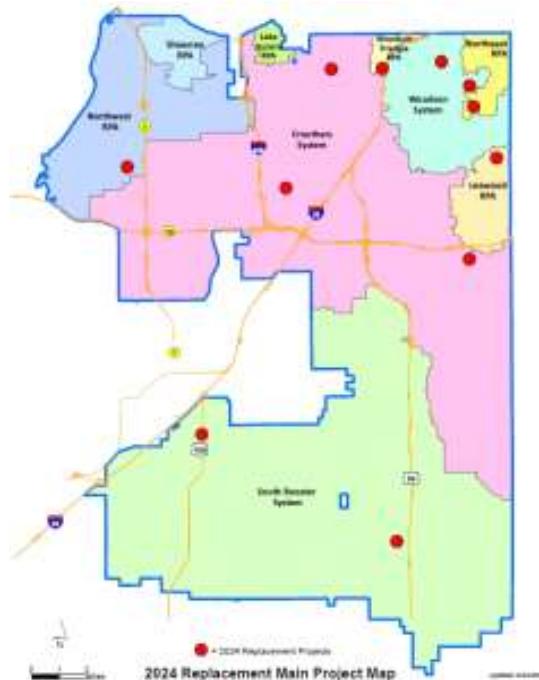
RV-24001

#### Plan

\$25,665,000

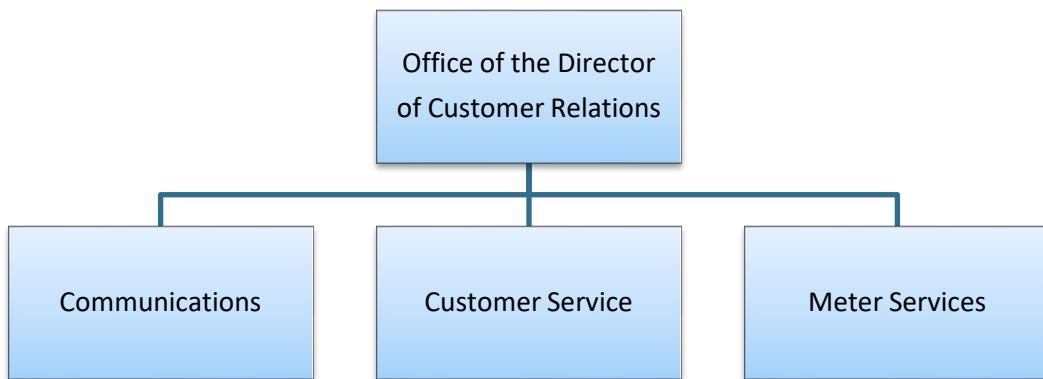
#### Justification

Replacements - \$14,040,000; Main Breaks - \$5,025,000; General Improvement - \$3,750,000; Relocations - \$1,500,000; TM Capital - \$730,000; Condition Assessment - \$620,000



## CUSTOMER RELATIONS DIVISION

### Division Organization



The Customer Relations Division is responsible for planning, organizing, and directing the full range of customer-related functions. This includes all aspects of customer service, meter services, billing, collections, and communications. The division relies on data analysis to ensure the accuracy of its systems and the development of business solutions to improve efficiency and levels of service.

The Communications department leverages traditional and new media platforms to strategically engage WaterOne's stakeholders to build goodwill. WaterOne's audience includes customers, employees, government and community partners, media, future customers, and other water utilities. Communications also engages in informational marketing campaigns for behavior change such as smart watering and emergency alert sign-ups.

The Customer Service department delivers responsive, knowledgeable, and professional services direct-to-customer. Customer Service is comprised of the customer care call center and all aspects of account management, including billing and collections activities. At WaterOne, customer service is everyone's job, so the department's role must also be that of champion for the customer experience across the organization.

The Meter Services department captures accurate, timely consumption data for billing, conducts high bill courtesy checks and stuck meter investigations. It also ensures the operability and accuracy of meters through an annual meter testing program, responding to pressure checks, leak investigations, control reads for automated meters, and systematic meter infrastructure maintenance and replacement.

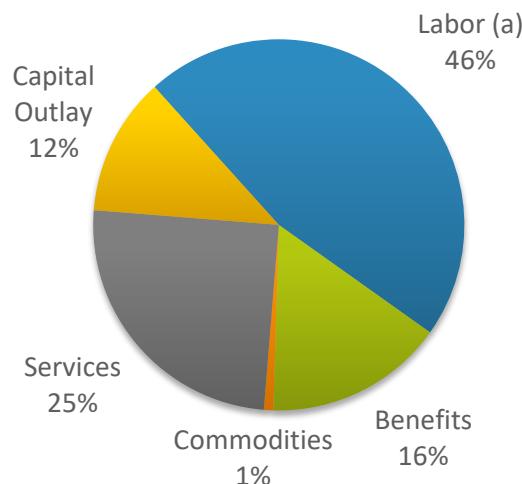
### Division Objective

Deliver outstanding service to the utility's customers by being responsive to their needs, delivering timely and informative communications, and providing accurate account management.

### Annual Goals And Key Performance Measures

Divisional goals for the fiscal year are located in the Strategic Plan section under “2024 Operational Goals By Division.” Division Key Performance Measures can also be found in the Strategic Plan section, under Monthly & Quarterly & Annual KPI Detail Reports.

### Expenditures by Major Category

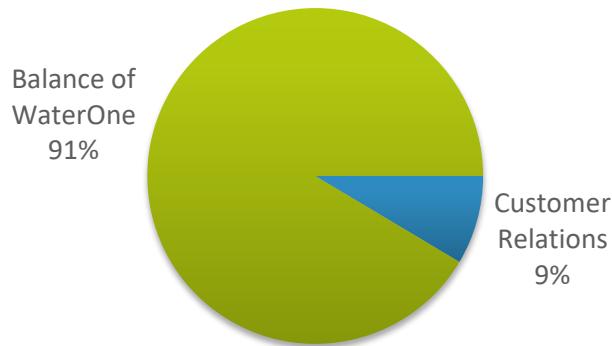


*Net of Transfers*

	2022 Actual	2023 Budget	2024 Budget	\$ Incr (Decr)	% Incr (Decr)
Labor (a)	\$3,039,297	\$3,113,003	\$3,292,596	\$179,593	5.8%
Benefits	1,058,765	931,090	1,071,820	140,730	15.1%
<i>Personnel Costs</i>	<b>\$4,098,062</b>	<b>\$4,044,093</b>	<b>\$4,364,416</b>	<b>\$320,323</b>	<b>7.9%</b>
Commodities	54,194	69,715	55,730	(13,985)	(20.1%)
Services	1,540,991	1,547,724	1,713,123	165,399	10.7%
Transfers	(140,106)	(101,462)	(103,263)	(1,801)	1.8%
<b>Total O&amp;M</b>	<b>\$5,553,141</b>	<b>\$5,560,070</b>	<b>\$6,029,866</b>	<b>\$469,796</b>	<b>8.4%</b>
Capital Outlay	1,073,995	640,641	827,687	187,046	29.2%
<b>Total</b>	<b>\$6,627,136</b>	<b>\$6,200,711</b>	<b>\$6,857,553</b>	<b>\$656,842</b>	<b>10.6%</b>

*Numbers may not add due to rounding.*

(a) Labor consists of wages and salaries (including overtime).

**Significant Division Operating Budgets by Cost Element****Division in Relation to Total WaterOne O&M Budget**

The 2024 Significant Cost Elements are described below.

	2022 Actual	2023 Budget	2024 Budget	\$ Incr (Decr)	% Incr (Decr)
Labor - Non OT	\$2,972,182	\$3,086,614	\$3,259,566	\$172,952	5.6%
Labor – OT	43,923	26,389	33,030	6,641	25.2%
Benefits	1,058,765	931,090	1,071,820	140,730	15.1%
AMI Services	537,507	537,432	597,713	60,281	11.2%
Water Billing Services	464,795	472,120	467,125	(4,995)	(1.1%)
PC Software and Maintenance	138,375	136,492	191,530	55,038	40.3%
Communications Services	64,194	115,333	120,378	5,045	4.4%
<b>Subtotal</b>	<b>\$5,279,741</b>	<b>\$5,305,470</b>	<b>\$5,741,162</b>	<b>\$435,692</b>	<b>8.2%</b>
All Other Accounts	413,506	356,062	391,967	35,905	10.1%
Less Transfers	(140,106)	(101,462)	(103,263)	(1,801)	1.8%
<b>Total O&amp;M</b>	<b>\$5,553,141</b>	<b>\$5,560,070</b>	<b>\$6,029,866</b>	<b>\$469,796</b>	<b>8.4%</b>

Numbers may not add due to rounding.

CUSTOMER RELATIONS	Full Time	Part Time	Summ/ Temp	Headcount	FTE
	41	-	3		
<b>2023 Budget</b>	<b>41</b>	-	<b>3</b>	<b>44</b>	<b>42.35</b>
Mid-Year Reclass/Transfers (2023)	-	-	-	-	-
New Positions (2024)	-	-	-	-	-
Reclass/PT Hour Adj (2024)	-	-	-	-	-
Eliminations	-	-	-	-	-
<b>2024 Budget</b>	<b>41</b>	-	<b>3</b>	<b>44</b>	<b>42.35</b>

#### **Gross Labor (Non-Overtime)**

A 4.0% performance compensation increase is budgeted.

#### **Labor - OT**

Overtime is used in the peak season for high bill checks and move in/move outs and during cold weather when meters tend to have issues due to low temperatures.

#### **Employee Benefits (Transferred)**

Benefits are planned in the Human Resources/Administration Division and allocated to the divisions. More information on Benefits is located behind the PERSONNEL tab.

#### **AMI Services**

The budget for Advanced Metering Infrastructure (AMI) includes all fees related to the network, software, data management, and customer portal for the year. The budget increase is due to AMI price increases and the addition of meter pressure profile software.

#### **Water Billing Services**

This account is for the outsourced printing and mailing of water bills. There are two items in this budget. The first is water bills, which include regular, corrected, and final bills. The second part of the budget is for dunning notices.

#### **PC Software and Maintenance**

This budget reflects the maintenance charges of Notify JoCo, MyAccount, and Meter Test Bench Maintenance. The budget increase is due to an estimated 5% cost increase, adding an email routing solution, customer single sign-on solution, and employee single sign-on.

#### **Communications Services**

This budget covers services for customer surveys, website support, outreach, and consulting.

**Annual Capital**

**Division in Relation to  
Total WaterOne Annual Capital Budget**

**New**

No new annual capital requests

Annual Capital - New	\$0
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**Replacement / Refurbish**

AC-24106	Annual Meter Replacement	\$750,292
AC-24501	Smart Point Replacements	42,732
AC-24207	Meter Pressure Points Replacement	34,663

Annual Capital - Replace / Refurbish	\$827,687
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Total Annual Capital	\$827,687
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*Numbers may not add due to rounding*

**Master Plan**

MP-24107	Meter Move Outs	\$ 1,254,132
	Other Facilities	\$ 1,254,132
	<b>Total Master Plan (Award Basis)</b>	<b>\$ 1,254,132</b>
<hr/>		
	<b>Total Capital</b>	<b>\$ 2,081,819</b>
<hr/>		

## WaterOne 2024 Budget

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### CUSTOMER RELATIONS DIVISION Replace

**Project Description**

Annual Meter Replacement

**Year**

2024

**Project #**

AC-24106

**Plan**

\$750,292

**Justification**

This project is the annual program for the replacement of defective meters and meters that have reached the end of their useful life. This project is the normal replacement plan for all meters which is approximately 4,559 meters for 2024.

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**Project Description**

Smart Point Replacements

**Year**

2024

**Project #**

AC-24501

**Plan**

\$42,732

**Justification**

This project is the annual program for the replacement of AMI Smart Point devices that become damaged and are no longer under warranty. This budget includes approximately 360 Smart Point replacements.

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# WaterOne 2024 Budget

## CUSTOMER RELATIONS DIVISION Replace

### Project Description

Meter Pressure Points Replacement

### Year

2024

### Project #

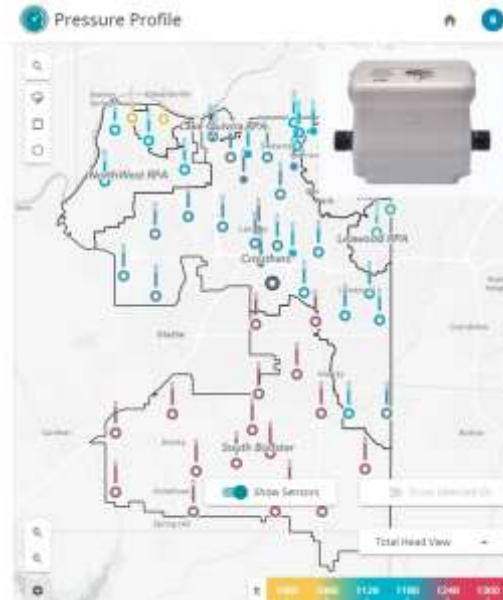
AC-24207

### Plan

\$34,663

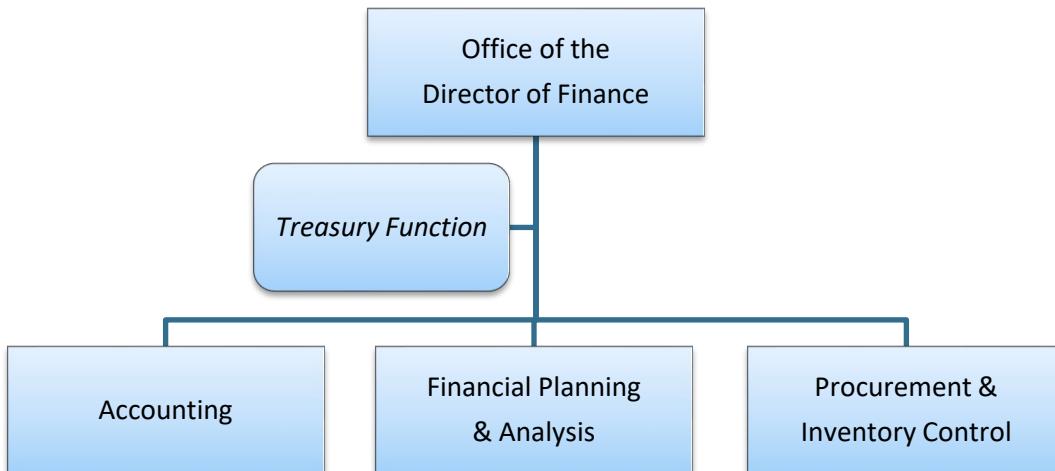
### Justification

This project includes installing 100 enhanced-capability 5/8" meters that transmit pressure, temperature, and remote shut-off capability. The meters are placed at strategically chosen service locations throughout the distribution system to primarily augment pressure information to Distribution and Production using the AMI network. WaterOne piloted this meter technology with 10 locations in 2022, which proved successful in transmitting meter readings, remote shut-off, and pressure on the system. The benefits of additional pressure points will assist Production, Distribution, and Customer Relations with main break service, evaluating boil order areas, creating a more complete pressure map, and optimizing operations. These devices are less costly and more robust than pressure loggers.



## FINANCE DIVISION

### Division Organization



The Accounting Department ensures that financial activities are accurately identified, recorded, and reported on a timely basis in compliance with Generally Accepted Accounting Principles.

The Financial Planning & Analysis Department develops annual and long-term financial plans utilizing various modeling tools. The department analyzes the revenue structure to maintain equitable rates and to ensure adequate funds are available to achieve WaterOne's strategic goals. The department is also responsible for cash flow planning and investing available funds with the goal of ensuring the safety of principal, maintaining adequate liquidity, and maximizing yield.

Procurement is responsible for the requisition of materials, supplies, and services for WaterOne. Inventory Control is responsible for warehousing, inventory management, the receipt and issuance of materials, and quality control. The department also administers the purchasing card program.

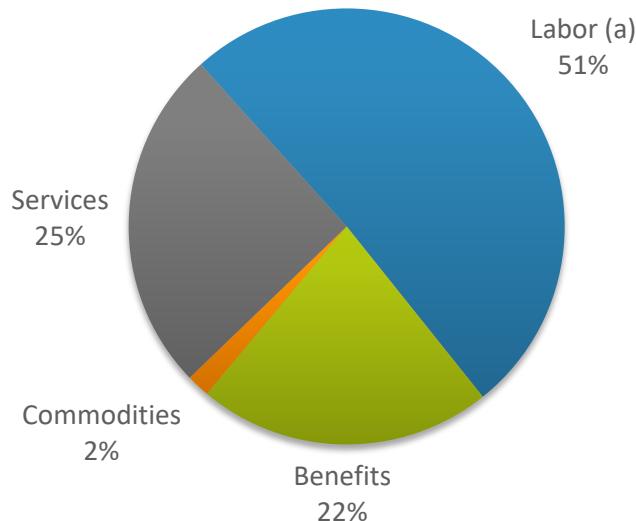
The Treasury Function is responsible for maintaining WaterOne's banking relationship and for debt management including coordinating arbitrage calculations.

### Division Objective

Assure the overall financial strength of WaterOne through effective planning and the establishment of sound financial controls and reporting mechanisms. Provide the materials and equipment needed to proactively manage WaterOne's infrastructure with excellent customer service and support.

### Annual Goals And Key Performance Measures

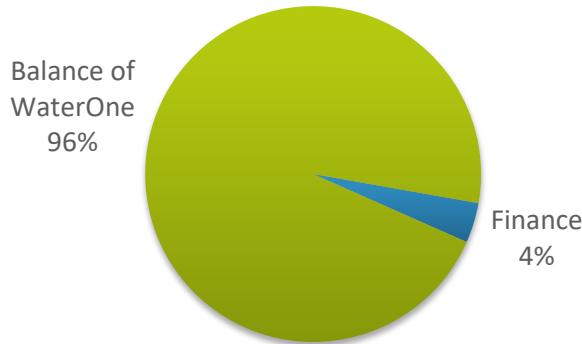
Divisional goals for the fiscal year are located in the Strategic Plan section under "2024 Operational Goals By Division." Division Key Performance Measures can also be found in the Strategic Plan section, under Monthly & Quarterly & Annual KPI Detail Reports.

**Expenditures by Major Category***Net of Transfers*

	2022 Actual	2023 Budget	2024 Budget	\$ Incr (Decr)	% Incr (Decr)
Labor (a)	\$1,884,681	\$1,891,795	\$1,984,646	\$92,851	4.9%
Benefits	563,159	503,651	589,582	85,932	17.1%
<i>Personnel Costs</i>	<b>\$2,447,840</b>	<b>\$2,395,446</b>	<b>\$2,574,228</b>	<b>\$178,783</b>	<b>7.5%</b>
Commodities	86,071	46,675	47,110	435	0.9%
Services	892,788	844,023	890,682	46,659	5.5%
Transfers	(739,982)	(758,389)	(808,480)	(50,091)	6.6%
<b>Total O&amp;M</b>	<b>\$2,686,717</b>	<b>\$2,527,755</b>	<b>\$2,703,540</b>	<b>\$175,785</b>	<b>7.0%</b>
Capital Outlay	434,916	0	0	0	NA
<b>Total</b>	<b>\$3,121,633</b>	<b>\$2,527,755</b>	<b>\$2,703,540</b>	<b>\$175,785</b>	<b>7.0%</b>

Numbers may not add due to rounding

(a) Labor consists of wages and salaries (including overtime).

**Significant Division Operating Budgets by Cost Element****Division in Relation to Total WaterOne O&M Budget**

*The 2024 Significant Cost Elements are described below.*

	2022 Actual	2023 Budget	2024 Budget	\$ Incr (Decr)	% Incr (Decr)
Labor - Non OT	\$1,880,297	\$1,880,295	\$1,975,146	\$94,851	5.0%
Benefits	563,159	503,651	589,582	85,932	17.1%
Clean Drinking Water Fee	619,715	586,952	587,853	901	0.2%
Special Assessment and Fees	84,747	85,666	91,476	5,810	6.8%
Checking Acct Service Fees	57,756	58,150	60,400	2,250	3.9%
Interest on Security Deposits	1,790	15,000	40,000	25,000	166.7%
Training	38,343	22,800	35,000	12,200	53.5%
<b>Subtotal</b>	<b>\$3,245,807</b>	<b>\$3,152,514</b>	<b>\$3,379,457</b>	<b>\$226,943</b>	<b>7.2%</b>
All Other Accounts	180,892	133,630	132,563	(1,067)	(0.8%)
Less Transfers	(739,982)	(758,389)	(808,480)	(50,091)	6.6%
<b>Total O&amp;M</b>	<b>\$2,686,717</b>	<b>\$2,527,755</b>	<b>\$2,703,540</b>	<b>\$175,785</b>	<b>7.0%</b>

*Numbers may not add due to rounding*

FINANCE	Full Time	Part Time	Summ/ Temp	Headcount	FTE
<b>2023 Budget</b>	<b>20</b>	-	-	<b>20</b>	<b>20.0</b>
Mid-Year Reclass/Transfers (2023)	-	-	-	-	-
New Positions (2024)	-	-	-	-	-
Reclass/PT Hour Adj (2024)	-	-	-	-	-
Eliminations	-	-	-	-	-
<b>2024 Budget</b>	<b>20</b>	-	-	<b>20</b>	<b>20.0</b>

#### **Gross Labor (Non-Overtime)**

A 4.0% performance compensation increase is budgeted.

#### **Employee Benefits (Transferred)**

Benefits are planned in the Human Resources/Administration Division and allocated to the divisions. More information on Benefits is located behind the PERSONNEL tab.

#### **Clean Drinking Water Fee**

The clean drinking water fee is assessed by the State of Kansas at three cents per thousand gallons sold. The fee was put in place in lieu of sales tax in 2002. Approximately 50% of the fee is transferred to capital expenditures through an overhead. The budget is based on the projected number of retail gallons sold in a normal year.

#### **Special Assessment and Fees**

The special assessment and fees are assessed by local cities and counties for property taxes, wastewater fees, and stormwater fees. The increase is due primarily to an increase in the Johnson County wastewater fee and property tax on vacant land.

#### **Checking Account Service Fees**

These are fees that are charged by the bank for monthly account maintenance, online balance reporting, and other services for all operating bank accounts. The budget is based on fees for typical services that were established in a 2022 service agreement and the historical levels of utilization.

#### **Interest on Security Deposits**

This budget is for interest charges on security deposit balances, with an interest rate that is established by the Kansas Corporation Commission. The increase is due to an increase in the projected security deposit balance and an increase in the estimated interest rate charged.

#### **Training**

This budget is for seminars, conferences, or continuing education training opportunities that provide staff with the knowledge they need to perform their job. The budget increase is due to the return of in-person training and associated travel costs.

#### **Annual Capital**

This division has no capital requirements.

## HUMAN RESOURCES / ADMINISTRATION DIVISION

### Division Organization



The Human Resources Division is responsible for the full employee lifecycle, including recruiting, compensation and benefits, risk management, payroll, employee relations, Human Resources Information System (HRIS), vending services, ergonomic workstations, and rewards and recognition.

The Talent Acquisition and Development Department is responsible for recruitment, onboarding, employee engagement, intern program, and learning and development which includes personal and professional training and educational activities and career development.

Total Rewards and HR Services Department is responsible for total compensation, including payroll, health insurance, retirement, and other benefits. The department is also responsible for performance management and the Human Resources Information System (HRIS).

The Safety & Security Department is responsible for the development and implementation of safety and security programs to enhance and assure employee and public safety, risk management, protection of WaterOne and its related facilities as well as provide safety training, workers compensation management and manage personal protective equipment for employees.

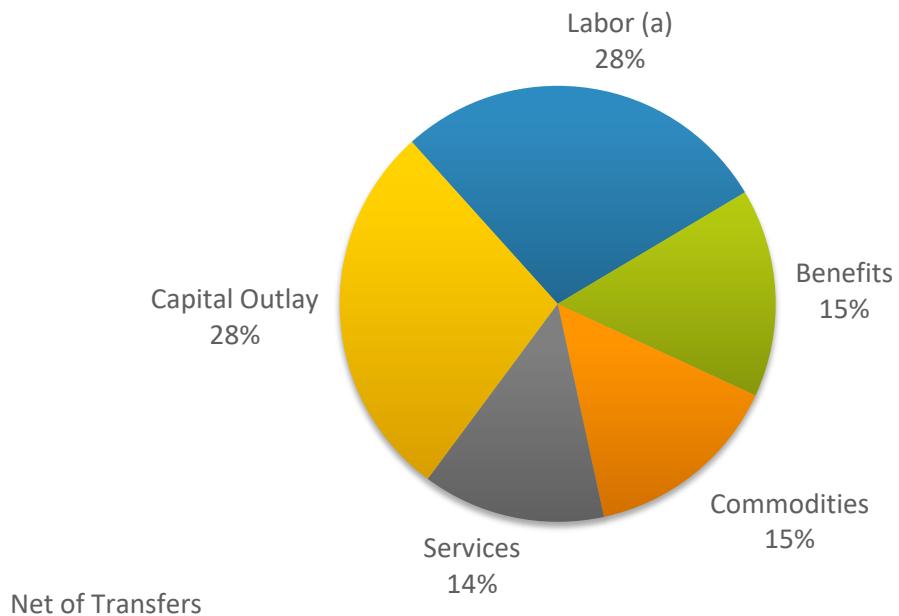
The Fleet Services Department provides support to the operational areas of the utility, including fleet procurement, maintenance, and disposition. The department also manages the fuel system and the vehicle GPS reporting system. The department also manages the custodian services function responsible for maintaining the cleanliness of WaterOne facilities.

**Division Objective**

The Human Resources/Administration Division is committed to providing excellent service, delivery, and support to employees, retirees, operational divisions, public, and other stakeholders while helping ensure a safe and secure work environment.

**Annual Goals And Key Performance Measures**

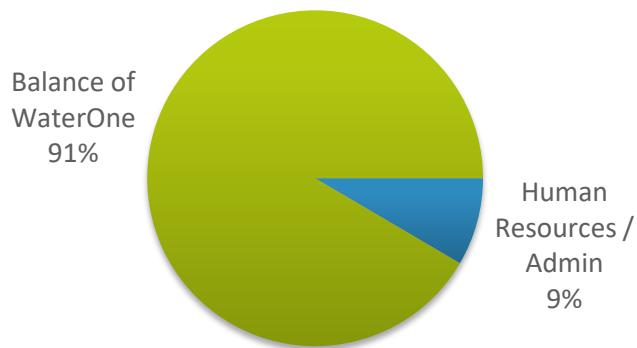
Divisional goals for the fiscal year are located in the Strategic Plan section under “2024 Operational Goals By Division.” Division Key Performance Measures can also be found in the Strategic Plan section, under Monthly & Quarterly & Annual KPI Detail Reports.

**Expenditures by Major Category**

	2022 Actual	2023 Budget	2024 Budget	\$ Incr (Decr)	% Incr (Decr)
Labor (a)	\$2,476,456	\$2,804,793	\$3,095,759	\$290,966	10.4%
Benefits	501,625	1,447,924	1,700,852	252,929	17.5%
<i>Personnel Costs</i>	<b>\$2,978,081</b>	<b>\$4,252,717</b>	<b>\$4,796,611</b>	<b>\$543,895</b>	<b>12.8%</b>
Commodities	1,672,341	1,619,413	1,617,014	(2,399)	(0.1%)
Services	1,798,127	1,467,333	1,494,946	27,613	1.9%
Transfers	(977,286)	(1,141,772)	(1,405,284)	(263,512)	23.1%
<b>Total O&amp;M</b>	<b>\$5,471,263</b>	<b>\$6,197,691</b>	<b>\$6,503,288</b>	<b>\$305,597</b>	<b>4.9%</b>
Capital Outlay	1,610,564	2,965,239	3,100,876	135,637	4.6%
<b>Total</b>	<b>\$7,081,827</b>	<b>\$9,162,930</b>	<b>\$9,604,164</b>	<b>\$441,234</b>	<b>4.8%</b>

*Numbers may not add due to rounding*

(a) Labor consists of wages and salaries (including overtime).

**Significant Division Operating Budgets by Cost Element****Division in Relation to Total WaterOne O&M Budget**

The 2024 Significant Cost Elements are described below.

Accounts	2022 Actual	2023 Budget	2024 Budget	\$ Incr (Decr)	% Incr (Decr)
Labor - Non OT	\$2,373,429	\$2,735,893	\$3,152,402	\$416,509	15.2%
Benefits	501,625	1,447,924	1,701,075	253,151	17.5%
Inventory Withdrawals	891,241	836,847	1,091,995	255,148	30.5%
Material & Supplies	609,046	599,765	586,844	(12,921)	(2.2%)
Security	463,423	475,733	541,465	65,732	13.8%
Contracted Services	226,145	159,492	169,686	10,194	6.4%
P&L Insurance	151,268	158,666	193,749	35,083	22.1%
Vehicle Repair	114,485	94,469	115,172	20,703	21.9%
Training	123,817	75,300	104,000	28,700	38.1%
Labor - OT	100,522	68,900	62,600	(6,300)	(9.1%)
<b>Subtotal</b>	<b>\$5,555,003</b>	<b>\$6,652,989</b>	<b>\$7,718,988</b>	<b>\$1,065,999</b>	<b>16.0%</b>
All Other Accounts	893,546	628,234	189,806	(438,428)	(69.8%)
Less Transfers	(977,286)	(1,141,772)	(1,405,284)	(263,512)	23.1%
<b>Total O&amp;M</b>	<b>\$5,471,263</b>	<b>\$6,197,691</b>	<b>\$6,503,288</b>	<b>\$305,597</b>	<b>4.9%</b>

*Numbers may not add due to rounding*

HUMAN RESOURCES/ADMINISTRATION	Full Time	Part Time	Summ/ Temp	Headcount	FTE
	2023 Budget	30	2	2	32
Mid-Year Reclass/Transfers (2023)	-	-	-	-	-
New Positions (2024)	-	-	-	-	-
Reclass/PT Hour Adj (2024)	-	-	-	-	-
Eliminations	-	-	-	-	-
<b>2024 Budget</b>	<b>30</b>	<b>2</b>	<b>2</b>	<b>32</b>	<b>31.98</b>

#### **Gross Labor (Non-Overtime)**

A 4.0% performance compensation increase is budgeted.

#### **Employee Benefits (Transferred)**

Benefits are planned in the Human Resources / Administration Division and allocated to the divisions. More information on Benefits is located behind the PERSONNEL tab. Benefits in the Human Resources / Administration Division represent the division's share of total benefits plus Retiree Health and Life Insurance, which are not allocated.

#### **Inventory Withdrawals**

There are two components of this budget. Fuel represents the majority of the budget. The budgeted price per gallon for fuel increased from \$3.17 in 2023 to \$3.52 for 2024. The remaining budget is for non-fuel inventory withdrawals. It is developed based on history and is mainly used for scheduled preventative maintenance.

#### **Material & Supplies**

There are three components of this budget. The three components are Fleet non-inventory vehicle repair parts, car wash repair parts, and shop supplies; custodial supplies for maintaining facilities; and district-wide training supplies. The small decrease is due to a true-up to actual spending in District Wide Training, Personnel and Security.

#### **Security / Security Guards**

This account covers the cost of outsourced guard services and camera/monitoring services. Patrols include weekdays, weekends, special events, and holidays. The budget increase is due to a negotiated increase in the current contracted hourly rates.

#### **Contracted Services**

Outside vendors are used to provide services that WaterOne does not have the resources for or are not cost-effective to complete in-house. In the Fleet Department, WaterOne contracts for fuel system maintenance and vehicle GPS services. The Custodian function uses outside services for various cleaning tasks. Security uses outside consultants for security studies. The budget also includes the amortization of the America's Water Infrastructure Act (AWIA) project. 2024 will be the fourth year of a five-year amortization. The budget increase is due to an increase in Security Motor Vehicle Checks and Background Checks.

**Property & Liability Insurance**

This budget is for auto insurance premiums only. The Property & Liability insurance policy renews in July of each year so premiums that are effective beginning in July 2023 will be in effect for the first half of the 2024 budget. The budget includes a 16% projected increase in premiums for the first half of 2024 and a projected 10% increase for the second half of 2024. All other property and liability insurance premiums are budgeted in the Legal / Audit Division.

**Vehicle Repair Services**

This account is for outsourced repair of WaterOne vehicles that cannot be completed in-house. The budget increase is due to inflationary increases in the cost of repairs.

**Training**

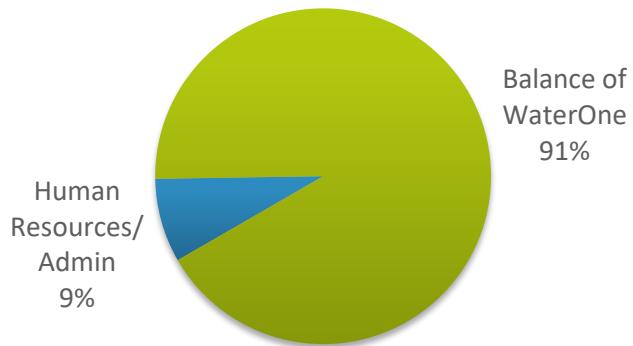
This account is for seminars, conferences, or continuing education training opportunities that provide staff with the knowledge they need to perform their job. The budget increase is due to the return of in-person training and associated travel costs.

**Labor – OT**

The majority of overtime is planned in Fleet related to vehicle and equipment repair after normal business hours.

**Annual Capital**

**Division in Relation to  
Total WaterOne Annual Capital Budget**



The Human Resources / Administration Division includes the Fleet Services department which is responsible for the maintenance of the fleet. Vehicles and fleet equipment are included below; the description includes the user department.

**New**

AF-24153	Hydro Excavator (New) DOPS	\$723,333
AP-24156	2 Ton Srv Body (2025 Constr. Crew) DOPS	222,564
AF-24104	Dump Truck (New) DOPS	183,616
AF-24106	Dump Truck (New) DOPS	183,616
AF-24155	Concrete Truck (New) DOPS	166,925
AP-24157	Mini Excavator (2025 Constr. Crew) DOPS	166,924
AP-24151	Skidsteer Track 92HP (2025 Constr. Crew) DOPS	111,282
AP-24150	3/4 Ton Srv Body (2025 Constr. Crew) DOPS	66,769
AP-24155	Trailer (2025 Constr. Crew) DOPS	38,949
AP-24152	Breaker (2025 Constr. Crew) DOPS	27,820
<b>Annual Capital - New</b>		<b>\$1,891,798</b>

**Replacement / Refurbish**

AF-24000	Light Duty Fleet Program	420,089
AC-24350	Security Fence Installation and Upgrades	333,846
AF-24002	Directional Drill (Replace 7085) DOPS	239,256
AF-24558	60HP Track Excav (Replace 7558) DOPS	178,051
AF-24256	40KT Equipment Trailer (Replace 7256) DOPS	37,837
<b>Annual Capital - Replace / Refurbish</b>		<b>\$1,209,079</b>
<b>Total Annual Capital</b>		<b>\$3,100,877</b>

*Numbers may not add due to rounding*

## WaterOne 2024 Budget

---

### HUMAN RESOURCES & ADMINISTRATION DIV

New

**Project Description**

Hydro Excavator (New) DOPS



**Year**

2024

**Project #**

AF-24153

**Plan**

\$723,333

**Justification**

This project is for a Hydro Excavator to be utilized by construction crews. This equipment will reduce restoration costs on soil and pavement by reducing the amount of damage done to sidewalks, curbs, and yards during main replacement projects. (see Supplemental Section for a payback analysis)

---

**Project Description**

2 Ton Srv Body (2025 Constr. Crew) DOPS



**Year**

2024

**Project #**

AP-24156

**Plan**

\$222,564

**Justification**

This project is for a 2 Ton Service Body for a new construction crew in 2025. Supply chain delays of 12-18 months necessitate the purchase of equipment needed for this crew in 2024.

---

## WaterOne 2024 Budget

---

### HUMAN RESOURCES & ADMINISTRATION DIV

New

**Project Description**

Dump Truck (New) DOPS



**Year**

2024

**Project #**

AF-24104

**Plan**

\$183,616

**Justification**

This project is for a dump truck that will be utilized by crews for hauling / site clean-up. This equipment will reduce the amount of contractor labor needed on replacement and main break jobs. (see Supplemental Section for a payback)

---

**Project Description**

Dump Truck (New) DOPS



**Year**

2024

**Project #**

AF-24106

**Plan**

\$183,616

**Justification**

This project is for a dump truck that will be utilized by crews for hauling / site clean-up. This equipment will reduce the amount of contractor labor needed on replacement and main break jobs. (see Supplemental Section for a payback)

---

## WaterOne 2024 Budget

---

### HUMAN RESOURCES & ADMINISTRATION DIV

New

**Project Description**

Concrete Truck (New) DOPS

**Year**

2024

**Project #**

AF-24155

**Plan**

\$166,925

**Justification**



This project is for a Concrete Truck to be utilized by construction crews. This equipment will reduce the need to hire contract crews to provide concrete on jobsites. (see Supplemental Section for a payback analysis)

---

**Project Description**

Mini Excavator (2025 Constr. Crew) DOPS

**Year**

2024

**Project #**

AP-24157

**Plan**

\$166,924

**Justification**



This project is for a Mini Excavator to be used by a 2025 construction crew. Supply chain delays of 12-18 months have necessitated the purchase in 2024 so that delivery can occur by the time the new crew is hired.

---

## WaterOne 2024 Budget

---

### HUMAN RESOURCES & ADMINISTRATION DIV

New

**Project Description**

Skidsteer Track 92HP (2025 Constr. Crew)



**Year**

2024

**Project #**

AP-24151

**Plan**

\$111,282

**Justification**

This project is for a Skidsteer for a new construction crew in 2025. Supply chain delays of 12-18 months necessitate the purchase of equipment needed for this crew in 2024.

---

**Project Description**

3/4 Ton Srv Body (2025 Constr Crew) DOPS



**Year**

2024

**Project #**

AP-24150

**Plan**

\$66,769

**Justification**

This project is for a 3/4 Ton Service Body for the Foreman on the new construction crew in 2025. Supply chain delays of 12-18 months necessitate the purchase of equipment needed for this crew in 2024.

---

## WaterOne 2024 Budget

---

### HUMAN RESOURCES & ADMINISTRATION DIV

New

**Project Description**

Trailer (2025 Constr. Crew) DOPS



**Year**

2024

**Project #**

AP-24155

**Plan**

\$38,949

**Justification**

This project is for an equipment trailer for a new construction crew in 2025. Supply chain delays of 12-18 months necessitate the purchase of equipment needed for this crew in 2024.

---

**Project Description**

Breaker (2025 Constr. Crew) DOPS



**Year**

2024

**Project #**

AP-24152

**Plan**

\$27,820

**Justification**

This project is for a hydraulic pavement breaker for a new construction crew in 2025. Supply chain delays of 12-18 months necessitate the purchase of equipment needed for this crew in 2024.

---

## WaterOne 2024 Budget

---

### HUMAN RESOURCES & ADMINISTRATION DIV

#### Replace

##### **Project Description**

Light Duty Fleet Program

##### **Year**

2024

##### **Project #**

AF-24000

##### **Plan**

\$420,089



##### **Justification**

The program budget will be used to replace qualifying vehicles with unit numbers in the 2000, 3000, 8000, or 9000 series. These units are the SUVs, vans, and light trucks. WaterOne Fleet Replacement Standard for these vehicle types is 12 years and 120,000 miles. The selected units for the program will meet both the age and mileage criteria.

---

##### **Project Description**

Security Fence Installation and Upgrades

##### **Year**

2024

##### **Project #**

AC-24350

##### **Plan**

\$333,846



##### **Justification**

This project includes the replacement of fencing at multiple facilities. Several fencing sections have been damaged by mowers, storms and erosion over the years. The current condition of the fencing reduces the physical security of WaterOne's facilities. The new fencing will have an expected useful life of 50 years.

---

## WaterOne 2024 Budget

---

### HUMAN RESOURCES & ADMINISTRATION DIV

#### Replace

##### **Project Description**

Directional Drill (Repl 7085) DOPS

##### **Year**

2024

##### **Project #**

AF-24002



##### **Plan**

\$239,256

##### **Justification**

Small directional drills allow for drilling in smaller pipes such as 2" diameter and service lines. Their size makes them ideal to drill in cul-de-sac mains which can help reduce use of a contractor for cul-de-sac replacement projects (the large directional drill is too big to use on cul-de-sacs). The current unit will be 8 years old in 2024 and has begun to need frequent repairs to remain functional. The estimated useful life for this type of equipment is 8-10 years.

---

##### **Project Description**

60HP Track Excav (Repl Unit 7558) DOPS



##### **Year**

2024

##### **Project #**

AF-24558

##### **Plan**

\$178,051

##### **Justification**

The Fleet Replacement Standard for excavators is 9 years and 4,500 hours. This unit will be 8 years old in 2024 with 5,720 hours and although both replacement standards will not be met by 2024, it has needed frequent maintenance and repairs to remain functional.

---

## WaterOne 2024 Budget

---

### HUMAN RESOURCES & ADMINISTRATION DIV

#### Replace

**Project Description**

40KT Equipment Trailer (Repl 7256) DOPS

**Year**

2024

**Project #**

AF-24256

**Plan**

\$37,837

**Justification**

The Fleet Replacement Standard for equipment trailers is 9 years. This unit will be 10 years old in 2024.

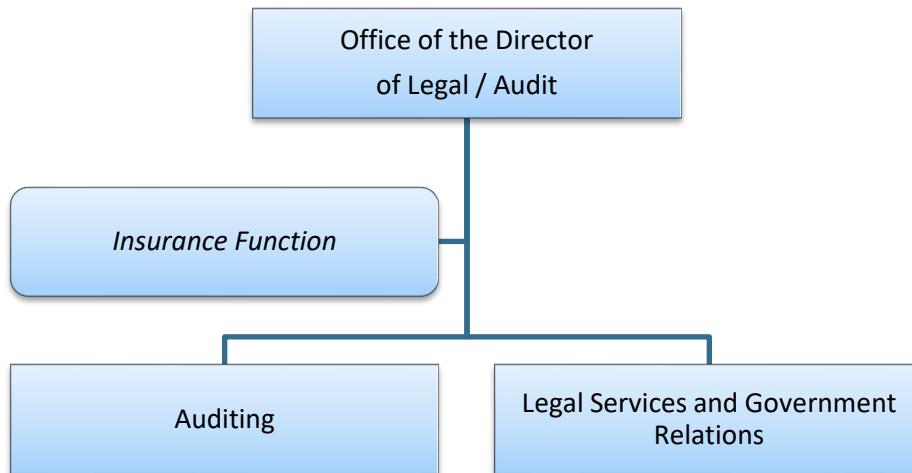
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## LEGAL / AUDITING DIVISION

### Division Organization



The Legal and Audit Division provides in-house expertise and counsel to the Board and its committees, the General Manager, and staff. The Legal Division is responsible for reviewing and recommending additions, amendments or revocations of WaterOne's Rules and Regulations and its Board Policies.

Auditing, as a business advisor, conducts independent, objective audits and consulting engagements to maximize the public trust through the elected board, by providing expertise to minimize risks and improve process quality and effectiveness to further WaterOne's goals.

The Legal Services and Government Relations supports all legal aspects of WaterOne's operations including contracts, agreements, and litigation; provides the Records Information Management function for WaterOne; and manages WaterOne's government relations including providing representation in the State Capitol on legislative issues and supporting the organization's role as a recognized resource for information on water and utility issues among local, state, and federal public officials and organizations.

The Insurance Function is responsible for insurance coverage related to property and casualty risk management.

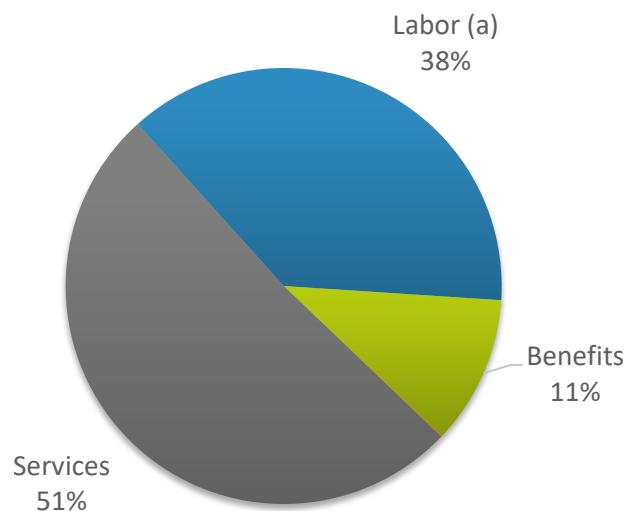
### Division Objective

Provide competent, ethical, consistent, and timely legal, records management, insurance, and auditing services to the WaterOne Board and management, as well as providing government relations representation at the local, state, and federal level.

## Annual Goals And Key Performance Measures

Divisional goals for the fiscal year are located in the Strategic Plan section under “2024 Operational Goals By Division.” Division Key Performance Measures can also be found in the Strategic Plan section, under Monthly & Quarterly & Annual KPI Detail Reports.

## Expenditures by Major Category



### Net of Transfers

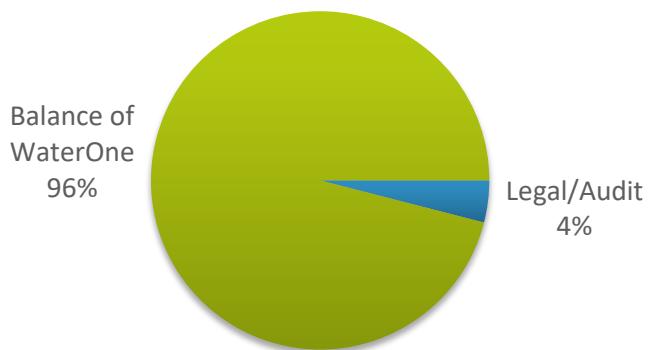
	2022 Actual	2023 Budget	2024 Budget	\$ Incr (Decr)	% Incr (Decr)
Labor (a)	\$1,075,787	\$1,083,755	\$1,147,359	\$63,604	5.9%
Benefits	310,401	283,919	335,839	51,920	18.3%
Personnel Costs	<b>\$1,386,188</b>	<b>\$1,367,674</b>	<b>\$1,483,198</b>	<b>\$115,524</b>	<b>8.4%</b>
Commodities	3,907	2,300	1,700	(600)	(26.1%)
Services	1,036,269	1,304,104	1,557,979	253,875	19.5%
Transfers	(212,014)	(204,462)	(231,303)	(26,841)	13.1%
<b>Total O&amp;M</b>	<b>\$2,214,351</b>	<b>\$2,469,615</b>	<b>\$2,811,574</b>	<b>\$341,959</b>	<b>13.8%</b>
Capital Outlay	0	0	0	0	NA
<b>Total</b>	<b>\$2,214,351</b>	<b>\$2,469,615</b>	<b>\$2,811,574</b>	<b>\$341,959</b>	<b>13.8%</b>

Numbers may not add due to rounding

a) Labor consists of wages and salaries (including overtime).

**Significant Division Operating Budgets by Cost Element**

Division in Relation to Total WaterOne O&amp;M Budget



The 2024 Significant Cost Elements are described below.

	2022 Actual	2023 Budget	2024 Budget	\$ Incr (Decr)	% Incr (Decr)
Labor - Non OT	\$1,072,369	\$1,083,755	\$1,145,359	\$61,604	5.7%
Benefits	310,401	283,919	335,839	51,920	18.3%
Property & Liability Insurance	833,911	914,656	1,098,403	183,747	20.1%
Contracted Services	6,400	216,512	281,565	65,053	30.0%
Auditing Fees	47,682	49,807	52,315	2,508	5.0%
Property & Liability - Self Ins.	56,745	50,000	50,000	0	0.0%
<b>Subtotal</b>	<b>\$2,327,507</b>	<b>\$2,598,649</b>	<b>\$2,963,481</b>	<b>\$364,832</b>	<b>14.0%</b>
All Other Accounts	98,858	75,429	79,396	3,967	5.3%
Less Transfers	(212,014)	(204,462)	(231,303)	(26,841)	13.1%
<b>Total O&amp;M</b>	<b>\$2,214,351</b>	<b>\$2,469,615</b>	<b>\$2,811,574</b>	<b>\$341,959</b>	<b>13.8%</b>

*Numbers may not add due to rounding*

LEGAL / AUDIT	Full Time	Part Time	Summ/ Temp	Headcount	FTE
<b>2023 Budget</b>	<b>10</b>	-	1	<b>11</b>	<b>10.25</b>
Mid-Year Reclass/Transfers (2023)	-	-	-	-	-
New Positions (2024)	-	-	-	-	-
Reclass/PT Hour Adj (2024)	-	-	-	-	-
Eliminations	-	-	-	-	-
<b>2024 Budget</b>	<b>10</b>	-	1	<b>11</b>	<b>10.25</b>

#### **Gross Labor (Non-Overtime)**

A 4.0% performance compensation increase is budgeted.

#### **Employee Benefits (Transferred)**

Benefits are planned in the Human Resources/Administration Division and allocated to the divisions. More information on Benefits is located behind the PERSONNEL tab.

#### **Property & Liability Insurance**

The budget includes insurance premiums for General Liability, Property, Pollution, Umbrella, Crime, Licenses & Bonds, Fiduciary Insurance, and broker fees. The Property & Liability insurance policy renews in July of each year so premiums that are effective beginning in July 2023 will be in effect for the first half of the 2024 budget. The budget includes 3% projected premium increases for the second half of 2024. The increase is based on loss ratio and market conditions. The budget does not include auto coverage which is budgeted in Fleet.

#### **Contracted Services**

This budget is for consulting services for an Information Security Officer and was based on a cost proposal that was selected for these services. This consulting position will provide a variety of services related to information security such as development of policies and procedures, recommend best practices, and act as an arbitrator between IT and its customers.

#### **Auditing Fees**

The budget for auditing fees includes the fee for the annual external audit, the Kansas filing fee for the Division of Accounts and Reports, and the publication of the annual financial statement. Audit fees are established through the RFP process and approved by the Board. The 2024 budget is based on the RFP process and approval completed in 2022.

#### **Property & Liability - Self Insurance**

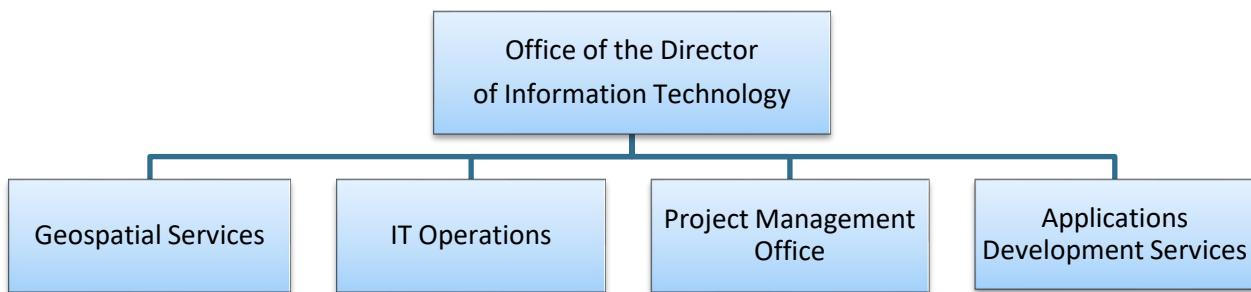
This budget provides for deductibles and claims that are not covered by insurance. Claims can vary significantly from year to year.

#### **Annual Capital**

This division has no capital requirements.

## INFORMATION TECHNOLOGY DIVISION

### Division Organization



Geospatial Services is primarily responsible for Geographic Information Systems (GIS) support. The GIS support role is facilitating WaterOne's mapping and spatial data needs by leveraging GIS software development and assisting with the many GPS related business processes. Geospatial Services also provides end-user help desk support services.

The IT Operations Department provides WaterOne with full life cycle management of WaterOne owned technical infrastructure assets. Key technical areas of focus include wide area networking, individual/group/mass communications, telephony, and WaterOne's data center environment.

The Project Management Office coordinates project requests, evaluation, and determination of IT resources. The department provides additional assistance such as project management expertise for Intranet/Extranet design and support services.

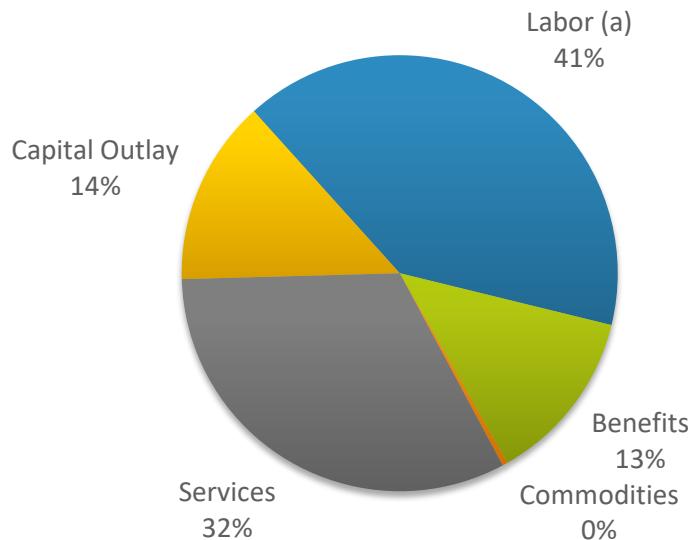
The Applications Development Services Department is the selection, development, and support services for all PC-based software for the organization. The focus is on the support services required for SAP Enterprise Resource Planning (ERP) products directly related to WaterOne's core business functions.

### Division Objective

The Information Technology Division is committed to providing innovative, secure, reliable technology services to WaterOne's divisions and WaterOne's customers. Additionally, the Information Technology Division promotes and fosters innovation in support of WaterOne's strategic goals, to leverage the use of technology resources, to continuously improve business processes, and to become a technology leader in the utility industry.

**Annual Goals And Key Performance Measures**

Divisional goals for the fiscal year are located in the Strategic Plan section under “2024 Operational Goals By Division”. Division Key Performance Measures can also be found in the Strategic Plan section, under Monthly & Quarterly & Annual KPI Detail Reports.

**Expenditures by Major Category***Net of Transfers*

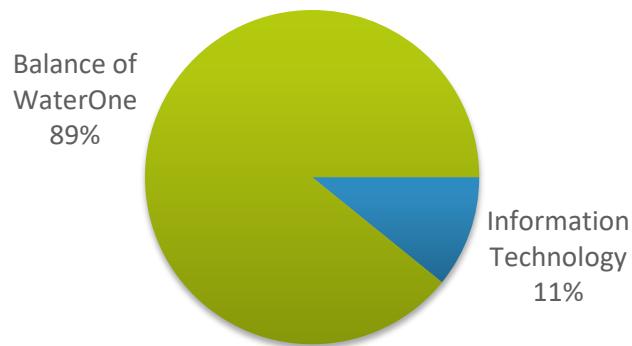
	2022 Actual	2023 Budget	2024 Budget	\$ Incr (Decr)	% Incr (Decr)
Labor (a)	\$3,238,116	\$3,751,489	\$4,069,792	\$318,303	8.5%
Benefits	1,000,515	963,995	1,141,917	177,922	18.5%
<i>Personnel Costs</i>	<b>\$4,238,631</b>	<b>\$4,715,484</b>	<b>\$5,211,709</b>	<b>\$496,225</b>	<b>10.5%</b>
Commodities	29,093	32,350	33,850	1,500	4.6%
Services	2,878,736	3,568,649	3,387,928	(180,721)	(5.1%)
Transfers	(1,128,959)	(932,713)	(1,036,699)	(103,987)	11.1%
<b>Total O&amp;M</b>	<b>\$6,017,502</b>	<b>\$7,383,770</b>	<b>\$7,596,514</b>	<b>\$212,744</b>	<b>2.9%</b>
Capital Outlay	1,258,528	1,092,829	1,212,975	120,146	11.0%
<b>Total</b>	<b>\$7,276,030</b>	<b>\$8,476,599</b>	<b>\$8,809,489</b>	<b>\$332,890</b>	<b>3.9%</b>

*Numbers may not add due to rounding*

(a) Labor consists of wages and salaries (including overtime).

**Significant Division Operating Budgets by Cost Element**

Division in Relation to Total WaterOne O&amp;M Budget



The 2024 Significant Cost Elements are described below.

	2022 Actual	2023 Budget	2024 Budget	\$ Incr (Decr)	% Incr (Decr)
Labor - Non OT	\$3,190,633	\$3,744,489	\$4,066,792	\$322,303	8.6%
Benefits	1,000,515	963,995	1,141,917	177,922	18.5%
PC Software License & Maintenance	1,604,604	2,039,721	2,126,839	87,118	4.3%
Telecom	478,520	731,680	560,080	(171,600)	(23.5%)
IT Hardware Maintenance	175,267	273,000	304,500	31,500	11.5%
Contracted Services	239,545	379,025	234,500	(144,525)	(38.1%)
<b>Subtotal</b>	<b>\$6,689,084</b>	<b>\$8,131,910</b>	<b>\$8,434,628</b>	<b>\$302,718</b>	<b>3.7%</b>
All Other Accounts	457,377	184,573	198,859	14,286	7.7%
Less Transfers	(1,128,959)	(932,713)	(1,036,699)	(103,987)	11.1%
<b>Total O&amp;M</b>	<b>\$6,017,502</b>	<b>\$7,383,770</b>	<b>\$7,596,514</b>	<b>\$212,744</b>	<b>2.9%</b>

*Numbers may not add due to rounding*

INFORMATION TECHNOLOGY	Full Time	Part Time	Summ/Temp	Headcount	FTE
<b>2023 Budget</b>	<b>34</b>	-	1	<b>35</b>	<b>34.25</b>
Mid-Year Reclass/Transfers (2023)	-	-	-	-	-
New Positions (2024)	-	-	-	-	-
Reclass/PT Hour Adj (2024)	-	-	-	-	-
Eliminations	-	-	-	-	-
<b>2024 Budget</b>	<b>34</b>	-	1	<b>35</b>	<b>34.25</b>

### **Gross Labor (Non-Overtime)**

A 4.0% performance compensation increase is budgeted.

### **Employee Benefits (Transferred)**

Benefits are planned in the Human Resources/Administration Division and allocated to the divisions. More information on Benefits is located behind the PERSONNEL tab.

### **PC Software License & Maintenance**

This account covers WaterOne's software licenses and maintenance on that software. The budget increase is primarily due to the addition of software for managing inventory related to the Lead and Copper Rule, inflationary increases and the planned purchase of additional security tools.

### **Telecom**

This account is for the data communication lines needed for the phone system and networks utilized at the treatment plants, administrative offices, and other locations including pump stations, pressure reducing valve (PRV) vaults, and telemetry locations throughout the service area. Budget decrease is a true-up to current service level.

### **IT Hardware Maintenance**

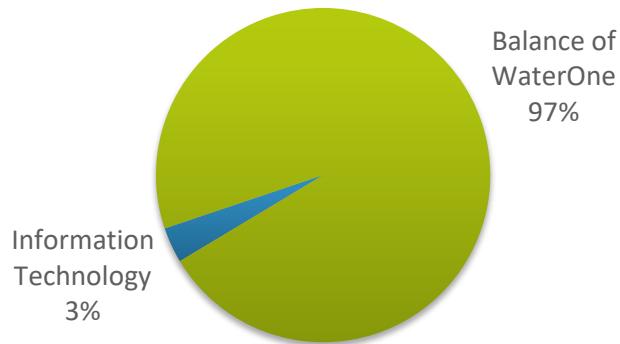
This account is for the recurring maintenance contracts for network hardware. The budget increase is due to the need for backup data domain, immutable backup, and servers for SCADA, and primary backup and immutable backup for the IT environment. The budget increase is due to increased maintenance for the addition of five server nodes.

### **Contracted Services**

Outside vendors are used to provide services that WaterOne does not have the resources for or are not cost-effective to complete in-house. WaterOne contracts for various services including backup SAP basis administration support, functional consulting services for SAP, GIS and Microsoft projects, network monitoring, and implementation of new software. Budget decrease is a true-up to current utilization.

## Annual Capital

### Division in Relation to Total WaterOne Annual Capital Budget



Specialized IT-related capital used primarily by one division and IT equipment for new personnel is included below.

#### New

AC-24112	New GPS Units - 5 ea.	\$60,094
<b>Annual Capital - New</b>		<b>\$60,094</b>

#### Replacement / Refurbish

AC-24900	Network Upgrades	\$451,806
AC-24102	PC Replacement Program	389,486
AC-24139	Server and Storage Replacement Program	155,795
AC-24014	GIS Upgrades and Enhancements	111,282
AC-24105	Printer Replacement Program	44,513
<b>Annual Capital - Replace/Refurbish</b>		<b>\$1,152,881</b>
<b>Total Annual Capital</b>		<b>\$1,212,975</b>

*Numbers may not add due to rounding*

## Master Plan

MP-22800	Enterprise Resource Planning Upgrade	\$ 8,336,412
<b>Other Facilities</b>		<b>\$ 8,336,412</b>
<b>Total Master Plan (Award Basis)</b>		<b>\$ 8,336,412</b>
<b>Total Capital</b>		<b>\$ 9,549,387</b>

## WaterOne 2024 Budget

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### INFORMATION TECHNOLOGY DIVISION

#### New

**Project Description**

New GPS Units - 6 ea.

**Year**

2024

**Project #**

AC-24112

**Plan**

\$60,094

**Justification**

WaterOne has a robust GPS program with 30 GPS units used by various field crews to capture an accurate location of assets as they are being constructed and/or repaired/ altered. Additionally, meter locations were simply placed at a parcel centroid during initial GIS data conversion program and field crews are actively working to capture the precise location of approximately 150,000 meters. Distribution Services and Meter Services are seeking to add additional crews to the GPS program creating the need for six additional GPS units. Purchasing the six new GPS units will provide equipment for two meter services crews, two additional utility locate crews, a project engineer, and a new service inspector to capture accurate asset locations while doing work in the field.

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## WaterOne 2024 Budget

### INFORMATION TECHNOLOGY DIVISION

#### Replace

##### Project Description

Network Upgrades

##### Year

2024

##### Project #

AC-24900

##### Plan

\$451,806



##### Justification

This program replaces local area network (LAN), wide area network (WAN), SCADA, telephony and server hardware, and software necessary to support continuing business operations. This recurring program ensures reliable computing and telephone services by replacing the supporting infrastructure components and normal expansion requirements.

##### Project Description

PC Replacement Program

##### Year

2024

##### Project #

AC-24102

##### Plan

\$389,486



##### Justification

This project is for the replacement of laptops and PCs as well as the docking stations and peripheral devices needed for a new workstation. In addition to current staff that utilize these computers and require them to be replaced as they reach the end of their useful life, there are also needs for computers due to SCADA, GPS units, treatment plant instrumentation devices, kiosks, and meeting rooms. Currently there are 550 computers that rotate through a four-year replacement cycle.

## WaterOne 2024 Budget

### INFORMATION TECHNOLOGY DIVISION

#### Replace

##### **Project Description**

Server and Storage Replacement Program

##### **Year**

2024

##### **Project #**

AC-24139

##### **Plan**

\$155,795



##### **Justification**

This program's focus is to provide server hardware and software necessary to support continuing business operations. This program provides for servers and server components necessary to replace equipment that is no longer meeting WaterOne's needs, is out of warranty, or for normal expansion requirements that support the critical infrastructure needs of WaterOne. Additionally, this program provides for miscellaneous software used to monitor and manage the hardware components that make up the server environment. This critical program is a necessary and recurring component of providing reliable computing services.

##### **Project Description**

GIS Upgrades and Enhancements

##### **Year**

2024

##### **Project #**

AC-24014

##### **Plan**

\$111,282



##### **Justification**

This program is to support upgrades and enhancements to the enterprise GIS. The budgeted items consist of hardware, applications, application development and implementation needs for enterprise GIS capabilities in response to business requirements. Projects included in the program are data collection and mapping of facility water production assets, building and improving integrations with SAP, AMI, SharePoint and other applicable business systems as well as projects centered around data analytics and visualizations.

## WaterOne 2024 Budget

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### INFORMATION TECHNOLOGY DIVISION

#### Replace

##### **Project Description**

Printer Replacement Program

**Year**

2024

**Project #**

AC-24105

**Plan**

\$44,513



##### **Justification**

Annual program to replace printers that are technically deficient, functionally obsolete, or likely to fail. The number of printers replaced per year varies based on existing needs and the typical useful life of a printer is 5+ years.

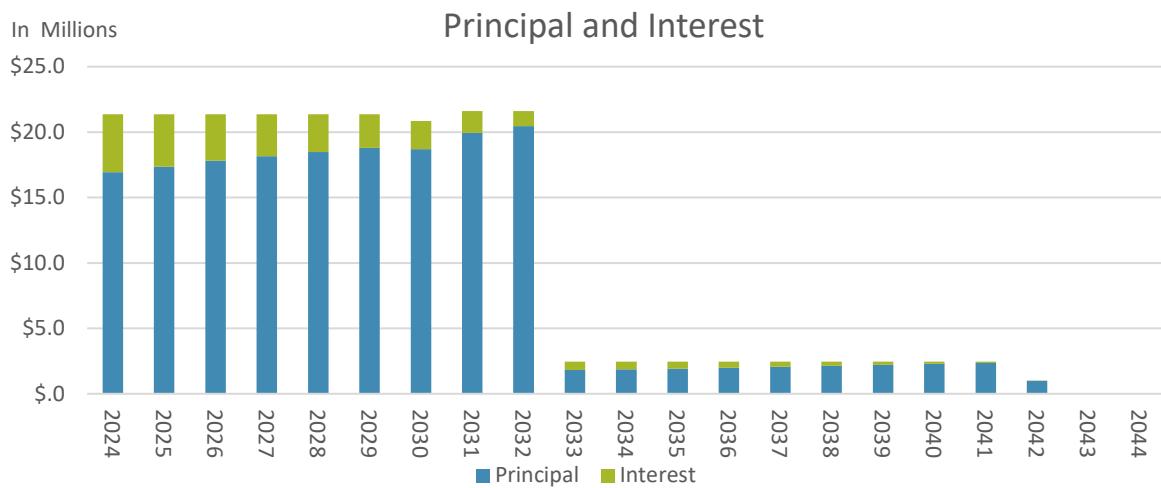
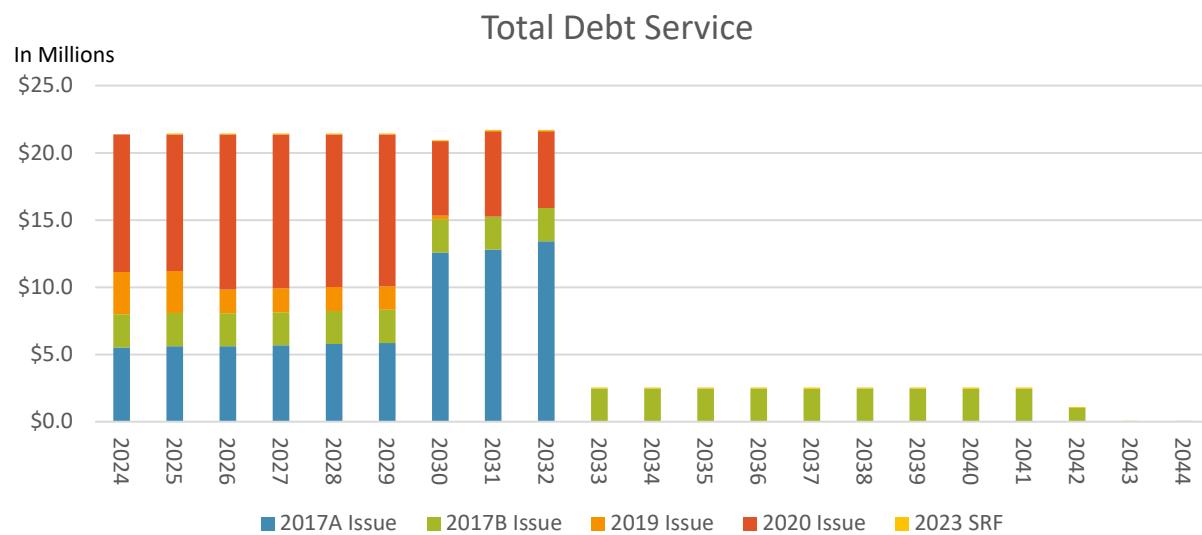
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## Debt Service

In 2024, WaterOne will be responsible for paying the debt service on its outstanding Parity Bonds (Series 2017A, 2017B, 2019 and 2020).

WaterOne's objective is to structure the composite debt service to be approximately level on a year-to-year basis. This practice supports the policy of smoothed water rate increases. Structured into the level debt service are allowances to blend in new debt in later years.



Below is a brief description and history of each outstanding bond issue. The pages subsequent to these descriptions contain tables which show debt service by year for each issue, and outstanding bonds as of the beginning of each year.

### **Water Revenue Refunding Bonds, Series 2017A**

The 2017A Series Bonds were issued on November 8, 2017 for the purpose of refunding \$132,085,000 of the 2007 Series Bonds. The 2017A refunding resulted in a savings of approximately \$10.9 million over 15 years. The original 2007 Bonds were issued for the purpose of funding Master Plan projects which included the Wolcott Treatment Plant and the associated distribution system improvements necessary to deliver additional capacity.

Original Amount of Bonds issued	\$110,205,000
Outstanding Bonds on Jan. 1, 2024	61,580,000
Debt Service Requirement for 2024	5,522,500
Funding in 2024 for Principal to be Retired	3,615,000
First Callable Maturity	1/1/2027
True Interest Cost (TIC) at time of original bond issue	2.4651%

### **Water Revenue Bonds, Series 2017B**

The 2017B Series Bonds were issued on November 8, 2017 for the purpose of funding Master Plan projects which included the Ozone Treatment Facilities.

Original Amount of Bonds issued	\$40,105,000
Outstanding Bonds on Jan. 1, 2024	33,815,000
Debt Service Requirement for 2024	2,461,456
Funding in 2024 for Principal to be Retired	1,360,000
First Callable Maturity	1/1/2027
True Interest Cost (TIC) at time of original bond issue	3.0565%

### Water Revenue Refunding Bonds, Series 2019

The 2019 Series Bonds were issued on December 10, 2019 for the purpose of refunding \$21,770,000 of the 2010 Series Bonds. The 2019 refunding is resulted in a savings of approximately \$2.46 million over 10 years. The original 2010 Bonds were issued for the purpose of funding Master Plan projects which included the Nall Avenue Pump Station and associated distribution system improvements and completing the Wolcott Treatment Plant.

Original Amount of Bonds issued	\$18,610,000
Outstanding Bonds on Jan. 1, 2024	12,210,000
Debt Service Requirement for 2024	3,155,200
Funding in 2024 for Principal to be Retired	2,700,000
First Callable Maturity	1/1/2027
True Interest Cost (TIC) at time of original bond issue	1.7294%

### Taxable Water Revenue Refunding Bonds, Series 2020

The 2020 Series Bonds were issued on November 19, 2020 for the purpose of refunding a portion of the 2014 Series Bonds in the amount of \$74,405,000. The 2020 refunding resulted in a savings of approximately \$4.6 million over 12 years. The original 2014 Bonds were issued for the purpose of funding Master Plan projects which included the Ralph G. Wyss Pump Station and associated distribution system improvements.

Original Amount of Bonds issued	\$87,255,000
Outstanding Bonds on Jan. 1, 2024	78,720,000
Debt Service Requirement for 2024	10,230,751
Funding in 2024 for Principal to be Retired	9,270,000
First Callable Maturity	7/1/2030
True Interest Cost (TIC) at time of original bond issue	1.3664%

### 2023 State Revolving Fund Loan, 3113

The 2023 State Revolving Fund Loan was closed on August 8, 2023 for the purpose of funding four distribution main replacement projects in disadvantaged communities within the service territory. This loan qualifies for a 30% principal loan forgiveness.

Gross Loan Amount	\$1,828,870
Estimated Loan Forgiveness	548,661
Outstanding Balance on Jan. 1, 2024	1,280,209
Debt Service Requirement for 2024	-
Funding in 2024 for Principal to be Retired	-
Gross Interest Rate	2.13%

## 2023 State Revolving Fund Loan, 3122

The 2023 State Revolving Fund Loan was closed on August 8, 2023 for the purpose of funding four distribution main replacement projects in disadvantaged communities within the service territory. This loan qualifies for a 30% principal loan forgiveness.

Gross Loan Amount	\$36,093,381
Outstanding Balance on Jan. 1, 2024	\$36,093,381
Debt Service Requirement for 2024	-
Funding in 2024 for Principal to be Retired	-
Gross Interest Rate	2.21%

## Future Bond Issues

The schedules in this Debt Funding section of the budget show only outstanding bonds approved by the Board. However, WaterOne's 20-year financial model contains all projected funding sources (water rates, system development charges and projected future bond issues) for WaterOne's capital programs. See 'Total CIP' section for more information.

This budget includes two additional bond issues in the 5-year projected timeframe, in 2026 and 2029. Debt service for projected future bond issues is included in the WaterOne Financial Overview (WFO) schedule on the Debt Service Funding line (see 'Overview' section). The WFO shows the projected Net Bond Proceeds from the two projected bond issues at \$33 million in 2026 and \$35 million in 2029, found in the Master Plan Capital Fund section.

WaterOne 2022 Budget

Debt Funding

**Summary of Outstanding Principal Amounts**  
**As of January 1 Each Year**

As of January 1	2009 Bonds	2010 Bonds	2012 Bonds	2014 Bonds	2017A Bonds	2017B Bonds	2019 Bonds	2020 Bonds	2023 SRF	Total Outstanding Bonds
Bond Ratings S&P/Moody's	AAA/Aaa	AAA/Aaa	AAA/Aaa	AAA/Aaa	AAA/Aaa	AAA/Aaa	AAA/NR	AAA/NR	NR	
2018	\$ 3,725,000	\$ 24,065,000	\$ 2,340,000	\$ 85,170,000	\$ 110,205,000	\$ 40,105,000	\$ -	\$ -	\$ -	\$ 265,610,000
2019	-	22,545,000	1,170,000	84,970,000	102,565,000	39,605,000	-	-	-	250,855,000
2020	-	(refunded)	-	84,770,000	94,730,000	38,625,000	18,610,000	-	-	236,735,000
2021	-	-	-	9,210,000	86,295,000	37,510,000	17,130,000	87,172,857	-	237,317,857
2022	-	-	-	7,195,000	77,510,000	36,340,000	15,555,000	85,990,000	-	222,590,000
2023	-	-	-	5,180,000	68,220,000	35,110,000	13,920,000	84,600,000	-	207,030,000
2024	-	-	-	(adv. ref.)	61,580,000	33,815,000	12,210,000	78,720,000	-	186,325,000
2025	-	-	-	-	57,965,000	32,455,000	9,510,000	69,450,000	1,232,610	170,612,610
2026	-	-	-	-	54,075,000	31,025,000	6,725,000	60,195,000	1,179,639	153,199,639
2027	-	-	-	-	49,995,000	29,525,000	5,195,000	49,485,000	1,125,534	135,325,534
2028	-	-	-	-	45,715,000	27,975,000	3,595,000	38,745,000	1,070,270	117,100,270
2029	-	-	-	-	41,255,000	26,395,000	1,935,000	27,965,000	1,013,823	98,563,823
2030	-	-	-	-	36,615,000	24,780,000	250,000	17,100,000	956,167	79,701,167
2031	-	-	-	-	25,100,000	23,120,000	-	11,835,000	897,276	60,952,276
2032	-	-	-	-	13,045,000	21,410,000	-	5,655,000	837,125	40,947,125
2033	-	-	-	-	-	19,645,000	-	-	775,685	20,420,685
2034	-	-	-	-	-	17,825,000	-	-	712,930	18,537,930
2035	-	-	-	-	-	15,950,000	-	-	648,830	16,598,830
2036	-	-	-	-	-	14,020,000	-	-	583,359	14,603,359
2037	-	-	-	-	-	12,030,000	-	-	516,485	12,546,485
2038	-	-	-	-	-	9,975,000	-	-	448,179	10,423,179
2039	-	-	-	-	-	7,845,000	-	-	378,411	8,223,411
2040	-	-	-	-	-	5,640,000	-	-	307,149	5,947,149
2041	-	-	-	-	-	3,360,000	-	-	234,361	3,594,361
2042	-	-	-	-	-	1,000,000	-	-	160,014	1,160,014
2043	-	-	-	-	-	-	-	-	84,075	84,075
2044	-	-	-	-	-	-	-	-	6,510	6,510
2045	-	-	-	-	-	-	-	-	-	-

**Bond Ratings and Debt Service Coverage Ratio**

The strong financial position of WaterOne is shown by the assigned ratings from Standard & Poor's and Moody's, as listed above.

A history of WaterOne's strong coverage ratio is shown graphically in the Revenue and Rates section. WaterOne's outstanding bond covenants require a minimum ratio of 1.25. WaterOne Board Policy Number 16 requires that budgeted water rates be maintained at a level which will provide net revenues from operations sufficient to produce an annual coverage ratio of least 2.00 in a normal year.

## DEBT SERVICE - TOTAL

Years	2009 Bonds	2010 Bonds	2012 Bonds	(b) 2014 Bonds	2017A Bonds	(a) 2017B Bonds	2019 Bonds	(b) 2020 Bonds	3113 2023 SRF	3122 2023 SRF	Total All Debt
2018 (a) .	\$ 844,550	\$ 2,472,638	\$ 1,210,950	\$ 3,383,144	\$ 12,074,860	\$ 464,286	\$ -	\$ -	\$ -	\$ -	\$ 20,450,428
2019 (a) .	-	2,465,213	1,186,500	3,378,644	11,791,750	1,677,666	-	-	-	-	20,499,773
2020 . .	-	(refunded)	-	2,938,997	12,000,000	2,459,956	2,232,978	170,827	-	-	19,802,759
2021 . .	-	-	-	2,361,300	11,928,250	2,458,456	2,227,000	2,217,732	-	-	21,192,738
2022 . .	-	-	-	2,300,850	11,994,000	2,459,206	2,224,000	2,392,944	-	-	21,371,000
2023 . .	-	-	-	5,405,400	8,879,500	2,461,831	2,233,600	6,877,905	-	-	25,858,236
2024 . .	-	-	-	(adv. ref.)	5,522,500	2,461,456	3,155,200	10,230,751	-	-	21,369,908
2025 . .	-	-	-	-	5,616,750	2,462,456	3,132,200	10,156,698	72,366	-	21,440,470
2026 . .	-	-	-	-	5,612,250	2,460,081	1,765,800	11,529,494	78,945	951,936	22,398,506
2027 . .	-	-	-	-	5,684,850	2,461,131	1,774,600	11,448,593	78,945	2,284,646	23,732,764
2028 . .	-	-	-	-	5,778,625	2,459,597	1,770,600	11,356,768	78,945	2,284,646	23,729,180
2029 . .	-	-	-	-	5,858,900	2,459,081	1,757,400	11,292,348	78,945	2,284,646	23,731,319
2030 . .	-	-	-	-	12,598,450	2,458,463	255,000	5,545,423	78,945	2,284,646	23,220,926
2031 . .	-	-	-	-	12,793,000	2,458,288	-	6,361,823	78,945	2,284,646	23,976,701
2032 . .	-	-	-	-	13,421,350	2,461,838	-	5,731,353	78,945	2,284,646	23,978,131
2033 . .	-	-	-	-	-	2,461,863	-	-	78,945	2,284,646	4,825,453
2034 . .	-	-	-	-	-	2,462,263	-	-	78,945	2,284,646	4,825,853
2035 . .	-	-	-	-	-	2,461,013	-	-	78,945	2,284,646	4,824,603
2036 . .	-	-	-	-	-	2,461,325	-	-	78,945	2,284,646	4,824,916
2037 . .	-	-	-	-	-	2,458,550	-	-	78,945	2,284,646	4,822,141
2038 . .	-	-	-	-	-	2,461,625	-	-	78,945	2,284,646	4,825,216
2039 . .	-	-	-	-	-	2,462,075	-	-	78,945	2,284,646	4,825,666
2040 . .	-	-	-	-	-	2,459,900	-	-	78,945	2,284,646	4,823,491
2041 . .	-	-	-	-	-	2,460,100	-	-	78,945	2,284,646	4,823,691
2042 . .	-	-	-	-	-	1,017,500	-	-	78,945	2,284,646	3,381,091
2043 . .	-	-	-	-	-	-	-	-	78,945	2,284,646	2,363,591
2044 . .	-	-	-	-	-	-	-	-	78,945	2,284,646	2,363,591
2045 . .	-	-	-	-	-	-	-	-	6,579	2,284,646	2,291,224
2046 . .	-	-	-	-	-	-	-	-	0	1,332,710	1,332,710

Sources for debt service in this schedule are from the annual budget and bond reserve funds. Capitalized interest is excluded.

a) The 2017B Bonds have capitalized interest for years 2017, 2018 and 2019. This interest is paid from bond proceeds.

b) The 2020 debt service on the 2014 and 2020 Bonds is restated to actual debt service resulting from the 2020 advanced refunding

## DEBT SERVICE - PRINCIPAL

Years	2009 Bonds	2010 Bonds	2012 Bonds	2014 Bonds	2017A Bonds	2017B Bonds	2019 Bonds	2020 Bonds	3113 2023 SRF	3122 2023 SRF	Total All Debt	Principal As a % of Total Yr DS
2018 ...	\$ 785,000	\$ 1,520,000	\$ 1,170,000	\$ 200,000	\$ 7,497,143	\$ 464,286	\$ -	\$ -	\$ -	\$ -	\$ 11,636,429	56.90%
2019 ...	-	1,570,000	1,170,000	200,000	7,835,000	980,000	-	-			11,755,000	57.34%
2020 ...	-	(refunded)	-	1,155,000	8,435,000	1,115,000	1,480,000	82,143			12,267,143	61.95%
2021 ...	-	-	-	2,015,000	8,785,000	1,170,000	1,575,000	1,182,857			14,727,857	69.49%
2022 ...	-	-	-	2,015,000	9,290,000	1,230,000	1,635,000	1,390,000			15,560,000	72.81%
2023 ...	-	-	-	5,180,000	6,640,000	1,295,000	1,710,000	5,880,000			20,705,000	80.07%
2024 ...	-	-	-	(adv. ref.)	3,615,000	1,360,000	2,700,000	9,270,000			16,945,000	79.29%
2025 ...	-	-	-	-	3,890,000	1,430,000	2,785,000	9,255,000	47,599		17,407,599	81.19%
2026 ...	-	-	-	-	4,080,000	1,500,000	1,530,000	10,710,000	52,971	613,341	18,486,312	82.53%
2027 ...	-	-	-	-	4,280,000	1,550,000	1,600,000	10,740,000	54,105	1,493,782	19,717,887	83.08%
2028 ...	-	-	-	-	4,460,000	1,580,000	1,660,000	10,780,000	55,264	1,526,977	20,062,241	84.55%
2029 ...	-	-	-	-	4,640,000	1,615,000	1,685,000	10,865,000	56,447	1,560,910	20,422,357	86.06%
2030 ...	-	-	-	-	11,515,000	1,660,000	250,000	5,265,000	57,656	1,595,596	20,343,252	87.61%
2031 ...	-	-	-	-	12,055,000	1,710,000	-	6,180,000	58,891	1,631,054	21,634,944	90.23%
2032 ...	-	-	-	-	13,045,000	1,765,000	-	5,655,000	60,152	1,667,299	22,192,451	92.55%
2033 ...	-	-	-	-	-	1,820,000	-	-	61,440	1,704,350	3,585,790	74.31%
2034 ...	-	-	-	-	-	1,875,000	-	-	62,755	1,742,224	3,679,980	76.26%
2035 ...	-	-	-	-	-	1,930,000	-	-	64,099	1,780,940	3,775,039	78.25%
2036 ...	-	-	-	-	-	1,990,000	-	-	65,472	1,820,517	3,875,988	80.33%
2037 ...	-	-	-	-	-	2,055,000	-	-	66,874	1,860,972	3,982,846	82.59%
2038 ...	-	-	-	-	-	2,130,000	-	-	68,306	1,902,327	4,100,633	84.98%
2039 ...	-	-	-	-	-	2,205,000	-	-	69,768	1,944,601	4,219,369	87.44%
2040 ...	-	-	-	-	-	2,280,000	-	-	71,262	1,987,814	4,339,076	89.96%
2041 ...	-	-	-	-	-	2,360,000	-	-	72,788	2,031,987	4,464,775	92.56%
2042 ...	-	-	-	-	-	1,000,000	-	-	74,347	2,077,142	3,151,489	93.21%
2043 ...	-	-	-	-	-	-	-	-	75,939	2,123,301	2,199,240	
2044 ...	-	-	-	-	-	-	-	-	77,565	2,170,485	2,248,050	
2045 ...	-	-	-	-	-	-	-	-	6,509	2,218,718	2,225,227	
2046 ...	-	-	-	-	-	-	-	-	1,316,086	1,316,086		

## DEBT SERVICE - INTEREST

Years	2009 Bonds	2010 Bonds	2012 Bonds	2014 Bonds	2017A Bonds	(a) 2017B Bonds	2019 Bonds	2020 Bonds	3113 2023 SRF	3122 2023 SRF	Total All Debt	Interest As a % of Total Yr DS
2018 (a) .	\$ 59,550	\$ 952,638	\$ 40,950	\$ 3,183,144	\$ 4,577,717	\$ -	\$ -	\$ -	\$ 0	\$ -	\$ 8,813,999	43.10%
2019 (a) .	-	895,213	16,500	3,178,644	3,956,750	697,666	-	-	-	-	8,744,772	42.66%
2020 . .	-	(refunded)	-	1,783,997	3,565,000	1,344,956	752,978	88,684	-	-	7,535,616	38.05%
2021 . .	-	-	-	346,300	3,143,250	1,288,456	652,000	1,034,875	-	-	6,464,881	30.51%
2022 . .	-	-	-	285,850	2,704,000	1,229,206	589,000	1,002,944	-	-	5,811,000	27.19%
2023 . .	-	-	-	225,400	2,239,500	1,166,831	523,600	997,905	-	-	5,153,236	19.93%
2024 . .	-	-	-	(adv. ref.)	1,907,500	1,101,456	455,200	960,751	-	-	4,424,908	20.71%
2025 . .	-	-	-	-	1,726,750	1,032,456	347,200	901,698	24,767	-	4,032,871	18.81%
2026 . .	-	-	-	-	1,532,250	960,081	235,800	819,494	25,974	338,594	3,912,193	17.47%
2027 . .	-	-	-	-	1,404,850	911,131	174,600	708,593	24,840	790,864	4,014,877	16.92%
2028 . .	-	-	-	-	1,318,625	879,597	110,600	576,768	23,681	757,669	3,666,939	15.45%
2029 . .	-	-	-	-	1,218,900	844,081	72,400	427,348	22,498	723,736	3,308,963	13.94%
2030 . .	-	-	-	-	1,083,450	798,463	5,000	280,423	21,289	689,049	2,877,673	12.39%
2031 . .	-	-	-	-	738,000	748,288	-	181,823	20,054	653,592	2,341,756	9.77%
2032 . .	-	-	-	-	376,350	696,838	-	76,353	18,793	617,346	1,785,680	7.45%
2033 . .	-	-	-	-	-	641,863	-	-	17,505	580,296	1,239,663	25.69%
2034 . .	-	-	-	-	-	587,263	-	-	16,190	542,421	1,145,873	23.74%
2035 . .	-	-	-	-	-	531,013	-	-	14,846	503,705	1,049,564	21.75%
2036 . .	-	-	-	-	-	471,325	-	-	13,473	464,129	948,927	19.67%
2037 . .	-	-	-	-	-	403,550	-	-	12,071	423,673	839,295	17.41%
2038 . .	-	-	-	-	-	331,625	-	-	10,639	382,319	724,583	15.02%
2039 . .	-	-	-	-	-	257,075	-	-	9,177	340,045	606,297	12.56%
2040 . .	-	-	-	-	-	179,900	-	-	7,683	296,832	484,415	10.04%
2041 . .	-	-	-	-	-	100,100	-	-	6,157	252,659	358,915	7.44%
2042 . .	-	-	-	-	-	17,500	-	-	4,598	207,504	229,602	6.79%
2043 . .	-	-	-	-	-	-	-	-	3,006	161,345	164,351	
2044 . .	-	-	-	-	-	-	-	-	1,380	114,161	115,541	
2045 . .	-	-	-	-	-	-	-	-	69	65,928	65,997	
2046 . .	-	-	-	-	-	-	-	-	-	16,624	16,624	

Sources for debt service in this schedule are from the annual budget and bond reserve funds. Capitalized interest is excluded.

a) The 2017B Bonds have capitalized interest for years 2017, 2018 and 2019. This interest is paid from bond proceeds.

**2024 Initial Forecast in 2023 Budget vs 2024 Budget**  
**2024 Water Rate Increase = 4.8%**

		2024 Initial Forecast @ 4.8%	2024 Adopted Budget @ 4.8%	\$ Inc (Dec)	% Inc -Dec
1	<b>REVENUES PROVIDED:</b>				
2	<b>OPERATING REVENUES:</b>				
3	Sales of Water - Retail	\$ 138,010,570	\$ 138,266,219	\$ 255,649	0.2%
4	Sales of Water - Wholesale	171,620	172,314	694	0.4%
5	<b>TOTAL SALES OF WATER</b>	<u>\$ 138,182,190</u>	<u>\$ 138,438,533</u>	<u>\$ 256,343</u>	<u>0.2%</u>
6	Delayed Payment Charges	\$ 610,000	\$ 625,000	\$ 15,000	2.5%
7	Field Service Charges	374,000	425,000	51,000	13.6%
8	Other Operating Revenues	725,000	780,000	55,000	7.6%
9	<b>TOTAL OTHER OPERATING REVENUES</b>	<u>\$ 1,709,000</u>	<u>\$ 1,830,000</u>	<u>\$ 121,000</u>	<u>7.1%</u>
10	Investment Income (General and P&I Funds)	\$ 2,230,000	\$ 3,840,000	\$ 1,610,000	72.2%
11	Investment Income (Construction Fund)	240,000	-	(240,000)	-100.0%
12	Investment Income (SDC Fund)	20,000	-	(20,000)	-100.0%
13	<b>TOTAL INVESTMENT INCOME</b>	<u>\$ 2,490,000</u>	<u>\$ 3,840,000</u>	<u>\$ 1,350,000</u>	<u>54.2%</u>
14	<b>TOTAL REVENUES PROVIDED</b>	<b><u>\$ 142,381,190</u></b>	<b><u>\$ 144,108,533</u></b>	<b><u>\$ 1,727,343</u></b>	<b><u>1.2%</u></b>
15	<b>REVENUE REQUIREMENTS:</b>				
16	<b>TOTAL OPERATIONS AND MAINTENANCE EXPENSE</b>	<b><u>\$ 70,176,123</u></b>	<b><u>\$ 70,325,840</u></b>	<b><u>\$ 149,716</u></b>	<b><u>0.2%</u></b>
17	Annual Capital	\$ 10,260,000	\$ 9,580,000	\$ (680,000)	-6.6%
18	T&D Funding	26,018,800	25,665,000	(353,800)	-1.4%
19	<b>TOTAL ANNUAL CAPITAL</b>	<b><u>\$ 36,278,800</u></b>	<b><u>\$ 35,245,000</u></b>	<b><u>\$ (1,033,800)</u></b>	<b><u>-2.9%</u></b>
20	<b>TOTAL DEBT SERVICE FUNDING</b>	<b><u>\$ 27,147,933</u></b>	<b><u>\$ 21,369,908</u></b>	<b><u>\$ (5,778,025)</u></b>	<b><u>-21.3%</u></b>
21	Master Plan Designated	\$ 6,878,334	\$ 15,087,786	\$ 8,209,452	119.4%
22	Investment Income (Construction & SDC Funds)	260,000	-	(260,000)	-100.0%
24	<b>TOTAL TRANSFERS TO MASTER PLAN</b>	<b><u>\$ 7,138,334</u></b>	<b><u>\$ 15,087,786</u></b>	<b><u>\$ 7,949,452</u></b>	<b><u>111.4%</u></b>
25	Bond Covenant Required Reserves	\$ 1,250,000	\$ 1,610,000	\$ 360,000	28.8%
26	Negative Cash Flow Reserve	390,000	470,000	80,000	20.5%
27	<b>TOTAL REQUIRED RESERVE FUNDING</b>	<b><u>\$ 1,640,000</u></b>	<b><u>\$ 2,080,000</u></b>	<b><u>\$ 440,000</u></b>	<b><u>26.8%</u></b>
28	<b>TOTAL REVENUE REQUIREMENTS</b>	<b><u>\$ 142,381,190</u></b>	<b><u>\$ 144,108,533</u></b>	<b><u>\$ 1,727,343</u></b>	<b><u>1.2%</u></b>
29	<b>NET INCOME AVAIL FOR DS COVERAGE ( Ln 14 - Ln 16 )</b>	<b><u>\$ 72,205,067</u></b>	<b><u>\$ 73,782,694</u></b>	<b><u>\$ 1,577,627</u></b>	<b><u>2.2%</u></b>
30	<b>REQUIRED DEBT SERVICE ( Ln 20 )</b>	<b><u>\$ 27,147,933</u></b>	<b><u>\$ 21,369,908</u></b>	<b><u>\$ (5,778,025)</u></b>	<b><u>-21.3%</u></b>
31	<b>DEBT SERVICE COVERAGE ( Ln 29 / Ln 30 )</b>	<b><u>2.66</u></b>	<b><u>3.45</u></b>	<b><u>0.79</u></b>	
32	<b>ADJUSTMENT TO WATER RATES</b>	<b><u>4.8%</u></b>	<b><u>4.8%</u></b>	<b><u>0.0%</u></b>	

Percentages may not add due to rounding

**ADDITIONAL REVENUE REQUIREMENTS FOR 2024**  
**Based on a 4.8% Rate Increase**

		2023 ADOPTED BUDGET	2024 ADOPTED BUDGET	\$ Inc (Dec)
<b>CHANGES IN REVENUE REQUIREMENTS:</b>				
<b>1 INCREASED OPERATIONS &amp; MAINTENANCE EXPENSES:</b>		\$ 66,917,073	\$ 70,325,840	\$ 3,408,767
Gross Payroll (Includes Overtime)	\$ 1,324,060	3.7%		
Total Pension Accounts	\$ 1,597,427	40.1%		
Total Power	\$ 778,888	7.6%		
Chemicals	\$ 640,049	10.1%		
Health Insurance	\$ (13,420)	-0.3%		
Other	\$ (918,237)	-4.5%		
<b>2 INCREASED CAPITAL:</b>		\$ 33,480,000	\$ 35,245,000	\$ 1,765,000
Annual Capital	\$ 80,000			
T&D Funding	\$ 1,685,000			
<b>3 DECREASED DEBT SERVICE FUNDING:</b>		\$ 25,858,236	\$ 21,369,908	\$ (4,488,329)
<b>4 INCREASED TRANSFERS TO MASTER PLAN:</b>		\$ 7,503,022	\$ 15,087,786	\$ 7,584,764
Master Plan Designated	\$ 7,584,764			
Investment Income (Construction & SDC Funds)	\$ -			
<b>5 INCREASED FUNDING TO REQUIRED RESERVES:</b>		\$ 1,920,000	\$ 2,080,000	\$ 160,000
Bond Covenant Required Reserves	\$ 100,000			
Negative Cash Flow Reserve	\$ 60,000			
<b>6 TOTAL INCREASE IN REVENUE REQUIREMENTS</b>		<b>\$ 135,678,331</b>	<b>\$ 144,108,533</b>	<b>\$ 8,430,202</b>
<b>CHANGES IN REVENUES AVAILABLE:</b>				
<b>7 INCREASED INVESTMENT INCOME:</b>		\$ 2,480,000	\$ 3,840,000	\$ 1,360,000
Investment Income (General and P&I Funds)	\$ 1,360,000			
Investment Income (Construction & SDC Funds)	\$ -			
<b>8 INCREASED REVENUE FROM OTHER OPER REVENUE:</b>		\$ 1,695,000	\$ 1,830,000	\$ 135,000
Delayed Payment Charges	\$ 20,000			
Other Operating Revenue	\$ 110,000			
Field Service Charges	\$ 5,000			
<b>9 DECREASED REVENUE FROM REVENUE ADJUSTMENTS:</b>		\$ (579,580)	\$ (579,580)	
R1 Gallons Reduction	\$ (890,211)			
Adjust 2024 Estimated Customer Growth	\$ (111,328)			
True-up of 2022 Actual Customers	\$ 9,547			
Meter Mix True Up	\$ 137,343			
R1 Block allocation change	\$ 275,069			
<b>10 INCREASED REVENUE FROM 2024 NEW CUSTOMERS @ 2023 RATES:</b>		\$ 1,199,018	\$ 1,199,018	
<b>11 TOTAL INCREASE IN REVENUES AVAILABLE</b>		<b>\$ 4,175,000</b>	<b>\$ 6,289,438</b>	<b>\$ 2,114,438</b>
<b>12 ADJUSTMENT TO WATER RATES IN 2024 (Line #6 - #11)</b>		<b>Rate Adjustment</b>		
		4.8%	\$ 6,315,764	

## Budgeted Gallons and Revenue by Customer Type

(A) Customer Type	(B) Customer Type	(C)			(D)		(E)		(F)		(G)		(H)		(I)		(J)	
		Budgeted Average Customers	Avg Annual Gallons Per Cust	Budgeted Total 1,000 Gals	Budgeted Block 1 Gallons	Budgeted Block 2 Gallons	Budgeted Volume Revenue	Budgeted Service Revenue	Budgeted Volume Revenue	Budgeted Service Revenue	Volume Charge Revenue	Service Charge Revenue	Volume Charge Revenue	Service Charge Revenue	%	%		
					(B x C)												(G / (G+H))	(H / (G+H))
1 Residential	(R1)	141,295	80,779	11,413,669	8,446,115	2,967,554	\$ 66,580,498	\$ 18,662,394	78%	22%								
2 Multi Family	(M1)	5,162	425,000	2,193,850	1,930,588	263,262	\$ 12,002,115	\$ 1,772,454	87%	13%								
3 Small Commercial	(C1)	5,125	210,000	1,076,250	538,125	538,125	\$ 6,947,194	\$ 1,104,007	86%	14%								
4 Large Commercial	(C2)	3,505	1,374,519	4,817,688	3,372,382	1,445,307	\$ 28,602,615	\$ 2,204,655	93%	7%								
5 Subtotal		155,087	125,745	19,501,457	14,287,210	5,214,248	\$ 114,132,422	\$ 23,743,510	83%	17%								
6 Temp. Commercial	(C3)	249	133,500	33,242	13,982	19,260	\$ 257,622	\$ 132,667	66%	34%								
7 Total Retail		155,336	125,758	19,534,699	14,301,191	5,233,508	\$ 114,390,044	\$ 23,876,177	83%	17%								
8 Wholesale	(W1)	1	68,000,000	68,000	68,000	-	\$ 165,240	\$ 7,074	96%	4%								
9 GRAND TOTAL		155,337	126,195	19,602,699	14,369,191	5,233,508	\$ 114,555,284	\$ 23,883,251	83%	17%								

"Per Customer" shown in whole gallons.

(G+H)

Total Water Sales Revenue \$138,438,535

## Customer Growth by Customer Type with SDC Revenue

Customer Type	CUSTOMER GROWTH				SDC's	
	2023 Budget	2024 Budget	2024 Rate	2024 Budget		
10 Residential	(R1)	1,285	1,185	\$ 5,400	\$ 6,399,000	
11 Multi Family	(M1)	60	50	\$ 5,400	\$ 270,000	
12 Small Commercial	(C1)	20	25	\$ 5,400	\$ 135,000	
13 Large Commercial	(C2)	35	40	\$ 5,400	\$ 216,000	
14 Total Retail		1,400	1,300	\$ 5,400	\$ 7,020,000	

## Wholesale Growth with User Fee Revenue

15 Wholesale	(W1)	-	-	-	-
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**CUSTOMER & WATER SALES STATISTICS**  
**ADOPTED 2023 BUDGET COMPARED TO ADOPTED 2024 BUDGET**

	ADOPTED 2023 BUDGET			ADOPTED 2024 BUDGET			
	Amount	Per 1,000 Gal	Average Per Customer	Amount	% Inc	Per 1,000 Gal	Average Per Customer
<b>1 SINGLE FAMILY - (R1):</b>							
2 Average Customers Served	140,056			141,295	0.9%		
3 % of Total Customers Served	90.96			90.96			
4 Thousand Gallons Sold	11,485,872		82,009	11,413,669	-0.6%		80,779
5 % of Total Gallons Sold	58.6%			58.2%			
6 Service Charge Revenue	\$ 22,689,480	\$ 1.98	\$ 162.00	\$ 18,662,394	-17.8%	\$ 1.64	\$ 132.08
7 Volume Charge Revenue	59,324,529	5.17	423.58	66,580,497	12.2%	5.83	471.22
8 Total Water Sales Revenue	\$ 82,014,009	\$ 7.14	\$ 585.58	\$ 85,242,891	3.9%	\$ 7.47	\$ 603.30
9 % of Volume Water Sales	58.43%			58.12%			
10 % of Total Water Sales	62.37%			61.57%			
<b>11 MULTI-FAMILY - RESIDENTIAL (M1):</b>							
12 Average Customers Served	5,120			5,162	0.8%		
13 % of Total Customers Served	3.33			3.32			
14 Thousand Gallons Sold	2,176,000		425,000	2,193,850	0.8%		425,000
15 % of Total Gallons Sold	11.1%			11.2%			
16 Service Charge Revenue	\$ 2,399,387	\$ 1.10	\$ 468.63	\$ 1,772,454	-26.1%	\$ 0.81	\$ 343.37
17 Volume Charge Revenue	10,588,416	4.87	2,068.05	12,002,114	13.4%	5.47	2,325.09
18 Total Water Sales Revenue	\$ 12,987,803	\$ 5.97	\$ 2,536.68	\$ 13,774,568	6.1%	\$ 6.28	\$ 2,668.46
19 % of Volume Water Sales	10.4%			10.5%			
20 % of Total Water Sales	9.9%			10.0%			
<b>21 SMALL COMMERCIAL (C1):</b>							
22 Average Customers Served	5,085			5,125	0.8%		
23 % of Total Customers Served	3.30			3.30			
24 Thousand Gallons Sold	1,067,850		210,000	1,076,250	0.8%		210,000
25 % of Total Gallons Sold	5.5%			5.5%			
26 Service Charge Revenue	\$ 1,360,742	\$ 1.27	\$ 267.60	\$ 1,104,007	-18.9%	\$ 1.03	\$ 215.42
27 Volume Charge Revenue	6,129,459	5.74	1,205.40	6,947,194	13.3%	6.46	1,355.55
28 Total Water Sales Revenue	\$ 7,490,201	\$ 7.01	\$ 1,473.00	\$ 8,051,201	7.5%	\$ 7.48	\$ 1,570.97
29 % of Volume Water Sales	6.0%			6.1%			
30 % of Total Water Sales	5.7%			5.8%			
<b>31 LARGE COMMERCIAL (C2):</b>							
32 Average Customers Served	3,468			3,505	1.1%		
33 % of Total Customers Served	2.25			2.26			
34 Thousand Gallons Sold	4,754,396		1,370,933	4,817,688	1.3%		1,374,519
35 % of Total Gallons Sold	24.3%			24.6%			
36 Service Charge Revenue	\$ 3,208,585	\$ 0.67	\$ 925.20	\$ 2,204,655	-31.3%	\$ 0.46	\$ 629.00
37 Volume Charge Revenue	25,103,210	5.28	7,238.53	28,602,615	13.9%	5.94	8,160.52
38 Total Water Sales Revenue	\$ 28,311,795	\$ 5.95	\$ 8,163.72	\$ 30,807,270	8.8%	\$ 6.39	\$ 8,789.52
39 % of Volume Water Sales	24.7%			25.0%			
40 % of Total Water Sales	21.5%			22.3%			
<b>41 SUB-TOTAL RETAIL:</b>							
42 Average Customers Served	153,729			155,087	0.9%		
43 % of Total Customers Served	99.84			99.84			
44 Thousand Gallons Sold	19,484,118		126,743	19,501,457	0.1%		125,745
45 % of Total Gallons Sold	99.5%			99.5%			
46 Service Charge Revenue	\$ 29,658,194	\$ 1.52	\$ 192.93	\$ 23,743,510	-19.9%	\$ 1.22	\$ 153.10
47 Volume Charge Revenue	101,145,614	5.19	657.95	114,132,420	12.8%	5.85	735.93
48 Total Water Sales Revenue	\$ 130,803,808	\$ 6.71	\$ 850.87	\$ 137,875,930	5.4%	\$ 7.07	\$ 889.02
49 % of Volume Water Sales	99.6%			99.6%			
50 % of Total Water Sales	99.5%			99.6%			

**CUSTOMER & WATER SALES STATISTICS**  
**ADOPTED 2023 BUDGET COMPARED TO ADOPTED 2024 BUDGET**

	ADOPTED 2023 BUDGET			ADOPTED 2024 BUDGET		
	Amount	Per 1,000 Gal	Average Per Customer	Amount	% Inc	Per 1,000 Gal

51 **TEMPORARY COMMERCIAL (C3):**

Average Customers Served	253			249		-1.6%	
% of Total Customers Served	0.16			0.16			
Thousand Gallons Sold	33,776		133,500	33,242		-1.6%	133,500
% of Total Gallons Sold	0.2%			0.2%			
Service Charge Revenue	\$ 302,993	\$ 8.97	\$ 1,197.60	\$ 132,667	-56.2%	\$ 3.99	\$ 532.80
Volume Charge Revenue	232,713	6.89	919.81	257,622	10.7%	7.75	1,034.63
Total Water Sales Revenue	\$ 535,706	\$ 15.86	\$ 2,117.42	\$ 390,289	-27.1%	\$ 11.74	\$ 1,567.43
% of Volume Water Sales	0.2%			0.2%			
% of Total Water Sales	0.4%			0.3%			

61 **TOTAL ALL RETAIL CUSTOMERS:**

Average Customers Served	153,982			155,336		0.9%	
% of Total Customers Served	100.00			100.00			
Thousand Gallons Sold	19,517,893		126,754	19,534,699		0.1%	125,758
% of Total Gallons Sold	99.7%			99.7%			
Service Charge Revenue	\$ 29,961,187	\$ 1.54	\$ 194.58	\$ 23,876,177	-20.3%	\$ 1.22	\$ 153.71
Volume Charge Revenue	101,378,327	5.19	658.38	114,390,042	12.8%	5.86	736.40
Total Water Sales Revenue	\$ 131,339,514	\$ 6.73	\$ 852.95	\$ 138,266,219	5.3%	\$ 7.08	\$ 890.11
% of Volume Water Sales	99.9%			99.9%			
% of Total Water Sales	99.9%			99.9%			

71 **WHOLESALE (W1):**

Average Customers Served	1.00			1.00		0.00%	
% of Total Customers Served	0.0%			0.0%			
Thousand Gallons Sold	68,000		68,000,000	68,000		0.00%	68,000,000
% of Total Gallons Sold	0.4%			0.4%			
Service Charge Revenue	\$ 6,737	\$ 0.10	\$ 6,737.00	\$ 7,074	5.00%	\$ 0.10	\$ 7,074.00
Volume Charge Revenue	157,080	2.31	157,080.00	165,240	5.19%	2.43	165,240.00
Total Water Sales Revenue	\$ 163,817	\$ 2.41	\$ 163,817.00	\$ 172,314	5.19%	\$ 2.53	\$ 172,314.00
% of Total Water Sales	0.1%			0.1%			

80 **TOTAL ALL CUSTOMER CLASSES:**

Average Customers Served	153,983			155,337		0.9%	
Thousand Gallons Sold	19,585,893		127,195	19,602,699		0.1%	126,195
Service Charge Revenue	\$ 29,967,924	\$ 1.53	\$ 194.62	\$ 23,883,251	-20.3%	\$ 1.22	\$ 153.75
Volume Charge Revenue	101,535,407	5.18	659.39	114,555,282	12.8%	5.84	737.46
Total Water Sales Revenue	\$ 131,503,331	\$ 6.71	\$ 854.01	\$ 138,438,533	5.3%	\$ 7.06	\$ 891.21

## Notes:

- 1 Reflects a 4.8% revenue increase due to a change in water rates to be effective 1-1-2024.
- 2 Consistent with past practice, projections are prepared on a "normal" year basis.
- 3 May not add due to rounding.

**MISCELLANEOUS FEES AND CHARGES**

Delayed Payment Charge (as a % of the unpaid current amount)	5%
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**Field Service Charges**

Field Trip Charge	\$25
Reconnection Trip Charge	\$25
After Hours Reconnection Trip Charge	\$80
Returned Check Charge	\$25
Remote Connection Fee	\$25
Manual Meter Reading Fee	\$80

**SYSTEM DEVELOPMENT CHARGES**

System Development Charges are paid on new service connections in order to compensate for the applicable costs of investment required for existing and future water supply, treatment, transmission and distribution facilities, including major improvements to existing and future facilities which contribute to system capacity.

**Meter Size/Type (a)**

5/8" Displacement Meter (BASE)	\$5,400
3/4" Displacement Meter	8,100
1" Displacement Meter	13,500
1 1/2" Displacement Meter	27,000
1 1/2" Turbine	32,400
2" Displacement Meter	43,200
2" Compound Meter	43,200
2" Turbine	51,300
3" Compound Meter	94,500
3" Turbine Meter	117,450
4" Compound Meter	162,000
4" Turbine Meter	202,500

(a) The meter sizes listed in the schedule are not intended to be all inclusive. Retail System Development Charges for meters not listed in the schedule will be determined based on the meter capacity ratio using the 5/8 inch displacement meter as the basis for comparison.

## CAPITAL PROJECT COST BENEFIT ANALYSIS

### BUDGET YEAR 2024

Originator: Cody Ellett

Capital Number: AF-24104  
 Capital Item Requested: Single Rear Axle Medium Dump Truck

Cost: 181,500

Estimated Life: 15

Date: 01-Jun-23

#### PAYBACK PERIOD

End of Year	0 2024	1 2025	2 2026	3 2027	4 2028	5 2029
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**PROPOSED COSTS:**

Equipment	\$ 181,500					
Fuel	\$5,000	\$5,150	\$5,305	\$5,464	\$5,628	\$5,796
Maintenance	\$2,200	\$2,266	\$2,334	\$2,404	\$2,476	\$2,550
Total	\$188,700	\$7,416	\$7,638	\$7,868	\$8,104	\$8,347

**CURRENT COSTS:**

Spoils Removal	\$60,000	\$62,820	\$65,773	\$68,864	\$72,100	\$75,489
Total	\$60,000	\$62,820	\$65,773	\$68,864	\$72,100	\$75,489

Net Cashflow/Savings	<b>Positive sign indicates net savings</b>					
Current Less Proposed Costs	(\$128,700)	\$55,404	\$58,134	\$60,996	\$63,997	\$67,142
Cumulative	(\$128,700)	(\$73,296)	(\$15,162)	\$45,834	\$109,831	\$176,973

Payback Years:	3.25	PB+	PB+
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**Benefit Analysis Assumptions:**

Assumes 600 hours of utilization per year
Assumes \$100/hour costs for contracted spoils removal based on 2023 vendor rates with inflation rate for future years based on ENR CCI.
Assumes a 4.7% inflation rate for restoration costs based on the ENR CCI.
Assumes rising maintenance and fuel costs of 3% per year.
Assumes fuel costs of \$0.50 per mile
Assumes maintenance costs of \$0.22 per mile

## CAPITAL PROJECT COST BENEFIT ANALYSIS BUDGET YEAR 2024

Originator: Cody Ellett

Capital Number: AF-24153  
Capital Item Requested: Hydro Excavator

Cost: 721,500

Estimated Life: 9

Date: 01-Jun-23

### PAYBACK PERIOD

End of Year	0 2024	1 2025	2 2026	3 2027	4 2028	5 2029
<b>PROPOSED COSTS:</b>						
Equipment	\$ 721,500					
Maintenance	\$21,645	\$22,662	\$23,727	\$24,843	\$26,010	\$27,233
Contractor	\$378,963	\$390,332	\$402,042	\$414,103	\$426,526	\$439,322
Equip Rental	\$162,000	\$169,614	\$169,614	\$169,614	\$169,614	\$169,614
Fuel	\$9,100	\$9,528	\$9,976	\$10,444	\$10,935	\$11,449
Other						
<b>Total</b>	<b>\$1,293,208</b>	<b>\$592,136</b>	<b>\$605,359</b>	<b>\$619,004</b>	<b>\$633,085</b>	<b>\$647,618</b>
<b>CURRENT COSTS:</b>						
Contractor	\$628,963	\$658,524	\$689,475	\$721,880	\$755,808	\$791,331
Equip Rental	\$162,000	\$169,614	\$177,586	\$185,932	\$194,671	\$203,821
<b>Total</b>	<b>\$790,963</b>	<b>\$828,138</b>	<b>\$867,061</b>	<b>\$907,812</b>	<b>\$950,480</b>	<b>\$995,152</b>
Net Cashflow/Savings	<b>Positive sign indicates net savings</b>					
Current Less Proposed Costs	(\$502,245)	\$236,002	\$261,702	\$288,809	\$317,394	\$347,534
<b>Cumulative</b>	<b>(\$502,245)</b>	<b>(\$266,243)</b>	<b>(\$4,541)</b>	<b>\$284,268</b>	<b>\$601,662</b>	<b>\$949,196</b>
<b>Payback Years:</b>				3.02	PB+	PB+

#### **Benefit Analysis Assumptions:**

Purchase price is estimated based on 2023 purchase of hydro excavator with ENR CCI escalator added for 1 year.

Assumes 9 year useful life based on 1,000 hours of annual usage and 9,000 hour WaterOne standard.

Assumes \$225/hr cost for contractor for year 0 based on current rates with ENR CCI escaltor in future years.

Assumes elimination of hydro excavator rentals.

Assumes a 4.7% inflation rate for restoration costs based on the ENR CCI.

Assumes a 3% of purchase price maintenance each year with ENR CCI escalator in future years.

Assumes 2,600 gallons of fuel used per year at \$3.50/gallon

## CAPITAL PROJECT COST BENEFIT ANALYSIS BUDGET YEAR 2024

Originator: Cody Ellett Capital Number: AC-24155  
 Cost: 165,000 Capital Item Requested: Concrete Truck  
 Estimated Life: 15 Date: 01-Jun-23

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### PAYBACK PERIOD

End of Year	0 2024	1 2025	2 2026	3 2027	4 2028	5 2029
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#### PROPOSED COSTS:

Equipment	\$ 165,000					
Maintenance Costs	\$4,950	\$5,183	\$5,426	\$5,681	\$5,948	\$6,228
Concrete Costs	\$1,183,362	\$1,238,980	\$1,297,212	\$1,358,181	\$1,422,015	\$1,488,850
Other						
<b>Total</b>	<b>\$1,353,312</b>	<b>\$1,244,162</b>	<b>\$1,302,638</b>	<b>\$1,363,862</b>	<b>\$1,427,963</b>	<b>\$1,495,078</b>

#### CURRENT COSTS:

Concrete Costs	\$ 1,267,754.75	\$1,327,339	\$1,389,724	\$1,455,041	\$1,523,428	\$1,595,029
Idle Labor	\$61,745	\$64,833	\$68,074	\$71,478	\$75,052	\$78,804
<b>Total</b>	<b>\$1,329,500</b>	<b>\$1,392,172</b>	<b>\$1,457,798</b>	<b>\$1,526,519</b>	<b>\$1,598,480</b>	<b>\$1,673,834</b>

Net Cashflow/Savings	<b>Positive sign indicates net savings</b>					
Current Less Proposed Costs	(\$23,812)	\$148,010	\$155,161	\$162,657	\$170,517	\$178,756
<b>Cumulative</b>	<b>(\$23,812)</b>	<b>\$124,198</b>	<b>\$279,359</b>	<b>\$442,016</b>	<b>\$612,532</b>	<b>\$791,288</b>

Payback Years: 1.16 PB+ PB+ PB+ PB+

#### Benefit Analysis Assumptions:

Assumes usage of 10 cubic feet per day and 260 working days per year.
Vendor costs are estimated at \$150 per cubic feet for 2024.
Assumes that winter service charge is applied by vendors during 1/4 of the year.
Assumes 1 hour of WaterOne time is required for pickup of concrete per load.
Assumes that vendors inflate their fuel surcharge by 3 times what actual fuel costs will be.
Assumes maintenance costs of 3% of purchase price.
Assumes a 4.7% inflation rate for materials costs and maintenance costs based on the ENR CCI.
Savings for employee idle time are calculated using 2024 wage rates with an additional 40% estimated for benefits.
Employee wages and benefits are estimated to increase 5% per year.

## CAPITAL PROJECT COST BENEFIT ANALYSIS

### BUDGET YEAR 2024

Originator: Cody Ellett

Capital Number: AC-24800  
 Capital Item Requested: Horizontal Directional Drill Machine

Cost: 555,000

Estimated Life: 10

Date: 01-Jun-23

#### PAYBACK PERIOD

End of Year	0	1	2	3	4	5
	2024	2025	2026	2027	2028	2029

**PROPOSED COSTS:**

Equipment	\$ 555,000					
Maintenance	\$16,650	\$17,433	\$18,252	\$19,110	\$20,008	\$20,948
Restoration Costs	\$160,418	\$167,957	\$175,851	\$184,116	\$192,770	\$201,830
Other						
<b>Total</b>	<b>\$732,068</b>	<b>\$185,390</b>	<b>\$194,103</b>	<b>\$203,226</b>	<b>\$212,778</b>	<b>\$222,778</b>

**CURRENT COSTS:**

Material						
Restoration Costs	\$351,142	\$367,646	\$384,925	\$403,017	\$421,959	\$441,791
Other						
<b>Total</b>	<b>\$351,142</b>	<b>\$367,646</b>	<b>\$384,925</b>	<b>\$403,017</b>	<b>\$421,959</b>	<b>\$441,791</b>

Net Cashflow/Savings	<b>Positive sign indicates net savings</b>					
Current Less Proposed Costs	(\$380,925)	\$182,256	\$190,822	\$199,791	\$209,181	\$219,013
Cumulative	(\$380,925)	(\$198,669)	(\$7,847)	\$191,944	\$401,125	\$620,137

Payback Years:	3.04	PB+	PB+
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**Benefit Analysis Assumptions:**

Assumes 6,000 feet of pipe per year.

Assumes open cut cost of \$58.52/ft for restoration costs (based on actual job costs).

Assumes directional drill cost of \$26.74/ft for restoration costs (based on actual job costs).

Assumes no reduction in contracted services, an HDD contractor will continue to be utilized as needed.

Assumes a 4.7% inflation rate for restoration costs based on the ENR CCI.

No soft dollar time savings assumed, no soft dollar maintenance costs assumed.

Routine repairs and maintenance will be performed by WaterOne personnel.

*A study named Sustainable Replacement of Aging Drinking Water Lines Using Horizontal Directional Drilling*

*Technology found that the HDD installation method emitted approximately 23% of airborne emissions*

*compared to open cut. Traffic was less impacted and productivity was also better with the HDD method.*

## **WATER ONE FISCAL POLICIES AND PROCEDURES**

---

### **Introduction**

These formal Fiscal Policies of Water District No. 1 of Johnson County (WaterOne) are a combination of Kansas Statutes, Board Policy, Rules and Regulations and Bond Covenants (the “Source Documents”), Board action or resolution, and internal procedures and practices.

In the event the content of these Fiscal Policies conflict with a Source Document, the Source Document shall take precedence. Where applicable, the Source Documents are referenced in *italics*.

Informal practices and procedures supporting the formal Fiscal Policies have evolved through day-to-day operations associated with annual budgeting, capital improvement programs, debt issuance, and debt management.

This document lists WaterOne’s Fiscal Policies and explains the practices and procedures that support these formal policies. In developing formal versus informal policies, accountability to WaterOne’s stakeholders has been carefully balanced with management flexibility.

These written formal and informal Fiscal Policies and procedures are reviewed as part of WaterOne’s annual budget process. The annual budget is prepared in compliance with the Fiscal Policies.

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# WATERONE 2024 BUDGET

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## I. OVERVIEW

WaterOne is a quasi-municipal entity. It was created under **Kansas Statutes Annotated (K.S.A.) 19-3501 to 19-3521a**, with all of its powers and subject to all of its provisions.

### **101. Formation of WaterOne**

- The governing body of WaterOne (the Board) is comprised of seven members, each serving a four-year term. Elections are held in odd-numbered years with four members elected at one time, and the other three members elected the next odd-numbered year.
- The Board approves water rates, system development charges, revenue bonds and all other incidental charges and fees as deemed necessary in the operation of WaterOne.  
*Bond Covenants – Section 902. Rate Covenant*  
K.S.A. 19-3502
- The Board selects a General Manager who is responsible for bringing issues to the Board in a prudent manner.  
K.S.A. 19-3510  
Board Policy No. 11

### **102. Reasonable and Prudent Person Standard**

- The standard of care to be used by elected officials and management staff shall be the “reasonable and prudent person” standard and shall be applied in the context of managing the overall operations of WaterOne and its policies and procedures.

### **103. Ethical Standards**

- WaterOne is committed to the highest legal, ethical, and moral standards in the conduct of WaterOne business. Every employee of WaterOne is expected to maintain and foster such standards.
- It is the firm policy of WaterOne that all employees shall avoid any situation or activity that involves or may involve an abuse of funds, abuse of equipment or property, or a conflict between WaterOne and the individual’s personal interest – financial or otherwise.  
*WaterOne Personnel Policy Manual*

**104. Fiscal Year**

- WaterOne's fiscal year is from January 1 to December 31.  
*K.S.A. 19-3521*

**105. Generally Accepted Accounting Principles**

- WaterOne follows Generally Accepted Accounting Principles (GAAP) on the modified accrual basis of accounting when preparing financial reports. Revenues are recognized when earned. Expenditures are recognized when the liability is incurred or deferred charges are amortized.

**106. Financial Reporting**

- WaterOne maintains proper books, records and accounts for the correct entry and presentation of all financial transactions.
- WaterOne follows the Government Finance Officers Association (GFOA) recommended Financial Reporting Practices in publishing timely (monthly) interim Financial Statements.
- WaterOne's Board shall select an outside auditor for WaterOne's yearly audit and shall approve the award of the contract to the auditor. All external audits, normal or special, require approval of WaterOne's Board.  
*Board Policy #13 – Audit Policy*  
*K.S.A. 19-3516 (c)*
- Annual Audits are performed.  
*K.S.A. 19-3516 (c)*  
*Bond Covenants – Section 907. Annual Audit*
- Audit Reports must be published within 90 days of year-end.  
*K.S.A. 19-3521*

**107. Financial Advisors**

- Certain consultants, including Financial Advisors, are retained by the Board because their services are enhanced by continuity and an in-depth knowledge of WaterOne. In order to assure the quality of service, these consultants are subject to evaluations by appropriate staff and the Board on an annual basis. The firm's fee schedule and rates will be evaluated at least every three years.

*Board Policy #27 – Consultant Review*

**II. FINANCIAL PLANNING POLICIES****201. Responsibilities**

- Unless otherwise specifically delegated or assigned by resolution or other Board Policy, WaterOne's Board reserves final approval of all decisions relating to the Budget including limits on the number of employees.  
*Board Policy #11 – Subjects Requiring Board Authorization*
- The Board of WaterOne is responsible for adopting a prudent, balanced annual budget.
- The General Manager of WaterOne is responsible for recommending the annual budget to the Board for approval.
- Directors and Managers are responsible for developing and justifying a budget that allows for operation of WaterOne in a responsible, cost-effective manner.

**202. Annual Budgeting**

- WaterOne's operating budget for revenue and expenses is prepared on an accrual basis which is consistent with accounting principles established by the Governmental Accounting Standards Board (GASB). Revenues are budgeted based on projections of income to be earned in the year being budgeted and most expenses are recorded when the liabilities are expected to occur. When budgeting WaterOne deviates from accounting rules when the GASB accounting expense is projected to consistently vary from the projected funding requirement for the budget year. Examples of these exceptions include but are not limited to; defined benefit pension, other post-employment benefits (OPEB), and lease agreements. These accounts are budgeted to match WaterOne's expected funding requirement for the budget year rather than the expected accounting based "expense" amount.
- Funding, designated for capital spending that is not complete at the end of the budget year, may be set aside for use in future years to complete authorized capital projects.
- Funding associated with operating and maintenance expense may not be used in future years.
- Year-end general fund balance, in excess of reserve requirements, may be designated by the Board for future use.
- WaterOne annually adopts a balanced budget where Total Revenues Provided equals Total Revenue Requirements including designations to capital and reserve funds.

- The current year budget is projected based on a “normal” year. Historical revenue and expenditure trends are analyzed to define “normal”.
- WaterOne’s annual operating budget is developed using a line-item format and includes:
  - a. Revenues
    - Water Sales Revenues
    - Other Operating Revenues
    - Investment Income
  - b. Operating and Maintenance Expense (including Staffing Levels)
  - c. Total Annual Capital
  - d. Debt Service Funding
  - e. Transfers to Master Plan
  - f. Funding to Reserves
- Water rate increases are “smoothed” over a period of years to avoid rate spikes. WaterOne’s objective is to structure composite debt service to be approximately level on a year-to-year basis where appropriate, which avoids significant roller-coaster types of increases and decreases in debt service and enables water rates to remain relatively stable (smoothed) over time.
- Should revenues not materialize in a given year, expenditures are reduced and/or reserves are utilized to offset the shortfall.
- A Budget Calendar is prepared with the following anticipated timelines:

March	Budgeting Materials Distributed to Staff
April	Initial Budgets Completed by Management Staff
July	General Manager Reviews Division/Departmental Budgets
October	Balanced Budget Recommended to Board
October	Board Review with WaterOne Staff
November	Public Hearing
December	Final Board Approval

### **203. Five Year Budget**

- Each year, in conjunction with the annual budget, detailed rolling 5-year annual capital and new personnel budgets are projected. Last year’s projection becomes this year’s guideline. Deviations from projections are analyzed, documented, and adjustments are made as appropriate.

### **204. Multi-Year Forecasting**

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- To aid in financial planning, a 20-year financial model is used as a guideline for current year budgeting and rate setting. Projections include revenues, operating expenditures, total capital improvement project (CIP) costs, debt service requirements, customer growth, gallons per customer, investment rates of return, rate increases, bond sizing, and debt service coverage. Together these are used to:
  - a. Project long-term sustainability of core services within projected revenue sources.
  - b. Project operating revenues and capital reserves available for direct funding of capital projects.
  - c. Project debt financing for capital projects within targeted debt coverage ratios.
- The 20-year financial model is updated annually to reflect emerging issues to ensure that it reflects the current environment.

### III. REVENUE POLICIES

#### **301. Developing Water Rates**

- WaterOne will establish, maintain and collect rates, fees, and charges sufficient to pay all obligations as defined in the Water Rate Covenant.  
*Bond Covenants – Section 902. Rate Covenant  
K.S.A. 19-3502*
- WaterOne will not provide water or any of its tools that produce water without a reasonable charge with the exception of fire suppression, emergency services, mutual aid to other governmental entities, or de minimus use of facilities or services for public purposes.
- Projections for Water Sales Revenues are developed using customer growth and customer class water usage standards. Standards are developed by using historical trends to define “normal”, which prevents fluctuations based on weather or economic conditions. These standards are reviewed annually for reasonableness.
- Investment income is developed based on current market conditions, advice of financial advisors, and trending for future years.
- One-time revenues should not be used to fund normal, ongoing operations and consequently are not included as a revenue source in the development of the annual budget. For example, the sale of land or buildings.

#### **302. Rate Classifications**

- Water rates are established using a Cost of Service (COS) recovery method for volume and service charges. Cost of Service Studies are conducted by outside financial consultants at a minimum of every five years. Staff updates a COS model in the interim years for reasonableness and trend analysis.  
*Rules & Regulations Rule II. Definitions  
Rules & Regulations Rule VII. Water Rates*
- Wholesale Rates are developed based on Cost of Service.  
*Rules & Regulations Rule II. Definitions  
Rules & Regulations Rule VII. Water Rates*

**303. Peak Management Structure**

- Effective in 1994, the Board approved using Peak Management Rates (PMR) as the fee structure for water rates. PMR is an inclining rate structure. The goal is to reduce usage peaks. Reducing peak usage allows investment in additional capacity to be delayed. It also promotes equity among rate payers as high peak usage customers pay for the additional capacity they use.

*Rules & Regulations Rule II. Definitions*

*Rules & Regulations Rule VII. Water Rates*

- The PMR structure differs from the traditional inclining block structure in that each customer's block charges are individualized based on their personal average winter consumption (AWC).

*Rules & Regulations, Rule II*

- Block I equals 125% of AWC; Block II is usage in excess of 125%. Default AWCs are used for each class so customers with relatively low consumption will not be penalized.

*Rules & Regulations, Rule VII*

**304. System Development Charges (SDCs)**

- WaterOne has a philosophy of "growth pays for growth".
- System Development Charges (SDCs) are impact fees charged to new customers who connect onto the Water System. SDC Revenues are not part of the annual budget. SDC funds generated are used for the building or replacement of supply, treatment, transmission, and distribution facilities, or for the retirement of debt issued for that purpose.

*Rules & Regulations, Rule II*

- For every new retail Service Connection Application such new service connection shall be subject (in addition to the service connection charge) to a System Development Charge to compensate for the applicable costs of investment required for existing and future water supply, treatment, transmission and distribution facilities.

*Rules and Regulations Rule XI. Retail System Development Charge, Purpose and Amount*

- SDCs are developed for a determined period of time and may be "phased-in" year-by-year at the discretion of the Board.

*Rules and Regulations Rule XI.*

- SDCs are Cost of Service based using the "buy-in method". This calculation methodology uses the integrated transmission and major distribution system in the

system development charge calculations and also considers all supply and treatment facilities, regardless of whether or not they add additional capacity to the system. Under this methodology, a new customer is required to “buy-in” to the existing system so that they are on an equal equity basis with all other customers having similar service requirements.

*Rules and Regulations Rule XI.*

- Cost of Service Studies are conducted by outside financial consultants at a minimum of every five years. Staff updates a COS model in the interim years for reasonableness.
- To be conservative in revenue projections, SDC revenue is forecast as if all services sold were at 5/8" connection size, even though the larger sizes are more expensive.
- Wholesale User Fees are computed based on Max Day and Max Hour requirements.

### **305. Water System General Fund**

- All revenues derived and collected by WaterOne from the operation of the Water System will be paid and deposited into the Water System General Fund.

*Bond Covenants – Section 702. Water System General Fund*

- The manner in which WaterOne may administer and deposit moneys from the General Fund is outlined in the Kansas Statutes and bond covenants.

*K.S.A. 19-3516(a)*

*Bond Covenants – Section 703. Application of Moneys in Funds*

**IV. EXPENDITURE POLICIES (Operation & Maintenance Expense)****401. Expenditures - General**

- Operating expenses include personnel costs, benefits, commodities, and services.
- The Board may approve expenditures in excess of the budget if funds are available.
- Funding is provided for the adequate maintenance of equipment, facilities and infrastructure.
- Appropriate costs are capitalized in order to match the cost of the asset with its useful life. Capitalization thresholds are reviewed annually.
- Cost standards and overhead calculations are utilized as a method for standardizing cost transference from Operation and Maintenance expense accounts to capital projects or for charging to a third party. They are reviewed annually and updated as necessary.
- Personnel costs are budgeted at 98% to recognize the “slippage” factor. Slippage accounts for such things as turnover in positions, vacancy rates and attrition.

**402. Pension**

- Pension costs are fully funded as determined by annual actuarial studies.
- Pension gains and losses are recognized and amortized per actuarial formulas.

**403. Insurance**

- WaterOne will carry and maintain a reasonable amount of fire, public liability, worker's compensation, and fidelity insurance in amounts comparable to those held by similar municipalities in the State of Kansas and costs of insurance shall be paid as an operating cost out of the revenues of the Water System.

*Bond Covenants – Section 905. Insurance*

**404. Procurement Contracts**

- WaterOne's capital and operating budgets are reviewed by the respective Directors and submitted to the General Manager who reviews them and makes a recommendation to the Board for approval. Therefore, staff approval will be given for disbursements for items included in the budget up to the following aggregate amounts:

Manager	\$0 to \$ 5,000
Assistant Director -  Production	\$0 to \$10,000
Director	\$0 to \$10,000
General Manager:	\$100,000

*(See Limitations to the authority of the General Manager – Board Policy #11 Cited Above and WaterOne Purchasing Policy)*

- Procurement contracts for aggregate expenditures up to \$50,000 can be approved by the General Manager, procurement contracts for aggregate expenditures from \$50,000 to \$100,000 require notification of the Board Chair or Vice Chair, and procurement contracts for aggregate expenditures over \$100,000 require Board approval.

*Board Policy #11 – Subjects Requiring Board Authorization*

**405. Change Orders**

- Change Orders for increases on construction projects in excess of \$25,000 for any one increase must be approved by the Board.

*Board Policy #11 – Subject Requiring Board Authorization.*

**406. Expense Reimbursement Policy**

- Reimbursements to employees and officials for expenditures made on behalf of WaterOne may be made providing such expenses were:
  - a. Incurred in performing officially assigned duties
  - b. Necessary and reasonable
  - c. For the direct benefit of WaterOne
  - d. Properly submitted and documented
  - e. Approved in advance, if required
  - f. Within budget
  - g. Lawful

*Board Policy #18 - Expense Reimbursement Policy*

**V. DEBT MANAGEMENT POLICIES****501. Debt Issuance Policy**

- WaterOne intends to maintain the highest bond rating by the credit rating agencies who rate WaterOne's parity debt.
- WaterOne does not have a legal debt limit.
- Revenue Bonds are repaid from Water Rates and SDCs.
- Whenever possible, debt is marketed using the competitive bid process.
- WaterOne covenants to provide continuing disclosure as required by the SEC Rule and as set forth in the Continuing Disclosure Letter of Instructions as attached to the Preliminary Official Statement and made a part thereof in each bond issuance.  
*Bond Covenants – Section 1401. Disclosure*

**502. Debt Structure**

- Debt financing is not used to finance current operating expenditures.
- Key debt ratios should be evaluated against industry standards or averages.
- Composite debt service is structured to be approximately level on a year-to-year basis where appropriate. This avoids spikes, while allowing structuring for the future.
- WaterOne will fix, establish, maintain and collect rates, fees and charges for water or water service furnished by or through the Water System. Such rates, fees and charges shall at all times be sufficient so that the Net Revenues of the Water System shall be not less than 125% of the Annual Debt Service.  
*Bond Covenants – Section 902. Rate Covenant.*
- Though Bond Covenants only require the above referenced 125%, it is the intent of the Board to maintain water rates at a level which will provide Net Revenues from Operations sufficient to produce annually coverage of at least two hundred percent (200%) of the current Annual Debt Service to be funded in any year.  
*Board Policy #16*
- Debt principal and interest payments are budgeted as an expenditure.

**503. Funding Major Capital Projects with Debt**

- Long-term borrowing is used to fund major capital improvement projects and to refund outstanding debt obligations.
- The term of the debt issued for capital expenditures will not exceed the projects' useful lives. The standard term for WaterOne debt is twenty to twenty-five years.
- At least once every five years, the Consulting Engineer will examine and report on the condition and operation of the Water System, including recommendations and reports of extraordinary items of maintenance. This report will be filed with the Secretary of the Board.

*Bond Covenants – Section 908. Consulting Engineer Report*

**504. Refunding / Refinancing**

- Refunding of outstanding debt is done to take advantage of the opportunity to achieve debt service savings due to lower interest rates, to restructure the debt, or to make room for future borrowings.
- Refinancing or restructuring will not extend the final maturity of the original debt.
- WaterOne uses the guideline of a targeted savings of 3% of par refunded on a net present value (NPV) basis to determine cost effectiveness a refunding.

**VI. BONDS & OPERATING FUND INVESTMENT POLICY**

*The following section VI is a complete excerpt from the 'Bond and Operating Fund Investment Policy' document. The only differences being the numbering below is prefixed by "[60-]" in order to differentiate the numbering from Section 1 of these Fiscal Policies & Procedures and some formatting variance.*

**Water District No. 1 of Johnson County  
Bond and Operating Fund  
Investment Policy**  
February 14, 2007  
(as revised December 14, 2021)

**[60-] 1.1 Investment Authority**

Water District No. 1 of Johnson County (WaterOne) has authority granted in K.S.A. 12-1675 to invest all funds held by, or belonging to WaterOne. WaterOne bond covenants further define suitable and authorized investment parameters.

**[60-] 1.2 Policy Statement**

The primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield. All available funds, including bond / construction funds and operating funds, shall be invested in conformance with the Water District No. 1 of Johnson County Bond and Operating Fund Investment Policy (the Policy) and with applicable legal and administrative guidelines and all investments made by, or on behalf of, WaterOne shall seek to adhere to the following objectives.

**[60-] 1.2.1 Safety**

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio and to mitigate credit risk and interest rate risk.

**[60-] 1.2.1a Credit Risk**

WaterOne will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:

- Limiting investments to those in Sections 1.6.1 and 1.6.2 of this Policy.
- Pre-qualifying the financial institutions, brokers / dealers, intermediaries, and advisers with which WaterOne will do business (Reference Section 1.20).

**[60-] 1.2.1b Interest Rate Risk**

WaterOne will minimize interest rate risk, the risk that the market value at redemption of securities in the portfolio will fall due to a significant change in general interest rates, by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

- Investing operating funds primarily in shorter-term, fixed rate securities.
- Maintaining an overall average portfolio maturity of less than 1.5 years.

#### **[60-] 1.2.2 Liquidity**

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets. A portion of the portfolio may also be placed in an interest-bearing checking account in order to meet ongoing obligations.

#### **[60-] 1.2.3 Yield**

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. Investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall not be sold prior to maturity with the following exceptions:

- A security with declining credit may be sold early to minimize loss of principal.
- Liquidity needs may require that the security be sold.
- A security deemed non-compliant with any section of this policy will be sold.

#### **[60-] 1.3 Adoption of Policy**

Any revisions to the Policy must be approved by the Board per Board Policy # 11.

#### **[60-] 1.4 Scope**

This Policy applies to all available funds, including bond / construction funds and operating funds of WaterOne, but not to the investment of Defined Benefit Retirement Plan funds. Investment of these funds is governed by The Master Statement of Investment Policies and Objectives for those retirement plans. Investment of both bond / construction funds and operating funds is also governed by bond covenants which may be more restrictive than Policy requirements.

#### **[60-] 1.5 Pooling of Funds**

Except for cash in certain restricted and special funds, WaterOne will consolidate cash balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective ownership and in accordance with generally accepted accounting principles.

#### **[60-] 1.6 Suitable and Authorized Investment Parameters**

The following policies will assist WaterOne with attaining the objectives stated in Section 1.2. In accordance with, and subject to restrictions imposed by, current statutes and bond covenants applicable to both bond funds and operating funds, the following list represents the entire range of investments that WaterOne will consider and which shall be authorized for the investment, by WaterOne, of aforementioned funds.

**[60-] 1.6.1 Authorized Investments for Operating Funds and Bond / Construction Funds**

Investment of operating funds and investment of all bond / construction funds is limited to the following list of authorized investments:

- Funds needed for ongoing daily operations are to be held in a fully collateralized interest-bearing Time Deposit Account or Demand Deposit Account.
- Direct obligations of the United States of America or any agency thereof, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America.
  - US Treasuries
  - Debt obligations of Government National Mortgage Association (Ginnie Mae)
- Debt obligations of United States Government Sponsored Enterprises (GSE).
- Collateralized Repurchase Agreements backed at 100% by acceptable collateral limited to the following:
  - Direct obligations of the United States of America or any agency thereof, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America.
    - US Treasuries
    - Debt obligations of Government National Mortgage Association (Ginnie Mae)
  - Debt obligations of United States Government Sponsored Enterprises (GSE).
- Guaranteed Investment Contracts (GIC) with any bank, non-bank financial institution or insurance company that has long-term debt (or claims paying ability for insurance companies) rated at least "A" or "A2" by Standard & Poor's or Moody's respectively. In the case of a guaranteed corporation, the long-term debt (or claims paying ability for insurance companies) of the guarantor must be rated at least "A" or "A2" by Standard & Poor's and Moody's respectively. Upon downgrade below these ratings, the GIC provider must either post collateral or assign the agreement to a provider meeting the rating qualifications above. Acceptable collateral and margin requirements, if any, are to be specified in the GIC agreement.
- Kansas Municipal Investment Pool (KMIP) – Reference KSA 12-1677b

Municipal General Obligation Bonds issued by any municipality of the state of Kansas defined in KSA 10-1101. Bonds must have a minimum rating at the time of purchase as follows from at least one rating agency:

Rating Agency	Minimum Rating
Moody's	A3
Standard & Poor's	A-
Fitch Ratings	A-

### **[60-] 1.7 Collateralization**

Funds needed for ongoing daily operations and kept in an interest-bearing checking account at WaterOne's primary banking institution, are to be collateralized in an amount equal to a minimum of 100% of the account balance on deposit, less the amount insured by the FDIC. A pledged security report will be provided to WaterOne by the Federal Reserve on a monthly basis and will provide the following details regarding the collateral:

- Pledgee Name and ID Number
- Pledgor Name and ID or ABA Number
- Cusip
- Par Amount
- Description and Maturity Date of Collateral

Acceptable collateral includes:

- Direct obligations of the United States of America or any agency thereof, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America.
  - US Treasuries
  - Debt obligations of Government National Mortgage Association (Ginnie Mae)
- Debt obligations of United States Government Sponsored Enterprises (GSE).

### **[60-] 1.8 Diversification**

The investment portfolio shall be diversified by investing in securities with varying maturities and in varying types of securities with the following maximum portfolio limits as a percentage of the par value of WaterOne's total investment portfolio (all funds combined with the exception noted below for investment in GICs).

- Collateralized Time Deposit or Demand Deposit Account 100%
- U.S. Treasuries and U.S. Agencies 100%
- Government Sponsored Enterprises (GSE) 80%
- Repurchase Agreements 30%
- Guaranteed Investment Contracts 100%/25%\*
- Kansas Municipal Investment Pool (KMIP) 25%
- Kansas General Obligation Bonds 25%

\*Up to 100% of Bond / Construction Funds may be invested in GICs. Up to 25% of Operating Funds may be invested in GICs.

Investments should be made as to avoid over-concentration in securities from any one specific issuer, with the exception of U.S. Treasuries.

#### **[60-] 1.9 Maximum Maturities**

To the extent possible, WaterOne shall attempt to match its investments with anticipated cash flow requirements. WaterOne shall adopt a balanced portfolio approach structuring the core portfolio (maturities over one year) with a weighted average maturity range of 1 – 2 years. The maximum investment portfolio maturity shall be two years, with the exception of funds invested in KMIP, which may be invested up to the pool's maximum maturity.

Reserve funds and other funds with longer-term investment horizons may be invested in longer maturities if these maturities coincide as nearly as practicable with the expected use of funds.

A portion of the portfolio shall be invested in an authorized investment providing readily available funds such as Time Deposit or Demand Deposit accounts, KMIP and Overnight Repurchase Agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.

The maximum average maturity of the total portfolio, including construction / bond funds shall not exceed 1.5 years.

#### **[60-] 1.10 Intent to Hold to Maturity**

It is the intent of WaterOne to hold all securities to maturity unless liquidation of invested funds is required for liquidity needs or for necessary portfolio adjustments. The sale of securities prior to maturity shall require the prior approval of the Director of Finance.

#### **[60-] 1.11 Investments Maturity Management**

When structuring the maturity composition of the investments, Authorized Staff may evaluate current and expected interest rate yields in consultation with the investment adviser.

#### **[60-] 1.12 Portfolio Management**

All investments of WaterOne funds shall be managed through the office of the Director of Finance consistent with this Policy. Authorized Staff will provide reports on a monthly basis for review by the Director of Finance.

#### **[60-] 1.13 Cash Management & Investment Practices**

WaterOne's cash management practices shall ensure that funds held by, and belonging to, WaterOne are managed in compliance with this Policy and in a manner that provides for adequate funds to be available to meet all disbursement requirements and obligations of WaterOne in a timely manner.

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**[60-] 1.14 Trading Authorization**

All trading accounts will be held in the name of "Water District No. 1 of Johnson County, Kansas". The General Manager shall have all trading authority for the investment of WaterOne funds and that trading authority shall be exercised by the Director of Finance, the Treasury Manager and other staff as authorized by the Director of Finance.

**[60-] 1.15 Bond and Operating Fund Investment Policy Review and Revisions**

This Policy shall be reviewed by the Director of Finance annually and any revisions to the Policy must be approved by the WaterOne Board as specified in Board Policy No. 11.

**[60-] 1.16 Arbitrage**

WaterOne's investment position relative to arbitrage restrictions is to continue pursuing the maximum yield on applicable investments while ensuring the safety of capital and liquidity and to rebate excessive earnings if necessary.

**[60-] 1.17 Reasonable and Prudent Person Standard**

The standard of care to be used by the investment officials shall be the "reasonable and prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this Policy.

**[60-] 1.18 Ethics and Conflicts of Interest**

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial / investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of WaterOne.

**[60-] 1.19 Delegation of Authority**

Authority to manage the investment program is granted to the Director of Finance who shall delegate responsibility for the operation of the investment program hereinafter Authorized Staff, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this Policy. No person may engage in an investment transaction except as provided under the terms of this Policy.

**[60-] 1.20 Authorized Financial Dealers and Institutions**

A list will be maintained of financial institutions and broker/ dealers authorized to provide investment services to WaterOne.

All financial institutions and broker / dealers who desire to become qualified for investment transactions must supply the following as appropriate:

- Audited financial statements
- Proof of Financial Industry Regulatory Authority (FINRA) certification
- Proof of state registration
- Certification of having read and understood the Policy

#### **[60-] 1.21 Competitive Placement**

All investment purchase transactions are to be awarded on a competitive bid basis, however WaterOne reserves the right to accept offerings which do not represent the lowest cost if other considerations are relevant, such as settlement date restrictions or failure of the financial institution / broker / dealer to provide a timely response. At least two quotations must be solicited. Solicitations for offerings are documented and filed for auditing purposes. Ties are given to the bank/ broker holding the main banking relationship with WaterOne. Offerings received after a reasonable response time may not be considered at WaterOne's discretion.

#### **[60-] 1.22 Delivery vs. Payment**

All trades will be executed with the Fed Wire Book Entry system of Delivery vs. Payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds.

#### **[60-] 1.23 Safekeeping and Custody**

All securities are to be perfected in the name of "Water District No. 1 of Johnson County, Kansas" and held in safekeeping under the custody of a financial institution, such as a bank or brokerage firm, with legal responsibility for the securities. For each security held, the custodian will issue a safekeeping receipt indicating ownership by WaterOne. The safekeeping agent shall prepare and deliver to WaterOne a holdings report and a transaction summary report monthly.

#### **[60-] 1.24 Internal Controls**

The investment program will operate under an internal control structure designed to ensure that the assets of WaterOne are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

The internal controls shall address the following points:

- Separation of transaction authority from accounting and record keeping
- Custodial safekeeping
- Avoidance of physical delivery securities

- Clear delegation of authority to subordinate staff members
- Written confirmation of transactions for investments, wire and ACH transfers

**[60-] 1.25 Reporting**

Authorized Staff shall prepare investment portfolio reports on a monthly basis.

**[60-] 1.25.1 Report Contents**

Authorized Staff shall prepare investment reports on a monthly basis showing the investment activity (purchases and maturities) over the prior month, average daily investments, accrued monthly investment income and the annualized yield on investments. Any variance of the portfolio with the Policy will also be reported.

**[60-] 1.26 Performance Standards / Benchmarking**

The investment portfolio will be managed in accordance with the parameters specified in this Policy. The portfolio should obtain a market average rate of return during a market economic environment of stable interest rates. The short term portion of the portfolio (less than one year maturity) should exceed the 91 day U.S. Treasury Bill rate. An appropriate benchmark, such as the 1-2 Year Treasury Index, shall be established for the long term portion of the portfolio (maturity one year and greater) against which portfolio performance and duration shall be compared on a regular basis.

**[60-] 1.27 Marking to Market**

The market value of the portfolio shall be calculated, in accordance with GASB Statement 31, on a monthly basis and reflected on the applicable Fund Analysis report each month. Market values of all portfolio holdings will be obtained from a reputable and independent source.

**[60-] 1.28 Use of External Consultants / Advisers**

External investment consultants and/or advisers may be engaged to assist with the management of all or part of the portfolio.

**[60-] 1.29 Policy Exemptions**

Any investment held as of the first date of approval of any revision to this Policy that does not meet the revised guidelines of the Policy, shall be exempted from the Policy requirements until maturity or liquidation of the investment, at which time monies shall be reinvested as provided by the revised Policy.

**VII. RESERVE POLICIES****701. Purpose**

- The purpose of WaterOne's reserves is to ensure that sufficient funding is available at all times to meet operating, capital, and debt service obligations. Reserves are managed in a manner that allows WaterOne to meet unforeseeable events while avoiding significant water rate fluctuations due to unavoidable changes in cash flow requirements.

*Board Policy #33*

- Adequate reserves and the financial policies governing them are multi-purpose:
  - a. They can provide rate stabilization after all other measures have been evaluated to meet unexpected fluctuations in either revenue or service demands.
  - b. They can smooth cash flow drains in cyclical low revenue months.
  - c. They can provide financing flexibility.
  - d. They can support bond ratings in the capital markets.
- Properly managed reserves ensure uninterrupted business operations from cycle to cycle and in extraordinary circumstances.

**702. Funding Order**

- WaterOne's reserves are each designed to meet specific purposes and defined with specific rules. In order of priority funding they are:
  - a. Bond Reserve Fund - Defined by Bond Covenants – Section 703. Funded by cash and/or equivalent security.
  - b. Operating Contingency - Defined by Bond Covenants – Section 703. Increases are funded as a revenue requirement in the annual budget.
  - c. Negative Cash Flow Reserve – Defined by Board Policy #34, increased on an as-needed basis when year-end funds are available.
  - d. Rate Stabilization Reserve – Defined by Board Policy #33, funded as needed when year-end funds are available or from other sources.
- Reserve policies and reserve levels are reviewed annually as part of the budget process and policies and procedures are updated accordingly.

**703. Fund Balance**

- The use of reserves is meant as a temporary supplement to annually augment planned cash flow activities (Negative Cash Flow Reserve, Board Policy #34) and to provide flexibility in extenuating circumstances.

*(Bond Covenant Reserves - Section 703, Rate Stabilization Reserves – Board Policy #33, Negative Cash Flow Reserve – Board Policy #34).*

- Staff must evaluate the length and severity of any economic condition and its impact on future revenue and expenditure assumptions to determine what must be done to achieve a balanced budget.
- Reserves will be used only after other remedies such as expenditure reductions have been evaluated.
- It is critical that the issues that are causing the imbalance be identified and addressed. Then, if a problem still exists, funds from the reserves can be utilized to maintain liquidity and rate stability.

**704. Reserves****704.1 Bond Resolution Section 703 Operating Contingency**

- The required purpose and balances of this reserve are defined by Section 703 of the Bond Covenants (Applications of Moneys in Funds). They are calculated monthly and treated as a set-aside to ensure a measure of liquidity and safety of investment for the bondholders and are generally considered the last resort available for anything other than very temporary cash spending.

*Section 703 of the Bond Covenants (Applications of Moneys in Funds)*

- By bond covenant, WaterOne covenants and agrees that as long as any parity debt remains outstanding that it will administer and deposit all of the moneys held in the Water System General Fund as described below.
  - a. There shall first be paid all amounts due for Operation and Maintenance Expenses. Thereafter, Section 703 Bond Covenant Reserves are to be set aside in the following manner.
  - b. Debt Service (Variable Requirement) – There shall be deposited on the first day of each month a pro rata amount set aside to the Principal and Interest Fund.
    1. An amount equal to not less than the pro rata amount of principal and interest of debt service funding that will become due on the next succeeding payment date.

2. The bond covenants state that, "all amounts deposited to the Principal and Interest Fund...shall be expended and used...for the sole purpose of paying the principal of and interest...when the same become due."
3. Any amount due for replenishment of the Bond Reserve Funds in the event of a draw or other shortfall.

c. Additional Reserves – The establishment of a reserve for extraordinary renewal and replacement cost contingencies, Operation and Maintenance Expenses, necessary material purchase requirements and unfunded contracts and commitments in an amount equal to 1/6th of the Revenues exclusive of Water System development charges for the current Fiscal Year as shown in the adopted budget of the Board.

- An increase to the 703 Reserve is budgeted annually as an expenditure to recognize the increased costs of the variable portions of the reserve.
- The 703 Reserve will always be funded first before any allocation is made to WaterOne's Negative Cash Flow Reserve or the Rate Stabilization Reserve.

#### **704.2 Negative Cash Flow Reserves**

- The purpose of Negative Cash Flow Reserve is to ensure financial stability during the months when cash receipts are cyclically low, normally during the months of January through June each year. Though receipts during these months are generally lower, WaterOne's funding obligations such as payroll, debt service, insurance premiums, and retirement plan contributions occur throughout the year at relatively fixed levels.

*Board Policy #34*

- This reserve, during the low cash flow months, is used as an extension to water sales revenue. It can be used to keep the Section 703 Reserve intact, pay for normal operation and maintenance expenses and/or cover any shortfalls in annual capital requirements.
- This is a revolving reserve used during the annual low revenue cycle.
- This reserve was originally established in January 1996. Since then, the reserve has been increased as operation and maintenance, annual capital, and debt service expenses have increased due to inflation or expanded programs. As these and fixed costs continue their natural escalation, the funding level for this reserve will continue to grow on an incremental basis.
- Each year when the budget is prepared, a cash flow needs analysis will be completed based on input from department managers. The timing of annual capital purchases, capital carryovers, infrastructure replacements, and ongoing operating needs will be used to determine the amount of negative cash flow

reserve requirements for the coming year and the subsequent reserve funding level.

- The Negative Cash Flow Reserve cannot be replenished until after the Section 703 Reserves are fully funded. Once this occurs, and current monthly cash flow needs are satisfied, then the Negative Cash Flow Reserve can be replenished up to the current Board approved funding level.
- Rebuilding the reserve usually begins early in the third quarter as actual summer water sales begin to materialize as cash.

#### **704.3 Rate Stabilization Reserve**

- The Rate Stabilization Reserve was established to address unforeseen revenue shortfalls such as:
  - a. Weather related water sales deficits
  - b. Economic downturns
  - c. Unexpected disaster or accident
  - d. Unanticipated, but necessary emergency repairs and/or
  - e. An unanticipated mid-year increase in such fixed costs as power, fuel, or materials.

*Board Policy #27 & #33*
- The Rate Stabilization Reserve is the most flexible of the reserves and can be used to meet a variety of needs.
- This fund is used for extraordinary circumstances after all other funding avenues have been evaluated.
- Should any unanticipated shortages in net operating income be deemed to be recurring, such as a permanent power rate increase, adjustments will be made in the following budget year to reflect revised revenue or expenditure expectations.
- Formal Board approval is required prior to fund usage.
- Budgeted operating expenditures are funded with budgeted revenues, both of which are planned on a “normal year” basis. A “normal year” being defined as a year in which weather conditions are neither wet nor dry and expenditures are not intended to cover catastrophic conditions.
- The appropriate level of this reserve will be analyzed on an annual basis as part of the operating budget development cycle and the year-end uncommitted funds evaluation. Funding levels for this reserve will be set by the Board.

- Board action will be required to reserve funds, release funds, or increase the maximum amount of the Rate Stabilization Reserve.
- Annually, the Rate Stabilization Reserve is the last reserve funded and may take several years to replenish depending on the level of depletion.

**VIII. CAPITAL****801. Total Capital Improvements**

- WaterOne differentiates between three types of capital improvements: Annual Capital, Master Plan, and Transmission & Distribution.
- The combined annual budgets for Master Plan, Annual Capital, and Transmission & Distribution replacement projects are at least equal to WaterOne's annual depreciation of all assets.

**802. Annual Capital**

- Annual Capital funding is for the replacement of fleet, major equipment, and for the capitalized repair, replacement and relocation of existing mains, services and hydrants. The cost of routine maintenance is charged to expense while the cost of renewals or substantial betterments is capitalized.
- Annual Capital combined with the annual funding to the Transmission & Distribution Capital Fund is defined as Total Annual Capital.
- WaterOne's capitalization threshold is \$5,000 and a useful life in excess of one year.
- Capital expenditures are budgeted in the year the item is to be purchased or constructed.
- Carryover of annual capital funds is allowed for items not purchased or completed in the current year with appropriate review.
- Fleet requests are evaluated against standards developed for both age and miles.  
*Board Policy #17*
- Projects identified during a budget year not funded in the approved budget can, with the approval of the General Manager and the Director of Finance, be funded from the Omission & Contingency (O&C) Budget.

**803. Master Plan**

- Master Plan capital projects are generally for new major facilities or systems having a long-term life of benefit to WaterOne or for major replacements. These projects can benefit current customers as well as new customers.
- Master Plan projects consist primarily of three types of facilities:

- a. Production – water source and treatment equipment and structures including river intakes, collector wells, a river jetty, reservoirs, residual monofills, supply mains, and treatment plants.
- b. Pumping & Storage – equipment and structures including pumps, pump stations, underground and ground level reservoirs as well as elevated storage in water towers.
- c. Transmission & Distribution – water mains, isolation valves, pressure reducing valves, and tunnels for mains.
- Capacity-related Master Plan projects are based on the latest Water Supply Master Plan developed by WaterOne's consulting engineers. Recommendations developed for water supply and treatment facilities are designed to meet projected demands for at least forty years. The Transmission and Distribution recommendations will meet projected demands for at least twenty years.
- Master Plan also includes major replacement projects from the Asset Management Plan and other long-lived major capital projects which are neither replacements nor associated with increased capacity.
- Current year projects are reviewed no less than quarterly by staff and the consulting engineers to reaffirm timelines, costs in relationship to current economic conditions and to ensure available resources.
- The Master Plan is divided into phases. These phases are designed to allow for flexibility and to ensure that capital investment is made at the correct time to provide an adequate supply of water without building capacity in excess of what will be needed.
- Funding for Master Plan projects come from three sources which are expended in the following priority order:
  - a. proceeds from revenue bonds;
  - b. System Development Charges; and
  - c. water sales revenue.
- Funds are set aside within the Master Plan Fund as “committed” when the project is awarded.
- Although it is the practice to keep the balance no lower than \$5,000,000 in the Master Plan Fund, the objective is to accumulate a larger fund balance in order to reduce the size of future bond issues.

**803.1 Annual Designation of Water Sales Revenue to Master Plan**

- Each year a portion of water sales revenue is budgeted to the Master Plan Fund in the annual Board adopted budget.

- The annual designation of water sales revenue to the Master Plan Fund is analyzed each year as part of the budget process. The target is to designate a minimum of 5% of revenue to the Master Plan Fund in each annual budget; however, the percent designation is reviewed and updated annually based on the current economic conditions and the Master Plan Fund balance.
- The goal of designating a minimum of 5% of revenue to the Master Plan Fund is to reduce the size of future bond issues and provide some budget stability. In deficit years, the funding can be reduced which provides budget stability by offsetting water revenue shortfalls.

#### **804. Transmission and Distribution**

- Transmission and Distribution projects are for the repair and replacement of existing infrastructure and are funded by water rates on a pay-as-you-go basis.
- Funding is budgeted as a component of the Total Annual Capital Budget.
- Transmission and Distribution consists of six types of projects: main replacements, relocation projects, general improvements, main breaks, transmission main repair and replacements, and condition assessment.

##### Main Replacements

- a. Main replacements are budgeted based on the results of a water main asset management program.
- b. The goal is to replace all assets, including mains, at the time which produces the lowest life-cycle cost of that particular asset while continuing to accomplish WaterOne's mission of providing a reliable water supply. Modeling is used to determine the optimum time for replacements.
- c. The decision as to which main replacement projects are the highest priority is determined by a decision matrix that includes many factors, some of which are:
  - i. the number of main breaks per mile per year
  - ii. condition assessment
  - iii. a risk analysis of the consequence of failure
  - iv. cost reduction by timing replacements in conjunction with street improvement projects.

##### Relocation Projects

- a. These projects are constructed in coordination with street improvement projects planned by the governmental entities in areas that WaterOne serves.
- b. The General Manager has the authority to approve and sign water facility Relocation Agreements with cities, counties, and other political subdivisions of

the state expanding or improving street right-of-way under the following conditions:

1. Where WaterOne retains its private easement and relocation is requested, the requesting political subdivision will fully indemnify it for the cost of the adjustment within its retained easement.
2. Any disclaimer of WaterOne's private easements is compensated by a substituted cost reimbursement for all immediate and future relocations within the street right-of-way.
3. Any expense borne by WaterOne will be only for relocation of its facilities that were originally located in street right-of-way.

*Board Policy #31 – Relocation Agreements*

#### General Improvements

- a. General system improvements include normal service connection rehabilitation, main upsizing, and installing new mains and fire hydrants.  
*K.S.A. 19-3514*
- b. WaterOne's service connections are the pipe and related material that connect the water main to the meter. These service connections require ongoing replacement and rehabilitation in order to maintain a reliable water supply.
- c. Main upsizing occurs when a main is replaced with a larger diameter main to allow for increased capacity or water flow. Most upsizing is paid for by WaterOne and is done in conjunction with relocation projects to improve water flow throughout the system. Some upsizing is done when new housing and commercial development occurs and is paid for by the developer.
- d. New mains are occasionally installed to extend the system, but primarily to provide redundant supply or improve fire protection water flow in a particular area.

#### Main Breaks

- a. Main breaks are unplanned construction to repair a leak in the distribution system.
- b. Main break costs may include repair or replacement of a leaking or damaged water main, valve or hydrant.

#### Transmission Main Repair & Replacements

- a. This category includes transmission main breaks, minor replacements, relocations, or general improvements to a transmission main not funded in the Master Plan.

- b. New installations and extensive replacements of transmission mains are funded in Master Plan.

Condition Assessment

- a. This category includes hiring contractors to assess transmission main condition as well as assessments completed by WaterOne staff.

## **IX. POST BOND ISSUANCE COMPLIANCE**

This section IX of WaterOne's Fiscal Policies and Procedures (the "Compliance Policy") is intended to guide WaterOne in meeting its obligations under applicable statutes, regulations and documentation associated with WaterOne's publicly offered and privately placed bonds, notes and other obligations (collectively "bonds"). This Compliance Policy addresses ongoing obligations following the issuance of bonds. These obligations may arise as a result of federal tax law (with respect to tax-exempt securities) and securities laws (with respect to ongoing disclosure) or as a result of contractual commitments made by the Issuer.

This Compliance Policy outlines obligations that may be applicable to each issue of bonds and identifies the party responsible for monitoring compliance. At WaterOne, the Director of Finance (the "Compliance Officer") is responsible for ensuring that the Compliance Policy is followed and checklists and records are maintained. The Compliance Officer may delegate responsibility to employees and outside agents for developing and maintaining records and checklists. WaterOne will provide educational opportunities (opportunities to attend educational programs/seminars on the topic) for the parties identified in this policy with responsibilities for post-issuance compliance in order to facilitate their performance of these obligations.

### **901. Transcripts**

#### **901.1. Provision by Bond Counsel and Content**

WaterOne's bond counsel shall (for each issue) provide WaterOne with a transcript related to the issuance of bonds. It is expected that the transcript will include a full record of the proceedings related to the issuance of bonds, including proof of filing of I.R.S. Form 8038-G or 8038-GC, if applicable.

#### **901.2. Retention**

Bond transcripts will be retained in the Records Center at WaterOne's administrative offices located at 10747 Renner Boulevard, Lenexa, Kansas, or other authorized storage facility.

### **902. Federal Tax Law Requirements**

Applicable only if the bonds are issued as tax-exempt securities (or those securities treated under federal tax law as tax-advantaged securities such as Build America Bonds).

#### **902.1. Use of Proceeds**

- a. If the project(s) to be financed with the proceeds of the bonds will be funded with multiple sources of funds, WaterOne will adopt an accounting methodology that maintains each source of funding separately and monitors the actual expenditure of proceeds of the bonds.

- b. Records of expenditures (timing, amount, and account code of expenditure) of the proceeds of bonds will be maintained by the Compliance Officer.
- c. Records of interest earnings on the proceeds of bonds will be maintained by the Compliance Officer. Interest earnings on proceeds will be deposited in the fund in which the proceeds of the bonds were deposited. If for any reason interest earnings will not remain in the fund in which the proceeds of bonds were deposited, then the plan for use of interest earnings will be discussed with WaterOne's bond counsel.
- d. Records of interest earnings on bond reserve funds will be maintained for the bonds (unless the original principal amount of the bond issue, including other issues during the same calendar year, was \$5,000,000 or less).
- e. Records of Declaration(s) of Intent to Reimburse will be maintained by the Compliance Officer.

### **902.2. Arbitrage Rebate**

- a. *Rebate Monitor.* The Compliance Officer will designate and oversee the Rebate Monitor who will monitor compliance with the arbitrage rebate obligations of WaterOne for each bond issue. WaterOne will provide educational opportunities, through attendance at educational programs/seminars on the topic of arbitrage regulations, to support the Rebate Monitor and facilitate his/her performance of these obligations.
- b. *Small Issuer Exception.* When WaterOne issues bonds, if the Rebate Monitor determines that the total principal amount of governmental obligations (including all-tax-exempt leases, etc.) of WaterOne issued or incurred will be greater than \$5,000,000, the Rebate Monitor will monitor arbitrage rebate compliance.
- c. *Funds Subject to Rebate.* In addition to funds expended for capital project costs from the Construction Fund, when a bond reserve fund is established those proceeds are subject to arbitrage rebate as well. The Rebate Monitor will consult with bond counsel when bonds are issued to determine which funds are subject to arbitrage rebate. The Rebate Monitor will report to the Compliance Officer if any current "bona fide debt service fund" fails to meet requirements which allow exemption, such as the Principal and Interest Fund failing to zero out within the required period. The Rebate Monitor will evaluate, with the assistance of bond counsel or arbitrage rebate consultant if necessary, any new fund created outside the bond resolutions to determine if it is subject to rebate, and; any change of the use of an existing fund which could cause the fund to contain gross proceeds of a bond issue, such as the fund being used exclusively to pay debt service.

- d. *Rebate Exceptions.* The Rebate Monitor will review the closing certificate, arbitrage letter of instructions, tax certificate, tax agreement or other transcript documents relating to the instructions for compliance with federal tax law (the “tax certificate”) in the transcript in order to determine whether WaterOne is expected to comply with a spending exception that would exempt WaterOne from arbitrage rebate liability. If the tax certificate identifies this spending exception, then the Rebate Monitor will monitor the records of expenditures (described in 902.1. above) to determine whether WaterOne met the spending exception. The Rebate Monitor may engage the services of an arbitrage rebate compliance consultant to verify the spend down exception, if necessary. If no other funds are subject to arbitrage rebate and WaterOne has met the relevant spending exception, the Rebate Monitor will retain documentation demonstrating timing of expenditures, and will not need to perform arbitrage rebate calculations or pay an arbitrage rebate to the federal government.
- e. *Construction Fund Negative Arbitrage.* If WaterOne did not meet or does not expect to meet the spending exception described in (i) above, and no other funds are subject to arbitrage rebate, WaterOne will review the investment earnings records retained as described in 902.1.(c) above. If the investment earnings records clearly and definitively demonstrate that the average rate of return on investments of all proceeds of the issue was lower than the “arbitrage yield” on the issue then the Rebate Monitor will retain documentation describing the basis for such determination.
- f. *Bond Reserve Fund.* The Rebate Monitor will monitor investment earnings on the bond reserve fund for each bond issue, including allocating earnings by bond issue in any pooled reserve funds and retain such records for performance of the arbitrage rebate calculation.
- g. *Consultant Services.* If the spending exception is not met *and* if records do not clearly demonstrate negative arbitrage, *or* if other funds such as a bond reserve fund must be included in the arbitrage rebate calculation, WaterOne will retain the services of an arbitrage rebate consultant in order to calculate any potential arbitrage rebate liability. Calculations will be performed no later than 60 days after the fifth anniversary of the date of each issue, every five years thereafter, and no later than 60 days following the retirement of the last obligation of the issue. The selected rebate consultant shall provide a written report in each instance to the Compliance Officer with respect to the issue and with respect to any arbitrage rebate owed, if any.
- h. *Rebate Reporting and Payment.* If, based on the report of the rebate consultant, WaterOne has an arbitrage rebate liability, WaterOne will file reports with the Internal Revenue Service. WaterOne will remit arbitrage rebate to the federal government no later than 60 days following the retirement of the last obligation of the issue.

**902.3. Unused Proceeds Following Completion of the Project**

Following completion of the project(s), financed with the issue proceeds (or three years from the date of issuance if this occurs first), the Compliance Officer will:

- a. review the expenditure records to determine whether the proceeds have been allocated to the project(s) intended and if any questions arise, consult with bond counsel in order to determine the method of re-allocation of proceeds.
- b. direct the use of remaining unspent proceeds in accordance with the limitations set forth in the authorizing proceedings (e.g., bond resolution, bond ordinance, trust indenture, etc.) and if no provision is otherwise made for the use of unspent proceeds, to the redemption or defeasance of outstanding bonds of the issue.
- c. consult with bond counsel, if after three years unused proceeds remain, regarding potential yield restriction or yield reduction payments relating to the unspent bond proceeds.

**902.4. Facilities and Use of the Facilities Financed with Proceeds, Private Use**

WaterOne's Compliance Officer will monitor and confirm that WaterOne maintains an asset list or other record regarding all facilities and equipment that are bond-financed, and depreciation schedules for such facilities and equipment. In order to maintain tax-exemption of securities issued on a tax-exempt basis, the financed facilities (projects) are required to be used for governmental purposes during the life of the issue.

The Compliance Officer will coordinate with WaterOne staff to monitor and maintain records regarding any private use of the projects financed with tax-exempt proceeds. The IRS Treasury Regulations prohibit private business use (use by private parties including nonprofit organizations and the federal government) of tax-exempt financed facilities beyond permitted *de minimus* amounts unless cured by a prescribed remedial action. Private use may arise as a result of activities such as the following:

- a. Sale of the facilities;
- b. Lease or sub-lease of the facilities (including leases, easements or use arrangements for areas outside the four walls, e.g., hosting of cell phone towers) or leasehold improvement contracts;
- c. Management contracts (in which WaterOne authorizes a third party to operate a facility, e.g., cafeteria), research contracts and naming rights contracts;
- d. Preference arrangements (in which WaterOne permits a third party preference, such as parking in a public parking lot); and.
- e. Joint-ventures, limited liability companies or partnership arrangements.

If the Compliance Officer identifies private use of tax-exempt debt financed facilities, the Compliance Officer will consult with WaterOne's bond counsel to determine whether private use will adversely affect the tax-exempt status of the issue and if so, what remedial action is appropriate. The Compliance Officer should retain all documents related to any of the above potential private uses.

#### **902.5. Records Retention**

The Compliance Officer will maintain records in WaterOne's Records Center for each issue (the "Post Issuance Compliance and Disclosure Record"). Records will be retained by WaterOne for the life of the bond issue (and any issue that refunds the bond issue) and for a period of six years thereafter. Records will include:

- a. Records with respect to matters described in section 901 and subsections 902.1 through 902.4
- b. Copies of all certificates and returns filed with the IRS (e.g., for payment of arbitrage rebate) and all reports regarding IRS examinations of Issuer or its bond financings.
- c. Copies of all documents related to potential private use as set forth in 902.4. above, including leases, user agreements for use of the financed property (agreements that provide for use of the property for periods longer than 30 days), whether or not the use was within the four walls, e.g., use of the roof of the facility for a cell phone tower.
- d. Any other documentation necessary to establish the qualification for tax-exemption of the bonds.

#### **903. Ongoing Disclosure**

Under the provisions of SEC Rule 15c2-12 (the "Rule"), underwriters are required to obtain an agreement for ongoing disclosure in connection with the public offering of bonds. Unless WaterOne is exempt from compliance with the Rule as a result of certain permitted exemptions, the transcript for each issue will include an undertaking by WaterOne to comply with the Rule.

- a. The Compliance Officer will monitor compliance by WaterOne with its undertakings including an annual filing of operating and financial information.
- b. The Compliance Officer will monitor events which might require WaterOne to file notice of a listed "material event" in the Rule. The Compliance Officer will consult WaterOne's bond counsel if a "material event" is identified, will cause to be filed any required disclosure, and will timely notify the Board of such disclosure.
- c. The Compliance Officer will maintain as part of the issue's Post Issuance Compliance and Disclosure Record:

- i. An annual disclosure monitoring and compliance checklist,
- ii. A record of the annual filing of operating and financial information,
- iii. A record of any material event disclosures, and
- iv. A record of any voluntary continuing disclosures.

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## ABOUT WATERONE

WaterOne is a quasi-municipal body corporate of the State of Kansas. It is governed by a seven-member board, elected by voters within the boundaries of WaterOne. WaterOne is an independent public water utility. It is not affiliated with Johnson County government. When WaterOne was organized in 1953, it encompassed approximately 47 square miles in the western portion of the Kansas City metropolitan area. Currently, WaterOne encompasses approximately 272 square miles, most of which is in Johnson County, with portions in Miami and Wyandotte counties. WaterOne has the exclusive right to provide treated pressurized water by pipeline within its boundaries, providing water on a retail basis to all or a portion of 17 municipalities as well as certain unincorporated areas.

Organized in 1953, WaterOne commenced operations in 1957. Initially, WaterOne had a four million gallon per day (mgd) summer peaking treatment plant supported by wells. In addition, WaterOne purchased wholesale water from Kansas City, Missouri and Kansas City, Kansas. In the years following, WaterOne's Water System was expanded and, in 1961, a 55 mgd water intake on the Kansas River was installed as an additional water supply source.

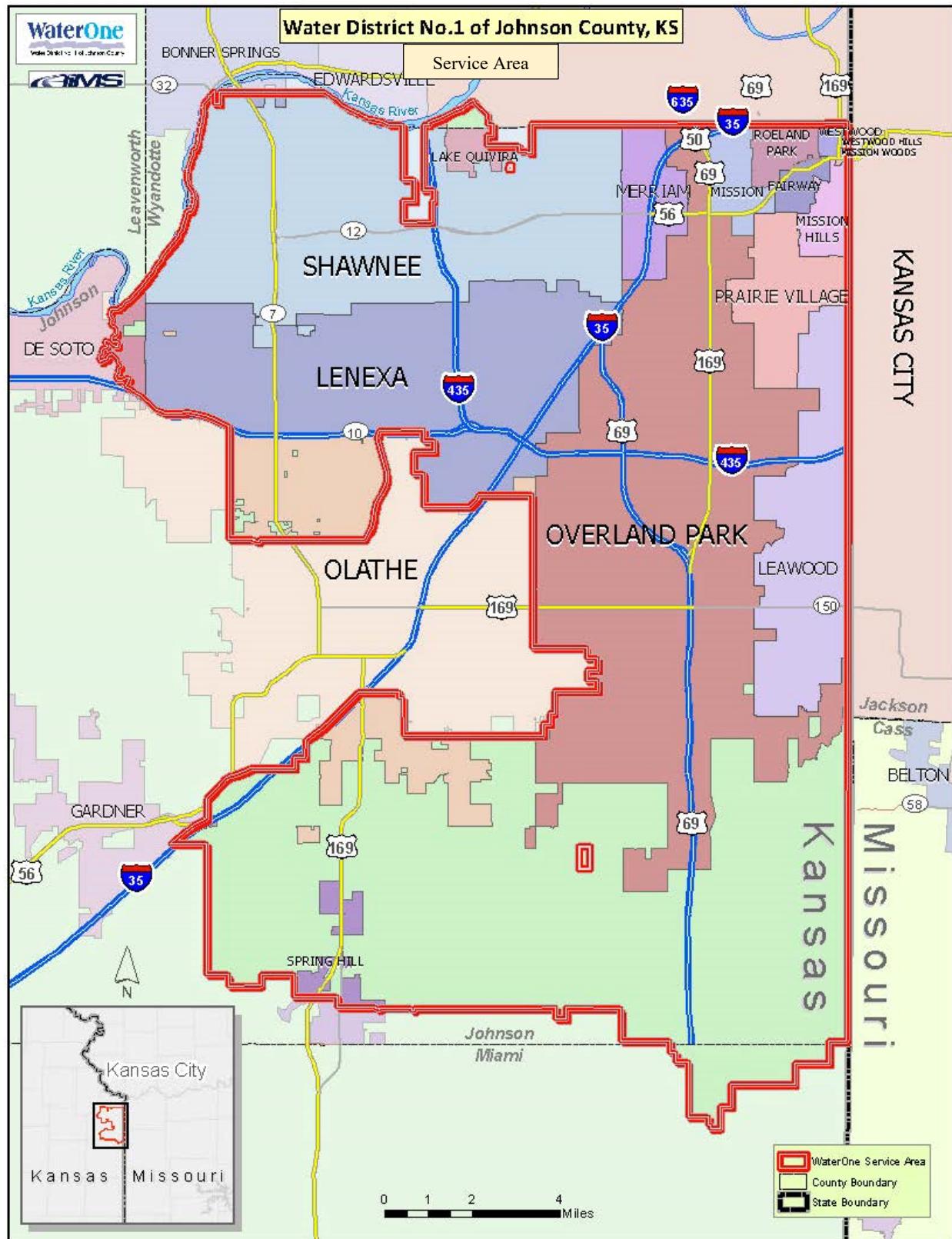
In 1977, the governing Board of WaterOne adopted a plan (the "Master Plan") to use the Missouri River as a supplemental source of water supply and to expand treatment and distribution facilities in order to meet the projected growing demands of WaterOne's customers. The Phase I portion of the expansion plan was completed in 1984 and resulted in a production capacity of 80 million gallons per day. In subsequent years, WaterOne's Consulting Engineer periodically completed updates to the Master Plan to reflect increased water demands, updated population projections, new and expanded wholesale customer demands and increased service area due to the annexations of surrounding rural water districts. System improvements through Phase IV-B culminated with an expansion of firm production capacity to 180 mgd per day in 2005. Other improvements through Phase IV-B included treated water transmission and distribution mains and distribution system pumping and storage improvements.

In 2007, WaterOne began the Phase V-A portion of the Master Plan related to construction of a treatment plant facility and horizontal collector well along the Missouri River (the "Wolcott Treatment Plant"). The majority of Phase V-A facilities are in service and the Wolcott Treatment Plant and transmission mains added an additional 20 mgd of firm capacity to WaterOne's treatment, pumping and storage capacity. The Wolcott Treatment Plant and supply facilities are designed to be expanded for more capacity as the water demands and population served by WaterOne increase.

## SERVICE AREA

In addition to 17 cities shown on the map that follows, WaterOne also serves unincorporated parts of Johnson County. Its service connections extend into parts of Wyandotte County and Miami County. WaterOne has infrastructure within the city limits of Bonner Springs and Gardner, but does not currently provide service to customers in those jurisdictions.

WATERONE 2022 BUDGET  
DEMOGRAPHICS



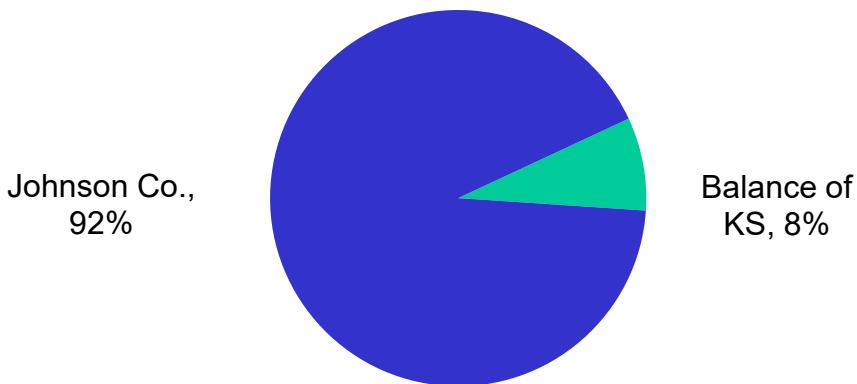
## JOHNSON COUNTY DEMOGRAPHICS

### POPULATION

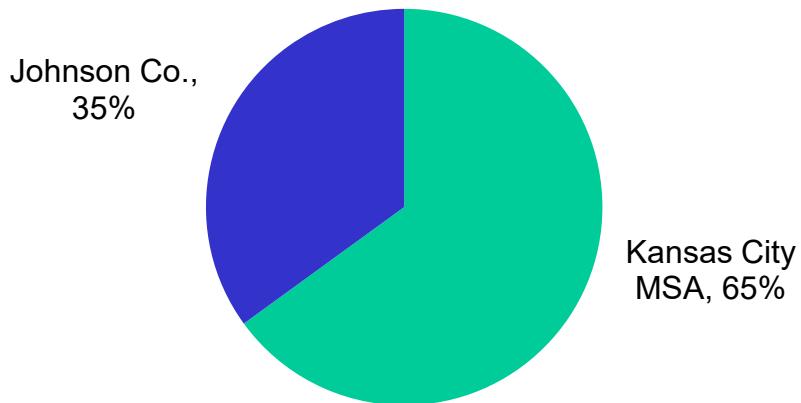
#### POPULATION GROWTH 2011 to 2021 (1)

Between 2011 and 2021, Johnson County's population grew by 60,312 (11%). Johnson County accounted for 92% of the total population growth in the entire State of Kansas and 35% of the Kansas City MSA (2).

#### Kansas Population Growth: 2011 to 2021



#### Kansas City MSA (2) Population Growth: 2011 to 2021



#### Johnson County Population

2000 (3) .....	451,086
2010 (3) .....	544,179
2021 (3) .....	613,219

1. Source: County Economic Research Institute, 2023 Economic Primer

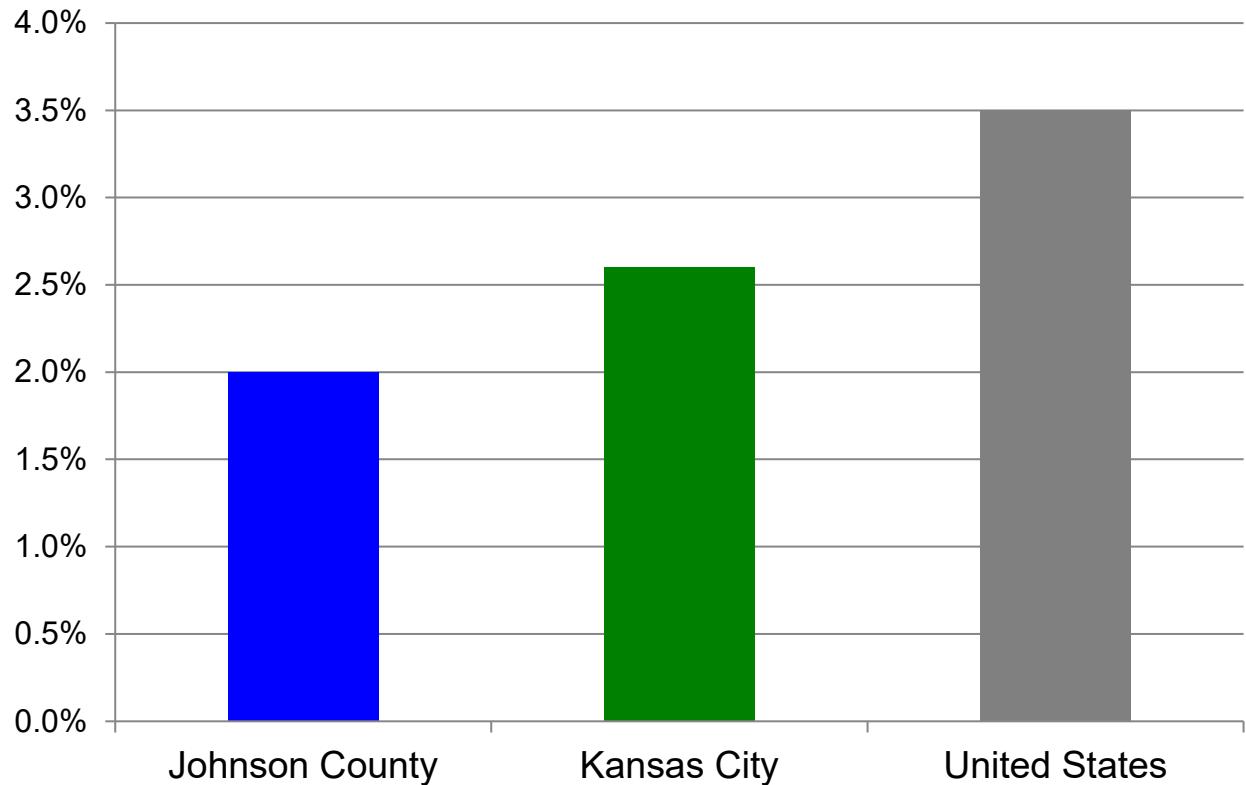
2. MSA is Metropolitan Statistical Area of Kansas City.

3. Source: U.S. Census Bureau

# JOHNSON COUNTY DEMOGRAPHICS

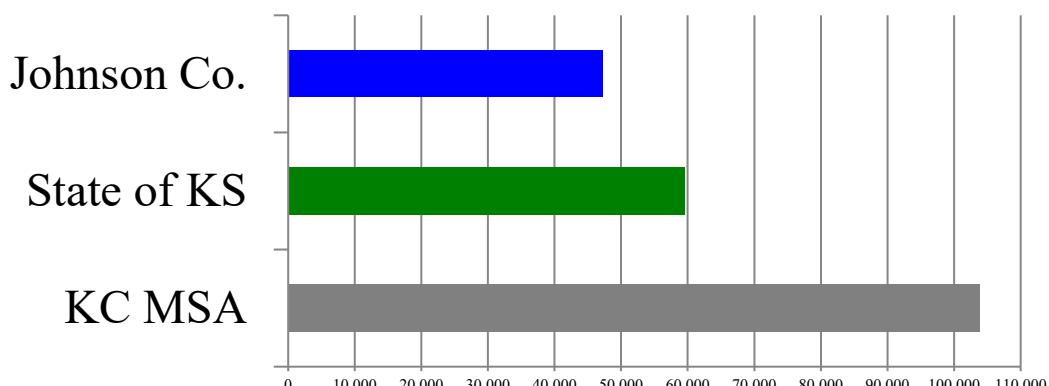
## EMPLOYMENT AND JOB GROWTH

### Unemployment Rate as of November 2023 <sup>(1)</sup>



### JOB GROWTH 2012 TO 2022 <sup>(2)</sup>

The number of jobs in Johnson County grew from 307,578 in 2012 to 354,814 in 2022, an increase of 47,236 jobs or 15%. Over the decade, Johnson County accounted for 79% of the total net increase in jobs in the State of Kansas and 46% of the job growth in the Kansas MSA<sup>(3)</sup>.



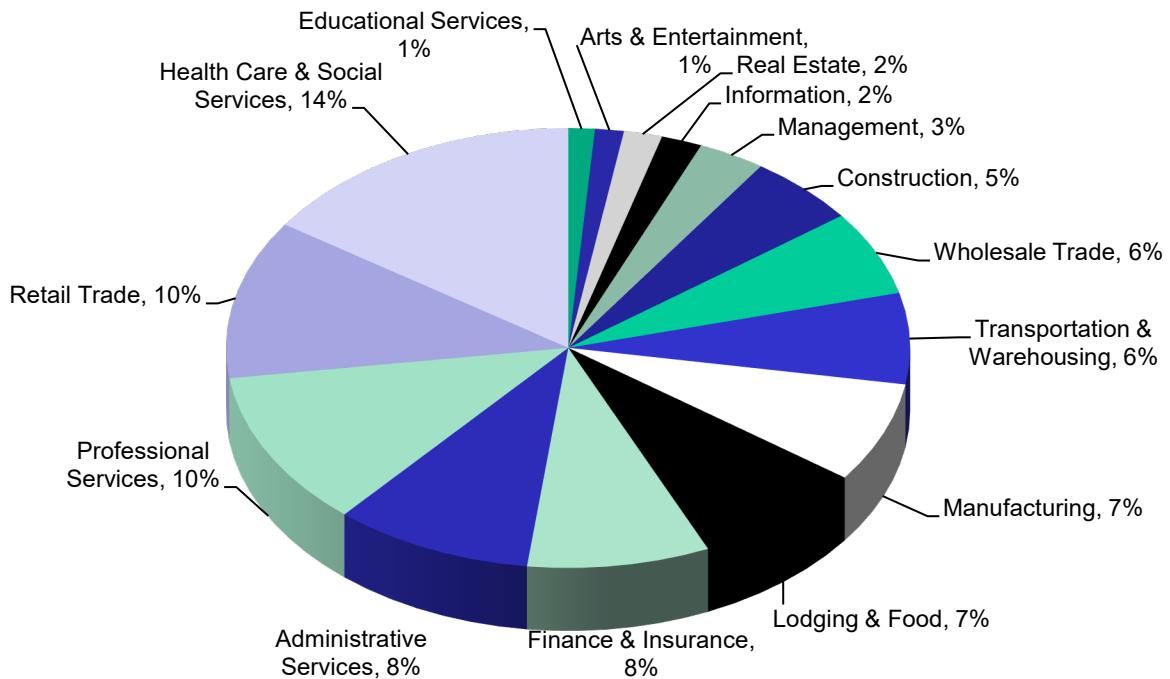
1. Source: County Economic Research Institute, January 2024 Johnson County Indicators

2. Source: County Economic Research Institute, 2023 Economic Primer

3. MSA is Metropolitan Statistical Area of Kansas City.

# JOHNSON COUNTY DEMOGRAPHICS

## NON-FARM EMPLOYMENT BY INDUSTRY: 2021

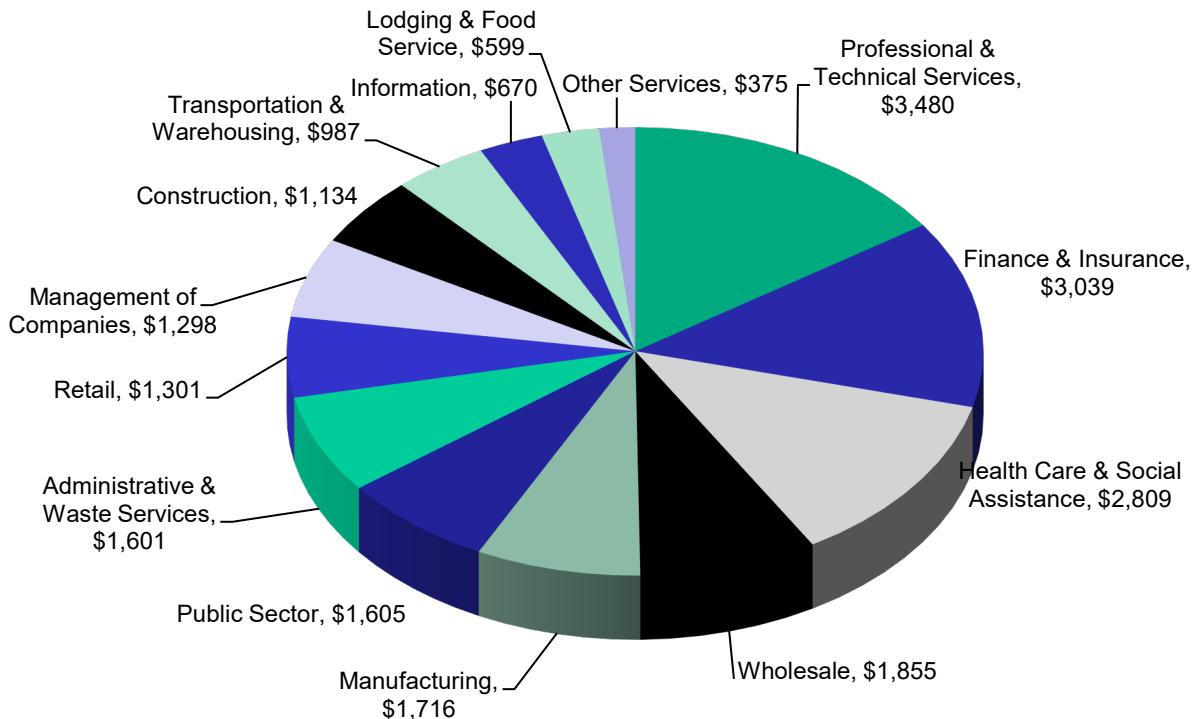


Source: County Economic Research Institute, 2023 Economic Primer

# JOHNSON COUNTY DEMOGRAPHICS

## PAYROLL BY INDUSTRY: 2021

In millions

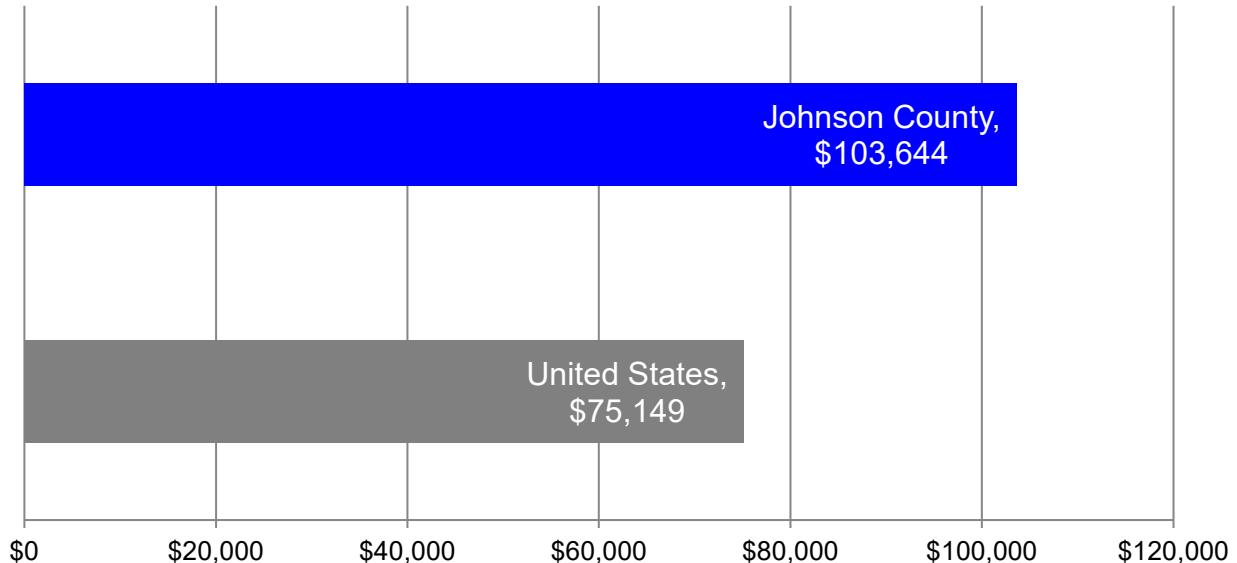


Source: County Economic Research Institute, 2023 Economic Primer

## JOHNSON COUNTY DEMOGRAPHICS

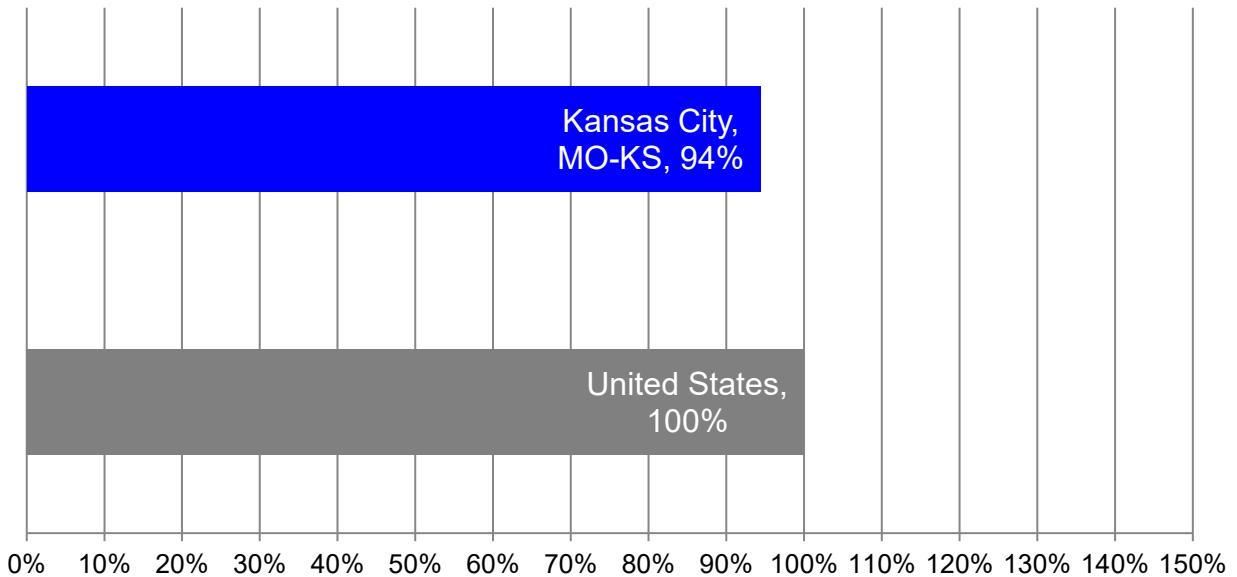
### QUALITY OF LIFE

#### 2022 Median Household Income



Source: United States Census Bureau

#### Cost of Living Index



Source: Missouri Economic Research and Information Center

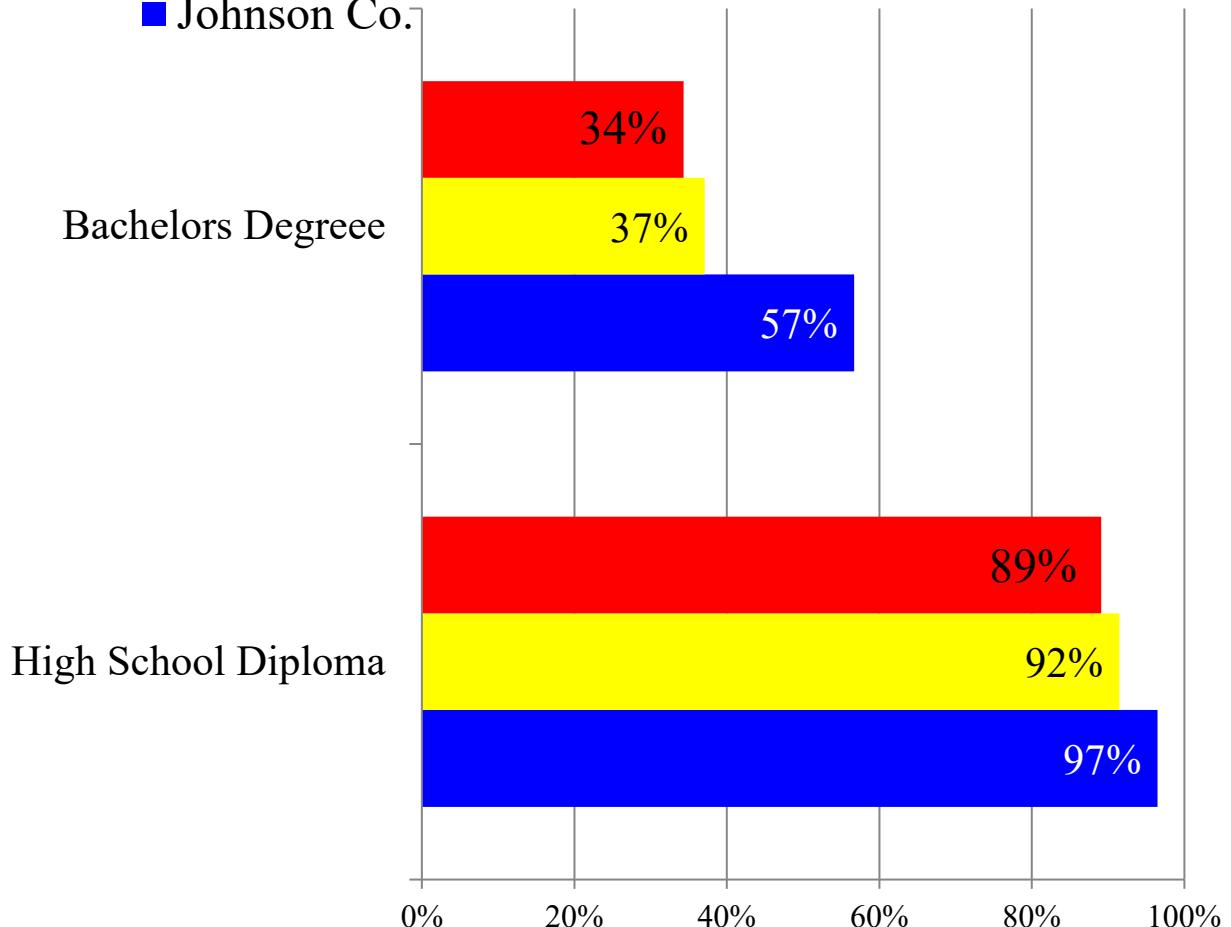
## JOHNSON COUNTY DEMOGRAPHICS EDUCATION

Percent of Persons 25 Years & Older with at least a:

■ U.S

■ KC MSA

■ Johnson Co.



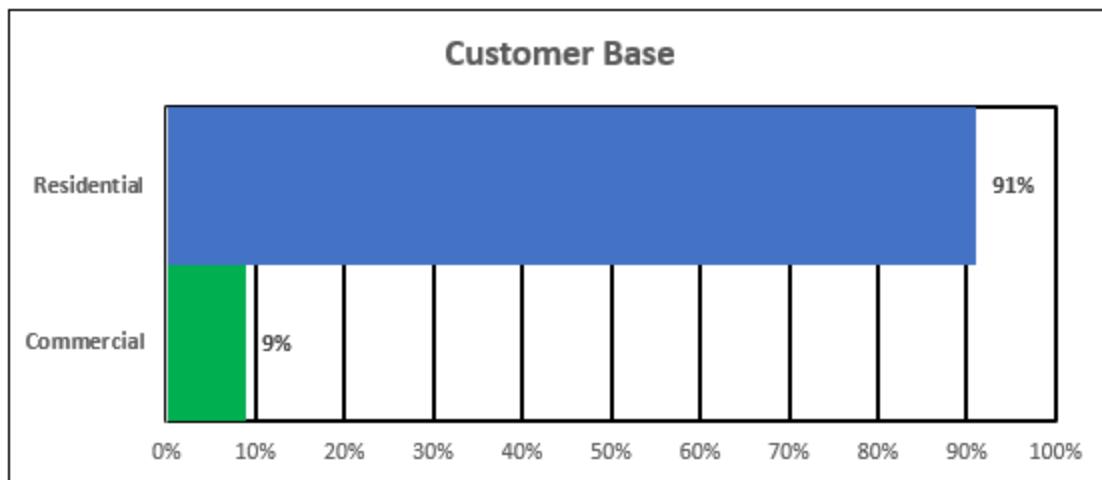
Source: Census.gov

## CUSTOMER BASE INFORMATION (2023)

### Top 15 Customers

- 1 COCA COLA BOTTLING
- 2 JOHNSON COUNTY WASTEWATER
- 3 BLUE VALLEY SCHOOL DISTRICT
- 4 CITY OF OVERLAND PARK
- 5 CORPORATE WOODS
- 6 SHAWNEE MISSION SCHOOL DISTRICT
- 7 CITY OF LENEXA
- 8 KANSAS CITY COUNTRY CLUB
- 9 SHAWNEE MISSION MEDICAL CENTER
- 10 ELANCO KANSAS LLC
- 11 CEVA BIOMUNE
- 12 MILBURN GOLF COUNTRY CLUB
- 13 INDIAN HILLS COUNTRY CLUB
- 14 MEADOWLARK HILL APARTMENTS
- 15 TALLGRASS CREEK INC

Top 15 accounts make up 3.7% of revenue



WaterOne's customer base is very stable. Approximately 91% of the customer accounts are single family residential and make up 65% of revenue. Commercial customers make up 35% of water sales revenue, and consist of a wide variety of light industrial, office building, entertainment, retail shop, service oriented businesses, and multi-family units.

**703**

703 is the section of WaterOne's bond resolutions pertaining to the priority of WaterOne's flow funds. Within the budget document, reference to "703" is related to the portion of the flow of funds which sets aside an operating contingency and specifies how the required balance of that reserve is calculated.

**Accrual**

A system of accounting based on the accrual principle, under which revenue is recognized (recorded) when earned, and expenses are recognized when incurred. Totals of revenues and expenses are shown in the financial statements (prepared at the end of an accounting period), whether or not cash was received or paid out in that period.

**Administrative Warehouse**

Designation for the warehouse and office facility located adjacent WaterOne's business offices which was purchased for expansion purposes in late 2016.

**Adopted Budget**

The budget approved by WaterOne's board at the regularly scheduled December Board meeting.

**AHQ**

Administrative Headquarters. Location of WaterOne's administrative offices, fleet, warehouse and distribution service center.

**Amortized**

The general elimination of a liability in regular payments over a specified period of time.

**AMI**

Advanced Metering Infrastructure. A meter system which enables two-way communication over a fixed network between the meter and the utility, and between the meter and consumer.

**Annual Capital Budget**

The budget for new and replacement capital construction projects and equipment purchases funded from water rates as part of the Adopted Budget. The Annual Capital Budget excludes Master Plan projects and funding.

**Arbitrage**

The practice of taking advantage of a price differential for the same financial instrument in two or more different markets.

**Audit**

An official external review of WaterOne's Financial statements. May also reference WaterOne's internal Audit Department within the Legal/Audit Division.

**AWC**

Average Winter Consumption. A customer's base water usage for Peak Management Rate (PMR) billing purposes, stated in gallons per day. The AWC is used when determining which commodity block rate is applicable to water consumption in a billing period. For each year the AWC is calculated as the customer's average daily consumption for January through April. Customers are given the benefit of the higher of their individual AWC or the Default AWC.

**AWWA**

American Water Works Association. A nonprofit, scientific and educational association dedicated to managing and treating water.

**Balanced Budget**

Annual financial plan in which revenues equals expenditures.

**Board**

Governing body of WaterOne. Made up of seven members elected at-large to four year terms.

**Bond**

A debt instrument which promises to pay a sum of money on a specific date at a specified interest rate.

**BPU**

Board of Public Utilities. Neighboring utility who provide electricity and water to WaterOne facilities located in Wyandotte County, Kansas, outside WaterOne's boundaries, primarily intake and treatment facilities.

**Budget**

The District's financial plan balancing proposed expenditures for a certain period of time to the expected income or revenue for that same period.

**C1**

Code used internally by WaterOne for Small Commercial Accounts, which are “Non-residential uses of water ... served through a meter size of one inch or less.”

**C2**

Code used internally by WaterOne for Large Commercial Accounts, which are “Non-residential uses of water ... served through a meter size of larger than one inch.”

**C3**

Code used internally by WaterOne for Temporary Commercial Accounts, which require a special permit and defined as “Temporary water uses supplied through a metered fire hydrant.”

**CAD**

Computer-Aided Design. Using computers to design projects.

**Carry-Overs**

Annual Capital planned and funded in a prior year but not completed. Carry-overs projects are authorized to be extended to the current budget year along with their funding, which was collected from rates in the original budget year.

**CIP**

Capital Improvement Program. A proactive program addressing the capital needs of WaterOne, specifically related to growth and aging infrastructure. CIP consists of three components: Master Plan, Transmission & Distribution, and Annual Capital.

**COS**

Cost of Service.

**CPI**

Consumer Price Index.

**DB**

Defined Benefit.

**DC**

Defined Contribution.

**Debt Service**

Cash required over a given period for the payment of interest and repayment of principal on bonded indebtedness.

**Debt Service Coverage Ratio**

The sum of revenues (including investment income), less operations and maintenance expenses, divided by the annual debt service requirement.

**Default AWC**

Default Average Winter Consumption. An alternative to the AWC set by an individual customer. The Single-Family customer has a Default AWC which is the average of all individual customer AWCs within the Single-Family Rate Class. All other retail customers have a Default AWC which is the average of all individual customer AWCs with the same meter size within their same Rate Class.

**Delayed Payment Charge**

A charge imposed on a water bill paid after the due date.

**Depreciation**

The expiration in the service life of capital assets attributable to wear & tear, deterioration, action of the physical elements, inadequacy or obsolescence.

**Distribution Main**

A water main which is supplied from Transmission Mains or other Distribution Mains and which is available to serve individual customer connections. Distribution Mains are generally sized less than 16 inches in diameter, but WaterOne may designate larger sizes as Distribution Mains depending on their function.

**DM**

Distribution Main.

**Enterprise Fund**

A type of fund in which the costs of goods and services are recovered directly from user fees associated with those goods and services.

**EPA**

Environmental Protection Agency.

**ERP**

Enterprise Resource Planning. Integrated software systems combining Financial, customer, human resource and other systems

**Evergy**

Electricity provider for a portion of WaterOne's facilities.

**Expenditure**

The outflow of funds paid or to be paid for an asset obtained, or goods and services obtained regardless of when the expense is actually paid.

**Federal Funds Rate**

The target interest rate at which commercial banks borrow and lend their excess reserves to each other overnight. The rate is set several times per year by the monetary policy-making body of the Federal Reserve System.

**Field Service Charges**

Misc. operating revenue from collection of charges for restoration of service after being shut off for nonpayment or other rule violations and returned check charges.

**Fiscal Year**

A twelve month accounting period to which the annual operating budget applies and at the end of which WaterOne determines its financial position. The fiscal year for WaterOne begins on January 1st of every year and ends on December 31st of that same year.

**FP&A**

Financial Planning & Analysis

**FTE**

Full Time Equivalent. A measurement of employee staffing expressed as a ratio to a full time employee. One FTE is equal to 2,080 hours calculated as a full time employee's base paid hours for 40 hours per week for 52 weeks.

**Fund Balance**

The fund balance in any given fund is the net position of the fund's assets after liabilities have been met.

**GAAP**

Generally Accepted Accounting Principles (GAAP).

**GASB**

Government Accounting Standards Board. The independent, private-sector organization that establishes accounting and financial reporting standards for U.S. state and local governments that follow Generally Accepted Accounting

Principles (GAAP). Standard issued by GASB are referred to by number (e.g., GASB 31).

**General Fund**

An account which contains all revenue derived and collected by the Water District from the operation of the Water System. It can only be used for the purposes authorized by law, including but not limited to, paying the costs of operation, maintenance, extension, and improvement of the Water System; paying the principal of and interest on the Bonds; funding the Bond Reserve Funds; and creating and maintaining adequate reserves.

**General Improvements**

General Improvements include normal service connection rehabilitation, main upsizing and downsizing, and installing new mains, valves, and fire hydrants.

**GFOA**

Government Finance Officers Association

**GIS**

Geographic Information System. A mapping software that deals with spatial information. It links attributes and characteristics of an area to its geographic location.

**GPS**

The Global Positioning System is a space-based satellite navigation system used to determine the ground position of an object.

**Hansen**

Refers to the Hansen Treatment Plant, one of WaterOne's two water treatment facility locations.

**HVAC**

Heating, Ventilation and Air Conditioning.

**HVAC/R**

Heating, Ventilation, Air Conditioning and Refrigeration.

**Indoor Water Use**

The base water usage by a customer that generally excludes seasonal peaking for irrigation.

**Kansas River Water Assurance District**

A group of municipalities and industries who have rights to water from a river below Federal Reservoirs who pool their resources to purchase storage space in the reservoirs. This space and the water contained within that space is used or released to assure that the members of the District will have enough water to meet their demands.

**KMIP**

Kansas Municipal Investment Pool.

**KPIs**

Key Performance Measures.

**KRWAD**

Kansas River Water Assurance District.

**LT**

Long-term (disability).

**M1**

Code used internally by WaterOne for Multi-Family Residential Accounts, which are “2 or more residential living units contained within 1 building or structure and served solely by 1 service connection”.

**Master Plan**

WaterOne’s long-term plan for expansion adopted by the Board in 1977. The Plan includes projects to build new facilities or replacement projects related to water treatment, pumping and storage, and transmission mains. These facilities are needed primarily to increase water supply to serve new customers but are also designed to protect existing facilities from becoming obsolete.

**Master Plan Designated**

Revenue budgeted in the Adopted Budget which are derived from water rates and transferred to the Master Plan Capital Fund.

**MBA**

Metrics-Based Analysis. MBAs are submitted to justify every new headcount. MBAs are data-driven analyses based on actual work produced, task-time estimates, constraining parameters, and assumptions.

**MGD**

Million Gallons per Day. A measurement of water flow.

**Modified Accrual Basis**

The basis of accounting in which revenues are recognized in the period when they become available and measurable (known). Expenditures, if measurable, are recognized in the accounting period in which liabilities are incurred, regardless of when the receipt or payment of cash takes place. An exception is un-matured interest on general long-term debt, which is recorded when it is due.

**Negative Cash Flow Reserve**

The Negative Cash Flow Reserve is used to provide financial liquidity during low cash flow months, normally the months of January through June each year.

**Net Bond Proceeds**

Portion of the proceeds from a bond issue which are set aside in a construction fund to pay for Master Plan projects.

**Notify JoCo**

A mass notification system to keep Johnson County residents and businesses informed of emergencies. Notify JoCo is a partnership among Johnson County, WaterOne, and participating cities. Registered users get custom alerts by phone, email, and/or text.

**NPV**

Net Present Value. The present value of the expected future cash flows minus the cost.

**O&M**

Operations & Maintenance.

**OPEB**

Other Post Employment Benefits. Benefits provided to retirees other than pension, such as retiree health insurance.

**OT**

Overtime (Labor).

**Ozone Treatment Plant**

WaterOne facility located adjacent to the Hansen Treatment Plant which treats the water with ozone for disinfection and taste and odor compounds.

**P&I**

Principal and Interest. Refers to principal and interest due on WaterOne's bonds.

**Parity Bonds**

Special obligations of the Water District payable solely from and secured by a pledge of and first lien on the net revenues of the Water district.

**Pay-As-You-Go Basis**

A term used to describe a financial policy by which capital outlays are financed from current revenues rather than through borrowing.

**PMR**

Peak Management Rate. An inclining rate structure designed to encourage customers to reduce peak usage and recovers costs more equitably from those customers who choose to have peak water usage. PMR rates charge a higher amount for water usage above the customer's base usage. Block 1 rates are for volumes up to 125% of the customer's Average Winter Consumption (AWC). Block 2 rates, which are higher, are for those gallons used in excess of 125% of the customer's AWC.

**Potable Water**

Water that does not contain pollution, contamination, objectionable minerals or infective agents and is considered safe for domestic consumption.

**Presed**

Presedimentation. A pretreatment process used to remove gravel, sand, and other gritty material from raw water before it enters the main treatment plant.

**Principal and Interest Fund**

A fund used to account for restricted cash and investments. Its specific purpose is to pay the debt service on WaterOne's outstanding bonds and contingencies.

**PRV**

Pressure Reducing Valve.

**R1**

Code used internally by WaterOne for Single-Family Residential Accounts, which are "1 residential living unit served solely by 1 water service connection."

**Ralph G. Wyss Pump Station**

WaterOne's newest pump station in service in 2016 to provide increased pumping and storage capacity for the southern portion of the service area.

**Rate Class**

Customers grouped together for billing purposes having similar characteristics. WaterOne Rate Classes are: Single Family Residential Multi-Family Residential, Small Commercial, Large Commercial, Temporary Commercial, and Wholesale.

**Raw Water**

Water in its natural, untreated state.

**Reserve Fund**

An account used to indicate that its balance is restricted for a specific purpose and is, therefore, not available for general appropriation.

**RFP**

Request for Proposal.

**SAP**

An integrated enterprise application suite, using Enterprise Resource Planning software in a client-server environment.

**SCADA**

Supervisory Control and Data Acquisition. A large-scale, distributed measurement and management computer system used as a mechanism to monitor and control chemical, physical or transport processes.

**SDC Fund**

The fund where SDC revenue is collected to pay for SDC-qualified facilities or to retire bonds which were issued for SDC-qualified facilities.

**SDCs**

System Development Charges. SDCs represent a capital contribution from new customers to be used by WaterOne for the construction, refurbishment, or replacement of major projects related to additional supply, treatment, and transmission and major distribution facilities, or the redemption of bonds issued to pay for those facilities.

**Significant Accounts**

For district-wide schedules, a Significant Account is any O&M account that comprises 5% or more of its category, and/or has a change of both \$25,000 and is 5.0% over the prior year's budget. For the divisional sections, Significant Accounts are the largest budget items and must collectively make up at least 90% of the divisional O&M budget.

**SRF**

State Revolving Fund. The Kansas State Revolving Water Supply Loan Fund provides financial assistance to Kansas municipalities in the form of loans for the construction of publicly owned wastewater treatment facilities and public water supply system infrastructure.

**ST**

Short-term (disability).

**T&D**

Transmission & Distribution - Facilities related to Transmission and Distribution include water mains, pressure reducing valves, service connections and fire hydrants.

**T&D Capital Fund**

A contingent liability account set up to pay only for the maintenance, rehabilitation and/or replacement of WaterOne's aging Transmission & Distribution underground infrastructure.

**TM**

Transmission Main.

**Total Annual Capital**

Total Annual Capital consists of the Annual Capital budget and annual funding to the T&D Capital Fund.

**Transmission Main**

A water main which functions as a high volume feed between the water source to Distribution Mains and other Transmission Mains. Transmission mains are generally sized 16 inches in diameter and larger, but WaterOne may designate smaller sizes as Transmission Mains depending on their function.

**Unified Government**

Unified Government of Wyandotte County and Kansas City, Kansas. A portion of WaterOne's source and treatment facilities are located in Wyandotte County, within the jurisdiction of the Unified Government.

**Water Revenue Bonds**

Debt instruments issued by a state or local government in order to raise money which are secured solely by specified revenue and not by tax revenue.

**Water Sales Revenue**

Income derived from customers for the delivery of water, including service charges and metered volume-based charges.

**Wolcott Facility**

The newest of WaterOne's two water treatment plant locations.

**WRF**

The Water Research Foundation is a nonprofit, educational organization that funds, manages, and publishes research on the technology, operation, and management of drinking water, wastewater, reuse, and stormwater systems.