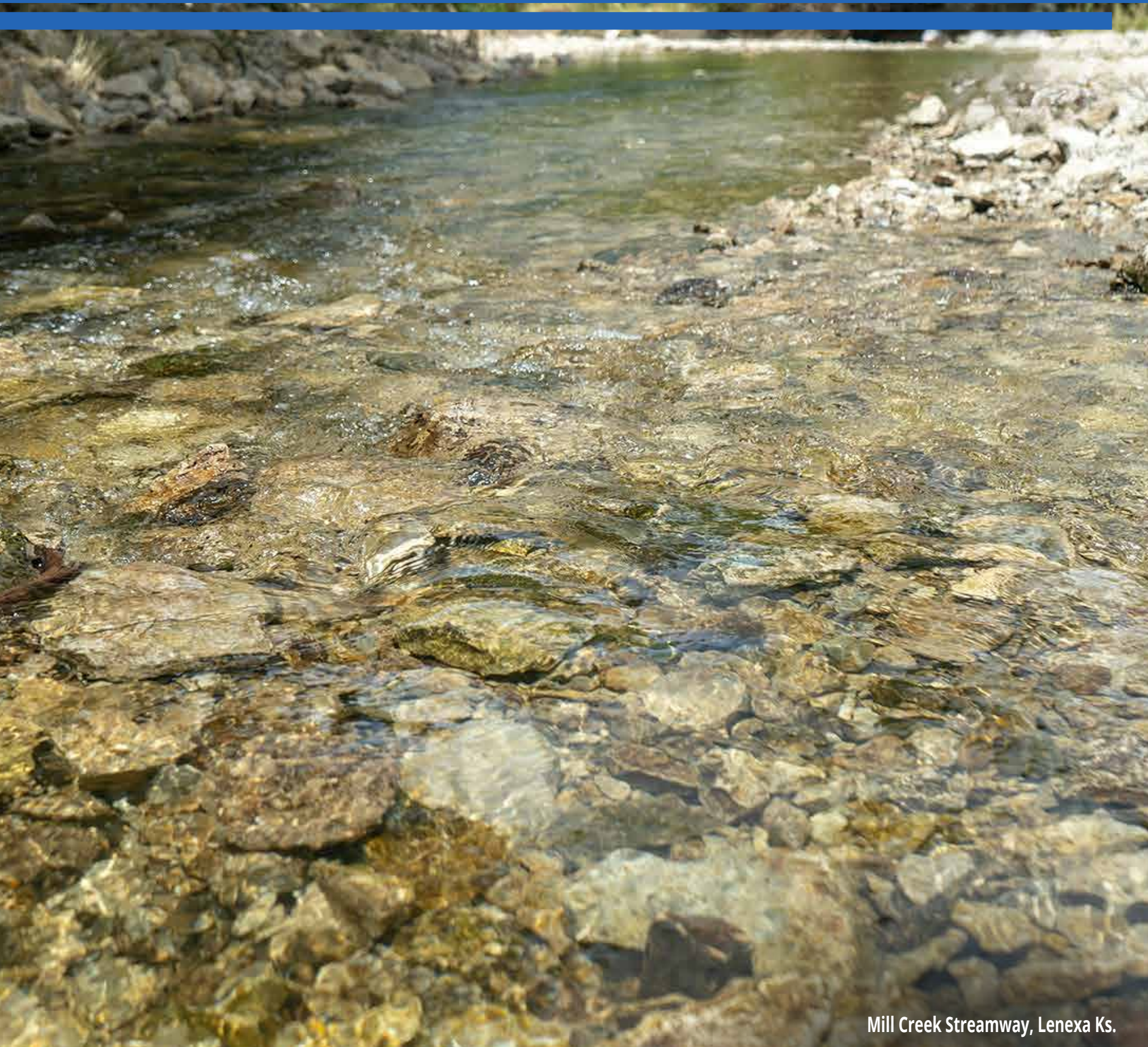


10747 Renner Boulevard
Lenexa, Kansas 66219

2025



Mill Creek Streamway, Lenexa Ks.

WaterOne
Water District No. 1 of Johnson County

BUDGET

2025 Budget

Adopted December 10, 2024
by the Board of Water District No. 1 of Johnson County, Kansas

BOARD:

Whitney Wilson, Chair
Melanie Craft, Vice Chair
Bob Reese
Jill Westra
Kay Heley
Renee Dinsmore
Ullyses Wright

FINANCE COMMITTEE:

Renee Dinsmore, Committee Chair
Bob Reese
Melanie Kraft

SENIOR STAFF:

Shaun Pietig, General Manager
Mandy Cawby, Assistant General Manager
Cody Ellett, Director of Distribution
Darin Kamradt, Director of Finance
Eric Arner, Director of Legal / Audit
Greg Totzke, Director of Production
Jorge O'Neill, Director of Information Technology
Michelle Wirth, Director of Engineering

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, 2024. 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

**Johnson County Water District #1(WaterOne)
Kansas**

For the Fiscal Year Beginning

January 01, 2024

Christopher P. Morill

Executive Director

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EXECUTIVE SUMMARY

Looking back at 2024 ...

Water sales exceeded projections in 2024 due to a dry weather pattern. Operation and maintenance expenses also exceeded the budget year to date. Budgets for variable costs such as power and water treatment chemicals have proven to be accurate based on water production and water sales.

Growth in 2024 is slightly lower than growth experienced over the past five years. As interest rates remain high, the local economy has experienced a lower level of new development. Customer growth is expected to increase modestly over the next few years.

Investment income is higher than projected in 2024 due to the combination of a larger portfolio balance and higher investment yields. It is projected that interest rates will remain elevated through next year and return to lower rates over the five-year plan.

Looking ahead to 2025 ...

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 \$4.78M or 9.5% 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 \$3.76M or 5.3% 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 \$1.6M or 1.2%. 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.

EXECUTIVE SUMMARY

Where the money comes from ...**2025 REVENUE PROVIDED: \$152.49M**

2025 revenues are projected to increase by \$8.39M, or 5.8%, over 2024 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

Revenues	2024 Budget	2025 Budget	\$ Inc (Dec)	% Inc (Dec)
Sales of Water	\$138.44	\$144.94	\$6.51	4.7%
Other Operating Revenue	1.83	1.95	0.12	6.6%
Investment Income	3.84	5.60	1.76	45.8%
Total Revenue	\$144.11	\$152.49	\$8.39	5.8%

Numbers may not total due to rounding

Where the money goes ...**2025 REVENUE REQUIREMENTS: \$152.49M**

The revenue requirements for 2025 increased by \$8.39M, or 5.8%, over 2024. As shown in the following table the largest increase is in Operations & Maintenance Expense while the largest decrease is to Reserve Funding. All categories are discussed in more detail in the following sections.

Comparison of Revenue Requirements

In millions

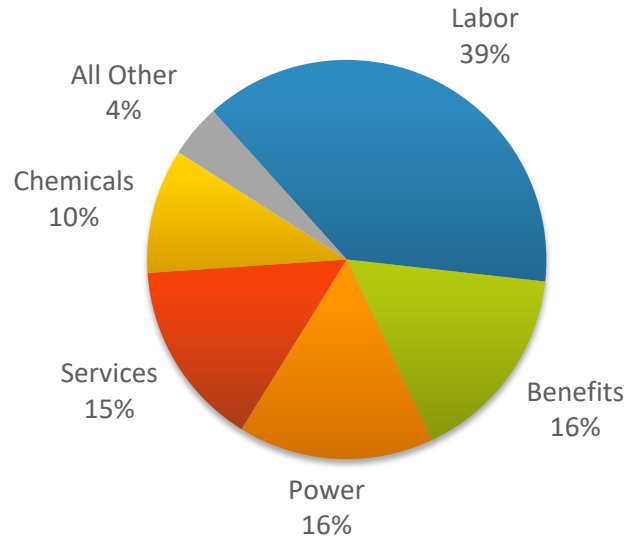
Revenue Requirements	2024 Budget	2025 Budget	\$ Inc (Dec)	% Inc (Dec)
Operations & Maintenance Expense	\$70.33	\$74.08	\$3.76	5.3%
Total Annual Capital	35.25	38.57	3.32	9.4%
Debt Service	21.37	21.44	0.07	0.3%
Designated to Master Plan	15.09	16.55	1.46	9.7%
Reserve Funding	2.08	1.86	(0.22)	(10.6%)
Total Revenue Requirements	\$144.11	\$152.49	\$8.39	5.8%

Numbers may not total due to rounding

EXECUTIVE SUMMARY

OPERATIONS & MAINTENANCE EXPENSES: \$74.08M

Operations and Maintenance (O&M) expenses represent approximately 50% of the 2025 budget, which is similar to 2024. O&M increased 5.3% year-over-year due to increases in labor, benefits, power and chemical expenses.

Total Operations & Maintenance Expense

The following table shows the breakdown of the significant O&M expenses including the difference between 2024 and 2025 followed by further discussion of the major operating costs.

Total Operations & Maintenance Expense

In millions				
O&M	2024 Budget	2025 Budget	\$ Inc (Dec)	% Inc (Dec)
Labor	\$26.81	\$28.61	\$1.80	6.7%
Benefits	11.95	11.98	0.04	0.3%
Power ^(a)	10.98	11.72	0.74	6.8%
Services	10.91	11.13	0.22	2.1%
Chemicals	6.95	7.46	0.50	7.2%
All Other	2.72	3.18	0.46	16.7%
Total	\$70.33	\$74.08	\$3.76	5.3%

Numbers may not total due to rounding

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

EXECUTIVE SUMMARY

Labor

Labor costs include:

- The annual true-up to the 2024 base to reflect the actual outcome of payroll after turn-over, retirements, and vacancies
- The additional cost of a construction crew approved in the 2024 budget with a start date of 12/1/2024
- A 5.0% performance compensation adjustment
- Overtime
- Transfers of labor costs to capital projects
- A net decrease of 0.73 Full-Time Equivalent (FTE) positions

Eliminated Positions

- (0.50) PT Fleet Clerk & Fleet Intern
- (0.23) Reduce HR Intern from 998 (0.48) hours to 520 hours (0.25)

Benefits

Employee benefits (net of transfers) are increasing \$0.04M or 0.3%. A 12.5% increase in health insurance premiums is mostly offset by a reduction to the required contribution for WaterOne's retirement plan. Funding requirements decreased due to a \$5.5M additional contribution in 2024 from year end available funds.

Power

The power budget increased \$0.74M or 6.8%. 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, and adjustments to the operational plan for 2025.

Services

Services (net of transfers) increased \$0.22M or 2.1%. Services are increasing primarily due to property and liability insurance premium increases and the cost of pavement repair services for maintenance activities.

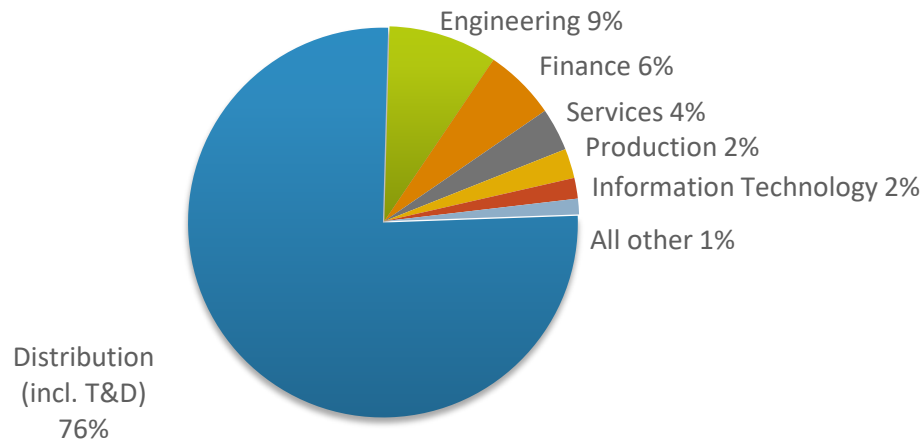
Chemicals

The chemical budget increased \$0.50M or 7.2%. The increase is primarily due to increased prices for many water treatment chemicals. The chemical budget also includes dose adjustments based on current operations.

EXECUTIVE SUMMARY

TOTAL ANNUAL CAPITAL: \$38.57M

The Total Annual Capital budget for 2025 increased \$3.32M or 9.4% from 2024. 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	2024 Budget	2025 Budget	\$ Inc (Dec)	% Inc (Dec)
Engineering	\$2.51	\$3.49	\$0.98	28.1%
Finance (Includes Fleet)	2.73	2.30	(0.43)	(18.9%)
Services	0.86	1.37	0.51	37.5%
Production	0.73	0.95	0.21	22.7%
Information Technology	1.21	0.66	(0.55)	(83.2%)
Distribution	0.61	0.39	(0.23)	(59.4%)
All Other	0.93	0.50	(0.43)	(85.1%)
Annual Capital	\$9.58	\$9.65	\$0.07	0.7%
Transmission & Distribution	\$25.67	\$28.92	\$3.25	12.7%
Total Annual Capital	\$35.25	\$38.57	\$3.32	9.4%

Numbers may not total due to rounding

Annual Capital increased for 2025 by \$0.07M or 0.7%. 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 replacement, the light duty fleet replacement program and pump replacements at the Missouri River pressed facility. These requests vary annually and are primarily based on the asset management plan.

The Transmission & Distribution (T&D) budget has increased by \$3.25M to \$28.92M. The increase reflects the continued execution of WaterOne's asset management strategy which targets replacement of aging infrastructure at the lowest life-cycle cost.

EXECUTIVE SUMMARY

Transmission & Distribution (T&D)

In millions	2024 Budget	2025 Budget	\$ Inc (Dec)	% Inc (Dec)
Distribution Main Replacements	\$14.04	\$17.76	\$3.72	26.5%
Distribution Main Breaks	5.03	5.30	0.28	5.5%
General Improvements	3.75	2.93	(0.83)	(22.0%)
Distribution Main Relocations	1.50	1.53	0.03	2.0%
Transmission Main Capital	0.73	0.76	0.03	4.1%
Condition Assessment	0.62	0.64	0.02	3.2%
Subtotal T&D Funding	\$25.67	\$28.92	\$3.25	12.7%

DEBT SERVICE: \$21.44M

Debt Service increased \$0.07M, or 0.3% from 2024. This budget is based on the repayment schedule of outstanding debt. The repayment of a 2023 State Revolving Fund Loan is scheduled to begin in late 2025 and a new \$40.0M bond issue planned for 2025 is projected to increase debt service payments beginning in 2027.

TRANSFERS TO MASTER PLAN: \$16.55M

Funds designated to the Master Plan Capital Fund increased \$1.5M or 9.7%. “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 2025 budget of \$16.55M is 10% of total revenue. The target minimum contribution is 5.0% of total revenue.

RESERVE FUNDING: \$1.86M

Reserve funding decreased \$0.22M or 10.6%. The 2025 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 2025 budget provides the resources needed to deliver on WaterOne’s vision of “*Setting the Standard for Utility Excellence.*”

OVERVIEW

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.

OVERVIEW

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

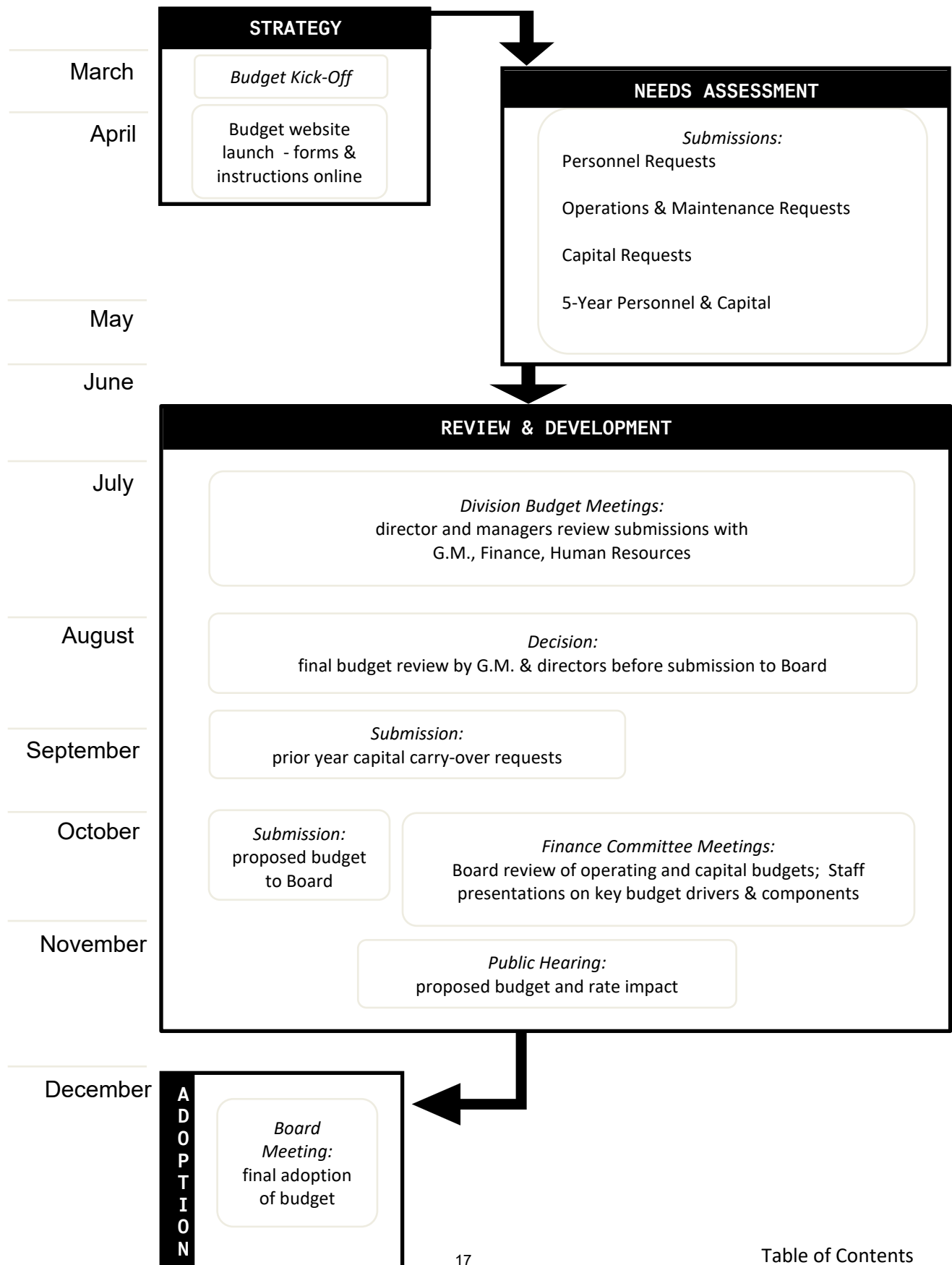
- Review and authorize expenditures exceeding \$10,000.
- Only the General Manager has the authority to bind WaterOne contractually. All contracts require the General Manager's signature.
- Contracts can only be cancelled by the General Manager.

Staff

- Managers review and authorize all expenditures.
- Directors review and authorize expenditures exceeding \$5,000.
- The Director of Finance reviews and authorizes expenditures exceeding \$10,000.
- All Employees are expected to use WaterOne funds in the most efficient manner and comply with WaterOne Purchasing Policy and Procedures.

OVERVIEW

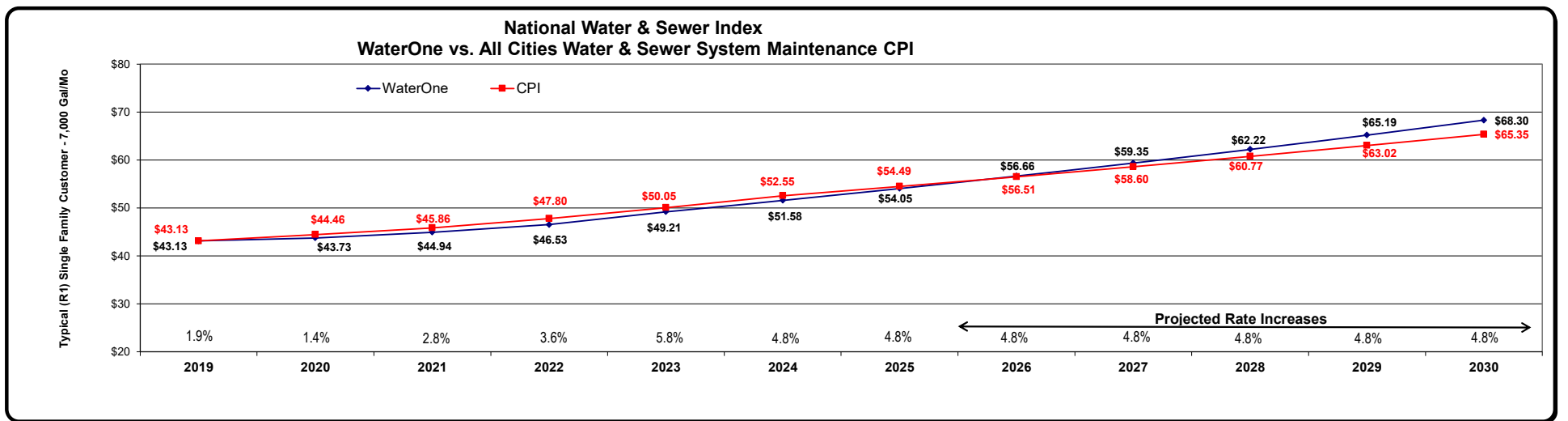
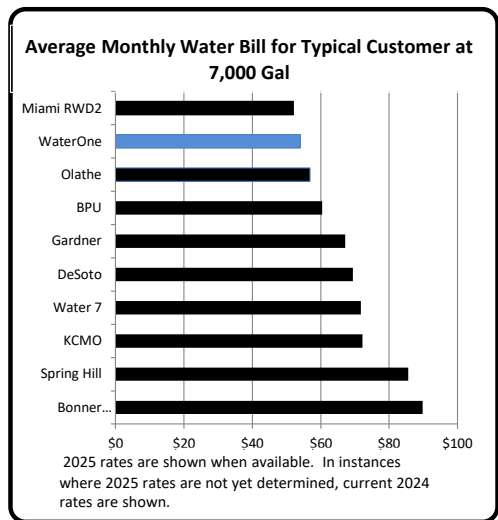
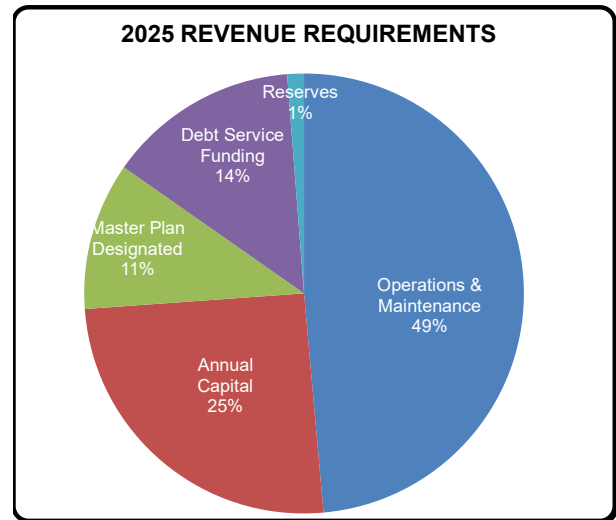
BUDGET PROCESS



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WATERONE FINANCIAL OVERVIEW

TOTAL ANNUAL OPERATING BUDGET		1.9%	1.4%	2.8%	3.6%	5.8%	4.8%	4.8%★	5.8%	4.8%★	4.8%★	4.8%★	4.8%★	WATER RATES					
		2019 ACTUAL	2020 ACTUAL	2021 ACTUAL	2022 ACTUAL	2023 ACTUAL	2024 BUDGET	2025 ADOPTED	2026 PROJECTION	2027 PROJECTION	2028 PROJECTION	2029 PROJECTION	2030 PROJECTION	LONG TERM MODEL PROJECTION ASSUMPTIONS					
REVENUES PROVIDED:														Budgeted Customer Growth per Year					
Sales Of Water		\$ 102,833,800	\$ 114,852,298	\$ 120,354,614	\$ 135,681,456	\$ 147,320,174	\$ 138,266,219	\$ 144,383,307	\$ 151,639,661	\$ 159,235,545	\$ 167,300,765	\$ 175,781,985	\$ 184,706,966	2025	2026	2027	2028	2029	2030
Sales Of Water - Wholesale		-	-	-	-	256,257	172,314	561,452	588,363	616,499	645,855	676,440	709,460	1,300	1,400	1,500	1,600	1,700	1,800
Other Operating Revenues		1,378,032	1,201,561	1,280,163	1,663,667	2,748,381	1,830,000	1,950,000	1,964,000	1,978,000	1,993,000	2,008,000	2,023,000						
Total Operating Revenues		104,211,832	116,053,858	121,634,777	137,345,123	150,324,812	140,268,533	146,894,759	154,192,024	161,830,044	169,939,620	178,466,425	187,439,426						
Investment Income (General and P&I Funds)		3,295,390	1,819,271	396,551	1,339,960	4,582,109	3,840,000	4,960,000	3,910,000	2,880,000	2,710,000	2,530,000	2,610,000	2019	2020	2021	2022	2023	2024
Investment Income (Construction & SDC Funds)		352,426	197,820	143,258	-	-	-	640,000	-	-	-	370,000	20,000	1,300	1,219	1,338	1,554	1,332	1,300 (Est)
Total Investment Income		3,647,816	2,017,092	539,809	1,339,960	4,582,109	3,840,000	5,600,000	3,910,000	2,880,000	2,710,000	2,900,000	2,630,000						
TOTAL REVENUES PROVIDED		\$ 107,859,648	\$ 118,070,950	\$ 122,174,586	\$ 138,685,083	\$ 154,906,921	\$ 144,108,533	\$ 152,494,759	\$ 158,102,024	\$ 164,710,044	\$ 172,649,620	\$ 181,366,425	\$ 190,069,426	Gallons Per Customer Per Year:					
REVENUE REQUIREMENTS:														Residential Single Family (R1) 79,567 gallons					
Operations & Maintenance Expense		\$ 54,398,113	\$ 57,932,645	\$ 58,711,452	\$ 66,385,383	\$ 74,542,007	\$ 70,325,840	\$ 74,081,131	\$ 78,507,093	\$ 82,684,864	\$ 86,907,112	\$ 91,400,440	\$ 95,985,016	Multi-Family (M1) 420,000 gallons					
Annual Capital		4,512,769	4,908,024	3,359,970	5,656,889	6,422,952	9,580,000	9,650,000	10,240,000	10,650,000	11,080,000	11,520,000	11,980,000	Small Commercial (C1) 200,000 gallons					
Current Year Carryovers to be Spent in Following Year		5,603,102	2,861,394	3,554,823	3,003,824	2,881,667	-	-	-	-	-	-	-	Large Commercial (C2) 1,361,452 gallons					
Transmission and Distribution (T&D) Funding		17,330,000	18,240,000	19,145,000	20,690,000	23,980,000	25,665,000	28,915,000	31,267,000	33,772,000	36,406,000	39,159,000	42,004,000	Interest % Yield on Investment Income					
Total Annual Capital		27,445,871	26,009,418	26,059,793	29,350,713	33,284,619	35,245,000	38,565,000	41,507,000	44,422,000	47,486,000	50,679,000	53,984,000	2025	2026	2027	2028	2029	2030
Debt Service Funding		20,499,772	20,961,631	21,192,738	21,371,000	25,858,236	21,369,908	21,440,470	22,398,506	27,568,414	27,565,630	27,569,969	27,057,838	4.25%	3.50%	3.00%	3.00%	3.00%	3.00%
Master Plan Designated		8,361,535	15,345,849	13,244,122	11,497,854	7,503,022	15,087,786	15,908,158	14,229,426	8,404,766	8,740,878	9,277,016	10,922,572	O&M Assumptions (2024-2029)					
Investment Income (Construction & SDC Funds)		352,426	197,820	143,258	-	-	-	640,000	-	-	-	370,000	20,000	Payroll 3.75%					
Repayment to Master Plan for Bond Payoff		860,500	-	-	-	-	-	-	-	-	-	-	-	Power 5.0%					
Total Transfers to Master Plan		9,574,461	15,543,669	13,387,380	11,497,854	7,503,022	15,087,786	16,548,158	14,229,426	8,404,766	8,740,878	9,647,016	10,942,572	Chemicals 4.0%					
Bond Covenant Required Reserve		537,803	228,063	128,961	771,850	1,405,034	1,610,000	1,360,000	940,000	1,070,000	1,360,000	1,450,000	1,450,000	Health Ins. 10.0%					
Negative Cash Flow Reserve		-	-	-	1,500,000	400,000	470,000	500,000	520,000	560,000	590,000	620,000	650,000	All Other O&M 3.0%					
TOTAL REVENUE REQUIREMENTS		\$ 112,456,020	\$ 120,675,426	\$ 119,480,324	\$ 130,876,800	\$ 142,992,918	\$ 144,108,533	\$ 152,494,759	\$ 158,102,024	\$ 164,710,044	\$ 172,649,620	\$ 181,366,425	\$ 190,069,426	Annual Capital Assumptions					
Funds Available for Reservation		\$ (4,596,372)	\$ (2,604,476)	\$ 2,694,262	\$ 7,808,283	\$ 11,914,003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Inflation rate at 4%					
Debt Service Coverage		2.61	2.87	2.99	3.38	3.11	3.45	3.66	3.55	2.98	3.11	3.26	3.48						
Master Plan Designated as a % of Water Sales		13%	13%	11%	9%	6%	10%	10%	9%	5%	5%	5%	6%						
MASTER PLAN CAPITAL FUND																			
Carryover Reserves Available for Future Awards		\$ 38,686,647	\$ 21,679,595	\$ 49,728,808	\$ 53,016,538	\$ 33,597,484	\$ 67,142,095	\$ 55,770,442	\$ 45,074,399	\$ 39,227,174	\$ 39,578,044	\$ 42,948,693	\$ 29,626,232						
Funding Sources:																			
Net Bond/SRF Proceeds		-	-	-	-	33,093,381	-	40,000,000	-	-	-	30,000,000	-						
Grant Proceeds		-	-	-	4,837,500	-	-	-	-	-	-	-	-						
Designated for Master Plan from Annual Budget		8,361,535	15,345,849	13,244,122	11,497,854	7,503,022	15,087,786	15,908,158	14,229,426	8,404,766	8,740,878	9,277,016	10,922,572						
System Development Charge (SDC) Revenue		9,100,000	8,300,000	9,700,000	9,300,000	7,900,000	6,765,000	7,540,000	8,400,000	9,450,000	10,480,000	11,560,000	12,600,000	Assumes all 5/8" System Development Charges					
Reserve Transfers		555,340	6,688,251	1,100,000	600,000	-	9,500,000	-	-	-	-	-	-						
Investment Income (Construction & SDC Funds)		352,426	-	-	-	-	-	640,000	-	-	-	370,000	20,000						
Total Funding Sources		\$ 18,369,301	\$ 30,334,100	\$ 24,044,122	\$ 26,235,354	\$ 48,496,403	\$ 31,352,786	\$ 64,088,158	\$ 22,629,426	\$ 17,854,766	\$ 19,220,878	\$ 51,207,016	\$ 23,542,572						
TOTAL FUNDS AVAILABLE		\$ 57,055,948	\$ 52,013,695	\$ 73,772,930	\$ 79,251,892	\$ 82,093,887	\$ 98,494,881	\$ 119,858,600	\$ 67,703,824	\$ 57,081,939	\$ 58,798,922	\$ 94,155,709	\$ 53,168,803						
Master Plan Project Costs (Award Basis)		\$ 35,376,350	\$ 2,284,887	\$ 20,756,392	\$ 45,654,408	\$ 14,951,792	\$ 42,724,439	\$ 74,784,202	\$ 28,476,651	\$ 17,503,895	\$ 15,850,229	\$ 64,529,477	\$ 34,014,770						
<div>★ Rate increases beyond the current year are not formally adopted by the Board and are subject to change in the future.</div>																			



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2025 Budget to 2024 Budget
2025 Water Rate Increase = 4.8%

	2024 ADOPTED BUDGET @ 4.8%	2025 ADOPTED BUDGET @ 4.8%	\$ Inc (Dec)	% Inc -Dec
1 REVENUES PROVIDED:				
2 Water Sales @ Prior Year Rates	\$ 138,438,533	\$ 138,438,533	\$ -	0.0%
3 Add'l Revs by New Custs @ Prior Year Rates	na	1,589,464	1,589,464	1.1%
4 Revenue Adjustments (See Exhibit 2, Line 9)	na	(1,675,208)	(1,675,208)	-1.2%
5 Increase Required from Rate Adjustment	na	6,591,970	6,591,970	4.8%
6 TOTAL SALES OF WATER	\$ 138,438,533	\$ 144,944,759	\$ 6,506,226	4.7%
7 Delayed Payment Charges	\$ 625,000	\$ 650,000	\$ 25,000	4.0%
8 Field Service Charges	425,000	450,000	25,000	5.9%
9 Other Operating Revenues	780,000	850,000	70,000	9.0%
10 TOTAL OTHER OPERATING REVENUES	\$ 1,830,000	\$ 1,950,000	\$ 120,000	6.6%
11 Investment Income (General and P&I Funds)	\$ 3,840,000	\$ 4,960,000	\$ 1,120,000	29.2%
12 Investment Income (Construction & SDC Funds)	-	640,000	640,000	N/A
13 TOTAL INVESTMENT INCOME	\$ 3,840,000	\$ 5,600,000	\$ 1,760,000	45.8%
14 TOTAL REVENUES PROVIDED	\$ 144,108,533	\$ 152,494,759	\$ 8,386,226	5.8%
15 REVENUE REQUIREMENTS:				
16 TOTAL OPERATIONS AND MAINTENANCE EXPENSE	\$ 70,325,840	\$ 74,081,131	\$ 3,755,291	5.3%
17 Annual Capital	\$ 9,580,000	\$ 9,650,000	\$ 70,000	0.7%
18 T&D Funding	25,665,000	28,915,000	3,250,000	12.7%
19 TOTAL ANNUAL CAPITAL	\$ 35,245,000	\$ 38,565,000	\$ 3,320,000	9.4%
20 TOTAL DEBT SERVICE FUNDING	\$ 21,369,908	\$ 21,440,470	\$ 70,562	0.3%
21 Master Plan Designated	\$ 15,087,786	\$ 15,908,158	\$ 820,372	5.4%
22 Investment Income (Construction & SDC Funds)	-	640,000	640,000	N/A
23 Repayment to Master Plan for Bond Payoff	-	-	-	N/A
24 TOTAL TRANSFERS TO MASTER PLAN	\$ 15,087,786	\$ 16,548,158	\$ 1,460,372	9.7%
25 Bond Covenant Required Reserve	\$ 1,610,000	\$ 1,360,000	\$ (250,000)	-15.5%
26 Negative Cash Flow Reserve	470,000	500,000	30,000	6.4%
27 TOTAL REQUIRED RESERVE FUNDING	\$ 2,080,000	\$ 1,860,000	\$ (220,000)	-10.6%
28 TOTAL REVENUE REQUIREMENTS	\$ 144,108,533	\$ 152,494,759	\$ 8,386,226	5.8%
29 Net Income Available for Debt Service (Ln #14 - Ln #16)	\$ 73,782,694	\$ 78,413,628	\$ 4,630,935	6.3%
30 Debt Service (Line #20)	\$ 21,369,908	\$ 21,440,470	\$ 70,562	0.3%
31 DEBT SERVICE COVERAGE (Ln #29 / Ln #30)	3.45	3.66		
32 ADJUSTMENT TO WATER RATES	4.8%	4.8%		

Percentages may not add due to rounding

OVERVIEW**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
Fund Balance at 12/31/2024	\$ 53,589,345	\$ 82,919,075	\$ 6,586,538	\$ 517,576	\$ 17,000,000	\$ 9,500,000	\$ 170,112,534
Water Sales	144,944,759	-	-	-	-	-	144,944,759
Other Operating Revenues	1,950,000	-	-	-	-	-	1,950,000
Investment Income	5,600,000	-	-	-	-	-	5,600,000
System Development Charges	-	7,540,000	-	-	-	-	7,540,000
Bond Proceeds	-	-	-	-	-	-	-
Transfers from Rate Stabilization Reserve	-	-	-	-	-	-	-
Transfers from General Fund	-	16,548,158	28,915,000	21,440,470	-	500,000	67,403,628
Total Revenue & Transfers In	\$ 152,494,759	\$ 24,088,158	\$ 28,915,000	\$ 21,440,470	\$ -	\$ 500,000	\$ 227,438,387
Operations & Maintenance Expense	74,081,131	-	-	-	-	-	74,081,131
Capital Spending	9,650,000	74,784,202	28,915,000	-	-	-	113,349,202
Debt Service Payments	-	-	-	21,440,470	-	-	21,440,470
Transfer to Debt Service	21,440,470	-	-	-	-	-	21,440,470
Transfer to Bond Reserve	-	-	-	-	-	-	-
Transfers to Transmission & Distribution	28,915,000	-	-	-	-	-	28,915,000
Transfers to Master Plan	16,548,158	-	-	-	-	-	16,548,158
Total Expenditures & Transfers Out	\$ 150,634,759	\$ 74,784,202	\$ 28,915,000	\$ 21,440,470	\$ -	\$ -	\$ 275,774,431
Projected Fund Balance at 12/31/2025	\$ 55,449,345	\$ 32,223,031	\$ 6,586,538	\$ 517,576	\$ 17,000,000	\$ 10,000,000	\$ 121,776,490
Increase (Decrease) in Fund Balance	\$ 1,860,000	\$ (50,696,044)	\$ -	\$ -	\$ -	\$ 500,000	\$ (48,336,044)
Percent Change in Fund Balance	3.5%	-61.1%	0.0%	0.0%	0.0%	5.3%	-28.4%

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, Hydro Power Generation at the Kansas River and Campus Improvements Phase II.

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

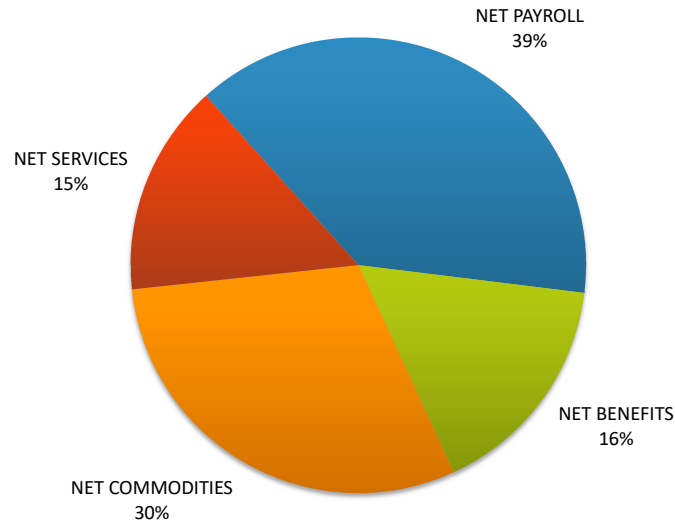
Debt Service: There is normally very little change in the fund balance.

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.

2025 O&M Budget
Compared to 2024 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

	2023 Actual	2024 Budget	2025 Budget	\$ Inc/(Decr)	% Inc/ (Decr)
NET PAYROLL	\$26,559,820	\$26,812,070	\$28,607,942	\$1,795,872	6.7%
NET BENEFITS	13,637,331	11,949,120	11,984,314	35,194	0.3%
NET COMMODITIES	23,645,168	20,655,476	22,355,176	1,699,700	8.2%
NET SERVICES	10,699,688	10,909,174	11,133,700	224,526	2.1%
Total	\$74,542,007	\$70,325,840	\$74,081,131	\$3,755,292	5.3%

(numbers may not add due to rounding)

**2025 Budget Compared to 2024 Budget
By Category**

ACCOUNTS - BY CATEGORY

	<u>2024</u>	<u>2025</u>	<u>\$ DIF</u>	<u>% DIF</u>
PAYROLL				
Labor - Non OT	\$ 35,461,749	\$ 37,673,988	\$ 2,212,239	6.2%
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, 2025. Budgeted salaries have a reduction of 2.0% for slippage.				
		% Chg from 2024 Budget		
2024 Budget Gross Payroll	\$ 35,461,749			
Annual True-Up of 2024 Base	105,442	0.3%		
Distribution Crew approved in 2024	302,926	0.9%		
2025 Beginning Base	\$ 35,870,117			
Performance Merit Increase	\$ 1,803,871	5.0%		
Total Projected 2025 Labor Budget	\$ 37,673,988	6.2%		

Numbers may not add due to rounding.

The significant budget factors are:

- 1) *Annual True-Up of Beginning Base* *\$105,442*
A true-up based on the difference in pay for vacated positions, retirements, and reclassifications that are hired at a different rate of pay.
- 2) *Additional Distribution Crew* *\$302,926*
The addition of a distribution crew in beginning in December of 2024.
- 3) *Performance Merit Increase* *\$1,803,871*
Performance merit increases of 5.0% are budgeted.

	<u>2024</u>	<u>2025</u>	<u>\$ DIF</u>	<u>% DIF</u>
Labor - OT	1,338,080	1,485,200	147,120	11.0%
The overtime budget increase is primarily due to an increase in the overtime hours related to the Distribution Division.				

All Other PAYROLL Accounts	60,000	60,000	-	0.0%
PAYROLL Transfers	(10,047,759)	(10,611,246)	(563,487)	5.6%
Net PAYROLL \$	26,812,070	\$ 28,607,942	\$ 1,795,872	6.7%

BENEFITS

Employee Insurance - Health	\$ 5,193,586	\$ 5,793,211	\$ 599,625	11.5%
The budgeted components of health insurance includes a 12.5% premium rate increase, changes to the number of full time equivalent employees and changes to the mix of coverage chosen by employees.				

Total Pension Accounts	5,578,509	5,022,855	(555,654)	(10.0%)
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>2025 Budget</u>	<u>% Change from 2024 Budget</u>
<i>Defined Benefit (DB) Plans</i>		
412010 - Pension DB – Final Pay Plan	\$ 2,138,333	(18.7%)
412050 - Pension DB – Cash Balance Plan	811,896	(10.1%)
Total DB Plans	\$ 2,950,229	
<i>Defined Contribution (DC) Plans</i>		
412052 - Pension DC – WaterOne	\$ 767,912	2.2%
412020 - Pension DC – (Legacy) WaterOne	348,632	(0.5%)
Total DC - Base	\$ 1,116,544	
412051 - Pension DC – Match	\$ 691,121	2.2%
412030 - Pension DC – (Legacy) Match	264,961	(0.5%)
Total DC - Match	\$ 956,082	
<i>Grand Total Pension</i>	<u>\$ 5,022,855</u>	(10.0%)

	<u>2024</u>	<u>2025</u>	<u>\$ DIF</u>	<u>% DIF</u>
<i>The Pension Components are:</i>				
1) Defined Benefit				
Pension DB – Final Pay Plan	2,631,353	2,138,333	(493,020)	(18.7%)
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. This plan was closed to new participants effective January 1, 2014. The budget is decreasing primarily due to an additional contribution to the plan in 2024 from year end available funds.				
Pension DB – Cash Balance Plan	902,854	811,896	(90,958)	(10.1%)
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 decreasing primarily due to an additional contribution to the plan in 2024 from year end available funds.				
2) Defined Contribution - Base				
Pension DC – WaterOne	751,363	767,912	16,549	2.2%
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. The increases were partially offset by the true up to actual covered payroll in this plan.				
Pension DC – (Legacy) WaterOne	350,405	348,632	(1,773)	(0.5%)
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.				

	<u>2024</u>	<u>2025</u>	<u>\$ DIF</u>	<u>% DIF</u>
3) Defined Contribution - Match				
Pension DC – Match	676,226	691,121	14,895	2.2%
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. The increases were partially offset by the true up to actual covered payroll in this plan.				
Pension DC – (Legacy) Match	266,308	264,961	(1,347)	(0.5%)
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.				
FICA	2,709,760	2,878,738	168,978	6.2%
The budget increase is due to the higher projected payroll.				
Worker's Compensation	610,822	666,000	55,178	9.0%
Policy premiums are based on experience. The policy is renewed in July of each year. Premiums that are effective beginning in July 2024 will be in effect for the first half of the 2025 budget. The budget is based on a 9% renewal increase due to market conditions and loss experience.				
Retirees Insurance - Health	410,305	461,152	50,847	12.4%
The budget is based on a 12.5% premium rate increase and retiree projections. Retiree projections increased slightly for AARP and BCBS between 2024 and 2025.				
Employee Engagement	264,783	393,840	129,058	48.7%
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 an increase in holiday gift cards for employees.				
Compensation & Benefits Consulting Services	76,000	104,790	28,790	37.9%
This budget funds compensation and benefit consulting projects including the retirement plan advisors and the amortization of the 2022 compensation study. The budget is increasing due to a shortened amortization schedule of the 2022 compensation study.				
Car Allowance - Employees	96,700	71,100	(25,600)	(26.5%)
This budget includes a monthly car allowance for members of Senior Staff and managers who routinely use their personal vehicles for work. This budget is decreasing due to a reorg in 2024 which reduced the number of managers that qualify for a car allowance.				

	<u>2024</u>	<u>2025</u>	<u>\$ DIF</u>	<u>% DIF</u>
Service Awards	25,000	52,750	27,750	111.0%
This budget funds awards given to employees in celebration of service anniversaries and the luncheon where those awards are given. The amount awarded to employees was increased for 2025 in an effort to match inflation since the amount given to employees had not changed since 2015.				
Health Related Training & Counseling	22,650	50,265	27,615	121.9%
This budget is for programs that encourage a healthy lifestyle for employees by funding gifts for wellness program participants, employee assistance programs, a spring wellness fair, biometric screenings, flu shots, and other programs. The budget increase is primarily due to the addition of an Onsite Mental Health program for 2025.				
BENEFITS Transfers	(3,735,007)	(4,216,876)	(481,870)	12.9%
Net BENEFITS	\$ 11,949,120	\$ 11,984,314	\$ 35,194	0.3%
COMMODITIES				
Total Power (next 4 accounts)	\$ 10,978,196	\$ 11,719,422	\$ 741,226	6.8%
<i>Power costs used for the treatment and distribution of water are shown in the next 4 accounts:</i>				
Power - Transmission	5,974,725	6,446,848	472,123	7.9%
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 changes in the operational plan which includes greater usage of the Hansen Treatment Facility, a projected 2.5% rate increase, and an increase in the energy rate component.				
Power - Source	2,906,976	3,230,476	323,500	11.1%
This budget is for power from the Board of Public Utilities (BPU) at source or 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 changes in the operational plan which includes greater usage of the Missouri River intake, a projected 2.5% rate increase, and an increase in the energy rate component.				
Power - Distribution	1,764,738	1,764,738	-	0.0%
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 is remaining flat despite a projected rate increase, due to increasing efficiency and lower power consumption at the pump stations.				
Natural Gas - Generators - Wolcott	331,757	277,360	(54,397)	(16.4%)
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 a decrease in budgeted production at Wolcott and minimal projected changes to natural gas rates.				
Chemicals - Water Treatment	6,954,942	7,457,800	502,858	7.2%
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 due to changes to the budgeted dosage of chemicals in the operational plan and increases in prices.				

Significant Account:
5% of category OR
change of \$25k+/- and 5%+/-

	<u>2024</u>	<u>2025</u>	<u>\$ DIF</u>	<u>% DIF</u>
Material & Supplies	1,783,274	1,919,597	136,323	7.6%
Material and supplies are non-inventory items that are necessary to operate and maintain WaterOne facilities. The budget increase is primarily due to increased in-house laboratory testing and price increases.				
Renewable Credits	0	280,000	280,000	NA
This budget is for renewable energy certificates (RECs) purchased from WaterOne's two energy providers: BPU and Evergy. The actual expense will vary by year based on the amount of electricity used. The 2025 budget is based on 2023 actual energy usage.				
Small Tools & Equipment	121,820	156,020	34,200	28.1%
Small Tools & Equipment consists of locator equipment, boring tools & equipment, cut-off & hydraulic chain saws, water & trash pumps, pipe tongs, valve exercisers and other tools & equipment used in the maintenance of the transmission and distribution system. The budget is based on historical spending. The increase is due to increased maintenance and construction work as well as inflationary price increases of the equipment.				
COMMODITIES Transfers	(1,204,267)	(1,253,907)	(49,640)	4.1%
Net COMMODITIES	\$ 20,655,476	\$ 22,355,176	\$ 1,699,700	8.2%

SERVICES

Software	\$ 2,623,727	\$ 2,612,514	\$ (11,213)	(0.4%)
This account covers WaterOne's software licenses and maintenance on that software. It includes licenses and maintenance for software such as Microsoft, SAP, ESRI, and cloud hosting.				
Property & Liability Insurance	1,292,152	1,405,487	113,335	8.8%
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 2024 will be in effect for the first half of the 2025 budget. The budget includes 3% projected premium increases for the second half of 2025. The increase is based on loss ratio and market conditions.				
Contracted Services	1,192,223	1,150,817	(41,406)	(3.5%)
This account covers services that are not cost-effective to complete in-house. This account varies from year-to-year based on need. The decrease is primarily due to one time demolition services needed in 2024 and not requested in the 2025 budget.				
Telecom	560,080	520,000	(40,080)	(7.2%)
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.				

	<u>2024</u>	<u>2025</u>	<u>\$ DIF</u>	<u>% DIF</u>
Training	440,000	473,000	33,000	7.5%
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.				
Telecom - Cell Phones	292,648	264,716	(27,932)	(9.5%)
The cell phone and data device budget is decreasing primarily due to a reduction in cradlepoint devices and a slight reduction in monthly plan costs.				
Cleaning & Inspecting Facilities	274,776	214,846	(59,930)	(21.8%)
This budget is for cleaning facilities such as reservoirs, basins, tanks and pipelines. The budget decrease is primarily due the final amortization of the primary and final basin cleaning project in 2024.				
Pavement Repair	-	130,200	130,200	NA
This budget is for pavement repair required during maintenance activities. The budget increase is based on actual pavement repair expenses.				
Non-Employee Overload	147,000	120,000	(27,000)	(18.4%)
This budget is for contract employees utilized to complete one-time projects.				
Job Posting/Advertising	60,000	100,500	40,500	67.5%
This budget is for advertising open positions through various media sources. The budget increase is due to planned postings on additional recruitment platforms in order to reach a larger and more diverse pool of candidates.				
Kansas River Water Assurance Dist. (KRWAD)	92,515	66,977	(25,538)	(27.6%)
This budget is for WaterOne's member allocation for KRWAD, Kansas River Water Assurance District. Billing is based on usage report for KS River Intake. The budget is based on 2025 proposed budget for KRWAD and WaterOne's designated contribution amount.				
Engineering	95,000	15,000	(80,000)	(84.2%)
This budget is for hydraulic modeling and general engineering services. The budget is reduced due to low utilization of these outsourced engineering services and more use of internal engineering expertise.				
SERVICES Transfers	(861,468)	(730,347)	131,121	(15.2%)
Net SERVICES	\$ 10,909,174	\$ 11,133,700	\$ 224,526	2.1%
GRAND TOTAL	\$ 70,325,840	\$ 74,081,131	\$ 3,755,292	5.3%

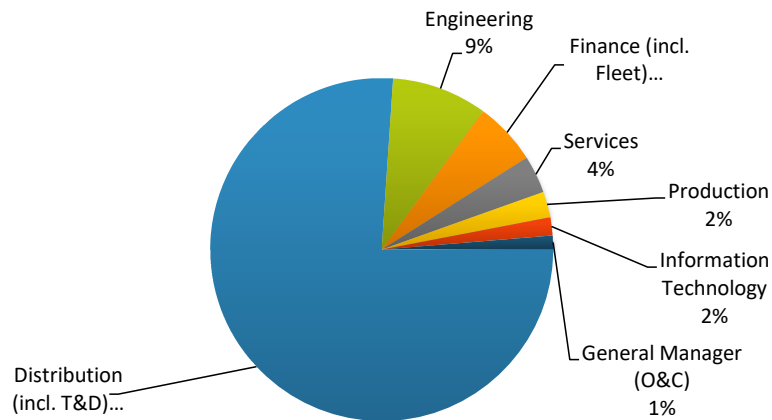
Numbers may not add due to rounding

H:\Finance\FINSHARE\1BUDGET\2025 Budget\Final Budget\05 - O&M\[District Level O_M Comparison-25B.xlsx]By Category-SIGNIF

TOTAL ANNUAL CAPITAL BUDGET BY DIVISION
Comparison of 2024 & 2025

Division	2024 Adopted Budget	2025 Adopted Budget	Dif \$	Dif %	% of Total Capital Requests	
					2024	2025
Distribution (incl. T&D)	\$ 26,240,996	\$ 29,300,140	\$ 3,059,144	11.7%	74.5%	76.0%
Engineering	2,506,073	3,487,221	981,148	39.2%	7.1%	9.0%
Finance (incl. Fleet)	2,767,030	2,295,802	(471,228)	(17.0%)	7.9%	6.0%
Services	827,687	1,371,525	543,838	65.7%	2.4%	3.6%
Production	732,235	946,849	214,614	29.3%	2.1%	2.5%
Information Technology	1,212,975	662,130	(550,845)	(45.4%)	3.4%	1.7%
General Manager (O&C)	594,159	501,333	(92,826)	(15.6%)	1.7%	1.3%
Legal / Audit	333,846	-	(333,846)	(100.0%)	0.9%	0.0%
Total Annual Capital	\$ 35,215,000	\$ 38,565,000	\$ 3,350,000	9.5%	100%	100%

2025 ANNUAL CAPITAL



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

	2024	2025	\$ Incr/(Decr)	% Incr/(Decr)
Distribution Main Replacements	\$ 14,040,000	\$ 17,760,000	\$ 3,720,000	26.5%
Distribution Main Breaks	5,025,000	5,300,000	275,000	5.5%
General Improvements	3,750,000	2,925,000	(825,000)	(22.0%)
Distribution Main Relocations	1,500,000	1,530,000	30,000	2.0%
Transmission Main Capital	730,000	760,000	30,000	4.1%
Condition Assessment	620,000	640,000	20,000	3.2%
Subtotal T&D Funding	\$ 25,665,000	\$ 28,915,000	\$ 3,250,000	12.7%

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.

Strategic Plan

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.

Strategic Plan

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.

Strategic Plan

2025 Operational Goals and how they relate to the Strategic Goals

2025 Operational Goals By Division		Strategic Goals							
		Quality Water 1	Customer Service 2	Employer of Choice 3	Financial Stability 4	Process Improvement 5	Asset Management 6	Environmental Stewardship 7	
Strategic Goal:									
Production – Greg Totzke									
1	Lead and Copper Rule Revisions (LCRR)	X	X		X				
2	Execute SCADA Master Plan	X				X	X		X
3	Keystone Project: ERP Upgrade		X	X	X	X	X		
4	Missouri River Collector Well No. 2 Construction	X				X	X		
5	Wyss Pump Station Expansion	X				X	X		
Distribution – Cody Ellett									
1	Lead and Copper Rule Revisions (LCRR)	X	X		X				
2	Keystone Project: ERP Upgrade		X	X	X	X	X		
3	Replace 17 miles of Distribution Mains @ Goal Cost/Ft	X	X		X		X		
4	Replace 805 Valves in Distribution System	X	X		X		X		
5	Safety Metrics =/< Previous 5-year Average (Vehicle Incidents, OJI, etc.)			X		X			X

2025 Operational Goals By Division		Strategic Goals							
		Quality Water 1	Customer Service 2	Employer of Choice 3	Financial Stability 4	Process Improvement 5	Asset Management 6	Environmental Stewardship 7	
Strategic Goal:									
Services – Mandy Cawby									
1	Reorganization Optimization – Processes/Performance		X	X	X	X	X		X
2	Lead and Copper Rule Revisions (LCRR)	X	X		X				
3	Keystone Project: ERP Upgrade		X	X	X	X	X		
4	Compensation Study			X		X			
5	Complete Sustainability Assessment				X	X	X	X	
6	DEI - Maturity Model Survey (Cycle 2)			X		X			
Finance – Darin Kamradt									
1	Keystone Project: ERP Upgrade		X	X	X	X	X		
2	Complete Sustainability Assessment				X	X	X	X	
3	2025 Bond Issue				X		X		
4	Reorganization Optimization – Processes/Performance		X	X	X	X	X		X
5	2026 Budget				X		X		

Strategic Plan

2025 Operational Goals By Division		Strategic Goals							
		Quality Water 1	Customer Service 2	Employer of Choice 3	Financial Stability 4	Process Improvement 5	Asset Management 6	Environmental Stewardship 7	
Strategic Goal:									
Engineering – Michelle Wirth									
1	Lead and Copper Rule Revisions (LCRR)	X	X		X				
2	Execute SCADA Master Plan	X				X	X		X
3	Keystone Project: ERP Upgrade		X	X	X	X	X		
4	Missouri River Collector Well No. 2 Construction	X				X	X		
5	Wyss Pump Station Expansion	X				X	X		
6	Transmission Main Condition Assessments	X	X		X		X		
7	Campus Improvements Phase II, RFP & Design			X			X		X
8	Complete Sustainability Assessment				X	X	X	X	
9	Replace 17 miles of Distribution Mains @ Goal Cost/Ft	X	X		X		X		
10	Facility 1 Improvements Phase II and Facility 2 Tanks, Design	X				X	X		X
11	Inline Hydroelectric Power Generation Study					X		X	
12	Reorganization Optimization – Processes/Performance		X	X	X	X	X		X

2025 Operational Goals By Division		Strategic Goals							
		Quality Water 1	Customer Service 2	Employer of Choice 3	Financial Stability 4	Process Improvement 5	Asset Management 6	Environmental Stewardship 7	Safety & Security 8
Strategic Goal:									
Legal/Audit – Eric Arner									
1	Implementation of Records Information Management Initiative					X			
2	Update Emergency Operations Plan	X	X			X			X
3	Spring Hill Merger Agreement		X						
4	Keystone Project: ERP Upgrade		X	X	X	X	X		
5	Reorganization Optimization – Processes/Performance		X	X	X	X	X		X
Information Technology – Jorge O’Neill									
1	Execute SCADA Master Plan	X				X	X		X
2	Keystone Project: ERP Upgrade		X	X	X	X	X		
3	Lead and Copper Rule Revisions (LCRR)	X	X		X				
4	Application Development and Deployment for Field Work	X	X			X	X		
5	Business and Operations Critical Network Equipment Replacement					X	X		
6	Implementation of Information Technology Business Partner Program		X			X			
7	Utility Network Implementation		X			X			

3. WATERONE KPIs AND STRATEGIC GOALS

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

Key Performance Indicators		Current 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
	1. Drinking Water Standards	G	6	●						●	
	2. Water Quality Goals	G	6	●						●	
	3. Minimum Pressure Goals	G	8	●	●				●		
	4. Maximum Pressure Goals	G	8	●	●				●		
	5. Customer Outage Time	G	9	●	●				●		
	6. Non-revenue water (Infrastructure Leakage Index)	G	9						●	●	
	7. Customer Satisfaction Rating	G	10		●						
	8. Employee Health & Safety	G	10								●
	9. Residential Cost of Water	G	11		●		●				
	10. Affordability Ratio	G	11		●		●				

GREEN	Favorable variance from the target
YELLOW	Watch variance is 0% to 5% of target
RED	Unfavorable variance is over 5% of target

4. KPI DETAIL REPORT

Reporting Division	WaterOne Key Performance Indicators	Previous Month Actual	Current Month Actual	Target	Variance	Performance Rating
Reported Monthly						
PRD	1. Drinking Water Standards Percentage of parameter samples that comply with Safe Drinking Water Act Standards. (S.G. 1,7)	100.0%	100.0%	100.0%	0.0%	G
PRD	2. Water Quality Goals Percentage of parameter-samples that comply with WaterOne established drinking water standards. (S.G. 1, 7)	100.0%	100.0%	100.0%	0.0%	G



GREEN

Favorable variance from the target

YELLOW

Watch variance is 0% to 5% of target

RED

Unfavorable variance is over 5% of target

WATER QUALITY KPI's

Process	Parameter	December 2024 Range	Performance Rating	Target Range	Frequency	Comments
Influent	Odor (MIB & Geosmin)	0 - 0	G	< 10 ng/l	Weekly	
Membrane Combined Effluent	Turbidity	100.0%	G	96% < 0.2 ntu	5 Minute	
Filter (Start Up)	Turbidity	100.0%	G	99% < 0.8 ntu	15 Minute	
Filter (After Seat In)	Turbidity	100.0%	G	99% < 0.3 ntu	15 Minute	
Tap	Turbidity	100.0%	G	96% < 0.2 ntu	5 Minute	
Tap	Calcium Hardness	100.0%	G	90% > 60 mg/L	Daily	
Tap	Total Hardness	133 - 137	G	100 - 145 mg/L	Running Annual Average	
Tap	Total Alkalinity	100.0%	G	90% > 45 mg/L	Daily Avg	
Tap	pH	100.0%	G	90% Between 9.3 - 9.9	Daily Avg	
Tap	Total Chlorine	100.0%	G	90% Between 2.5 - 3.9 mg/L	Daily Avg	
Tap	Bromate	100.0%	G	100% < 0.006 mg/L	Monthly	
Tap	Odor (MIB & Geosmin)	0 - 0	G	< 5 ng/l	Weekly	
Tap	Total Coliforms	100.0%	G	100% Negative	Weekly	
Tap	E. Coliforms	0.0%	G	0 positive	Weekly	
Tap	Fluoride	90.0%	G	90% Between 0.5 - 0.8 mg/L	Daily Avg	
Distribution	Total Chlorine	100.0%	G	90% Between 2.25 - 3.8 mg/L	Daily	
Distribution	Total Coliforms	100.0%	G	98% Negative	>200/Month	
Distribution	E. Coliforms	0.0%	G	0 positive	>200/Month	
Distribution	pH	99.0%	G	90% Between 9.3 - 9.7	Daily	
Distribution	Lead	Not Measured	G	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	Previous Month Actual	Current Month Actual	Target	Variance	Performance Rating
	Reported Monthly					
PRD	3. Minimum Pressure Goals Percentage of time a minimum pressure of 40 psi was supplied to 95% of the service territory. (S.G. 1, 2, 6)	100.0%	100.0%	95.0%	5.3%	G
PRD	4. Maximum Pressure Goals Percentage of time a maximum pressure of 135 psi was supplied to 75% of the service territory. (S.G. 1, 2, 6)	100.0%	100.0%	95.0%	5.3%	G



High Service Pump

GREEN	Favorable variance from the target
YELLOW	Watch variance is 0% to 5% of target
RED	Unfavorable variance is over 5% of target

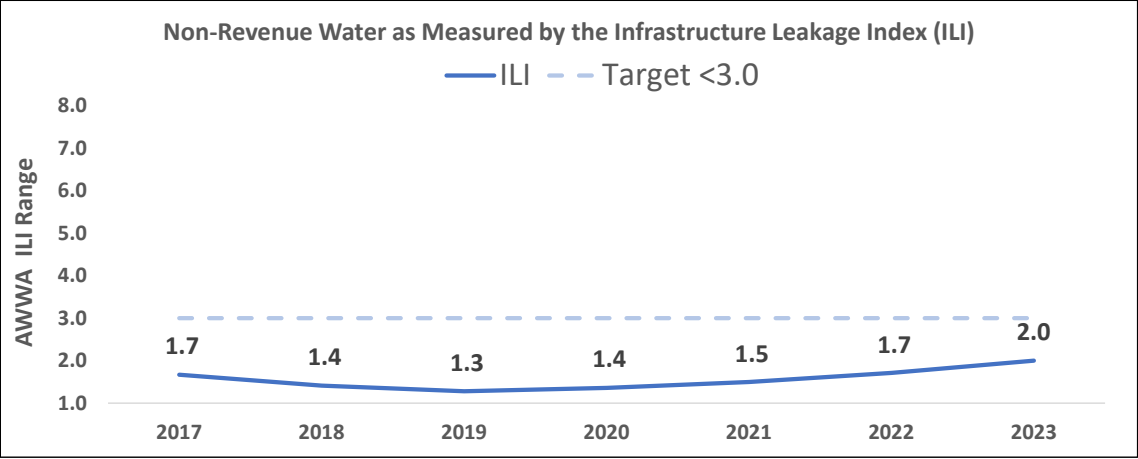


Pressure Reducing Valve

4. KPI DETAIL REPORT

Reporting Division	WaterOne Key Performance Indicators	2023 Actual	2024 Actual	Target	Variance	Performance Rating
Reported Annually						
DST	5. Customer Outage Time Of the customers that experienced a water outage for the year, the percent of affected customers that were out of service <4 hours. (S.G. 1, 2, 6)	87.7%	92.0%	80.0%	15.1%	G
SERV	6. Non-revenue water (Infrastructure Leak Index or ILI)* Ratio of actual losses to expected losses. The ILI is an effective tool for comparing utilities' operational management of real water losses. (S.G. 6, 7)	2.0	-	3.0	-	G

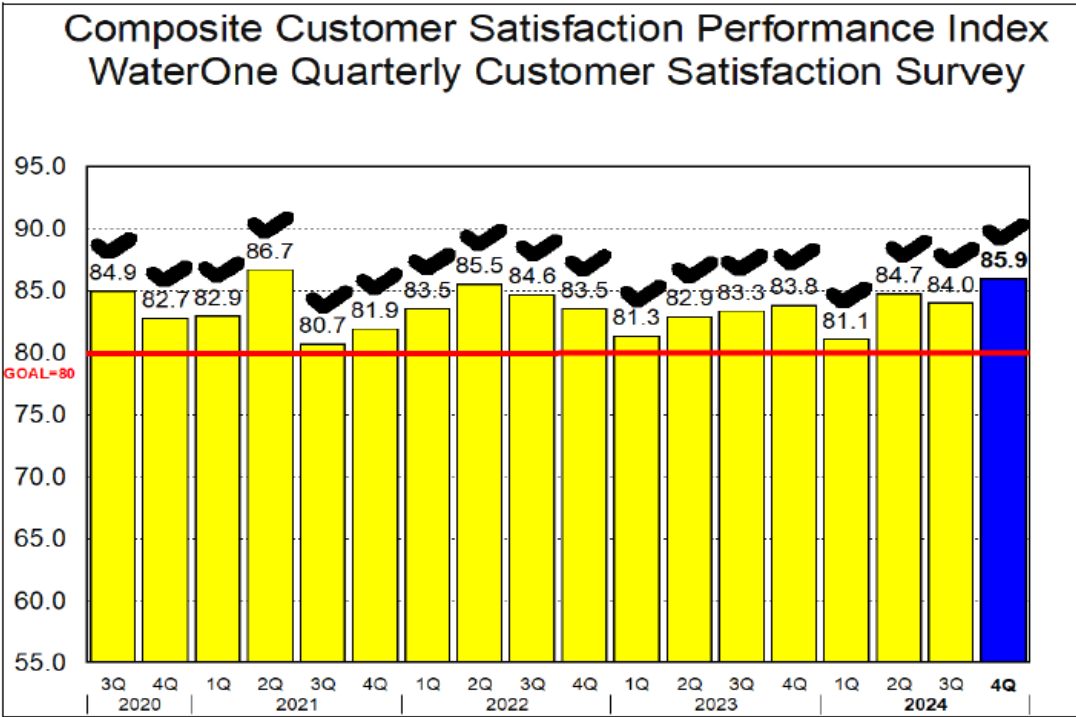
*KPI #6 and corresponding graph will be updated with 2024 data in the April 2025 KPI Report.



GREEN	Favorable variance from the target
YELLOW	Watch variance is 0% to 5% of target
RED	Unfavorable variance is over 5% of target

4. KPI DETAIL REPORT

Reporting Division	WaterOne Key Performance Indicators	Previous Period Actual	Current Period Actual	Target	Variance	Performance Rating
Reported Quarterly or Monthly						
SERV	7. Customer Satisfaction Rating Composite score based upon an index of various customer service and water service components common to utilities. (Quarterly) (S.G. 2)	84.0	85.9	80.0	7.4%	G
L/A	8. Employee Health & Safety The number of incidents requiring days away from work, restricted job duties, or transfer to alternative job. (Monthly) (S.G. 8)	2.0	0.0	3.0	100.0%	G



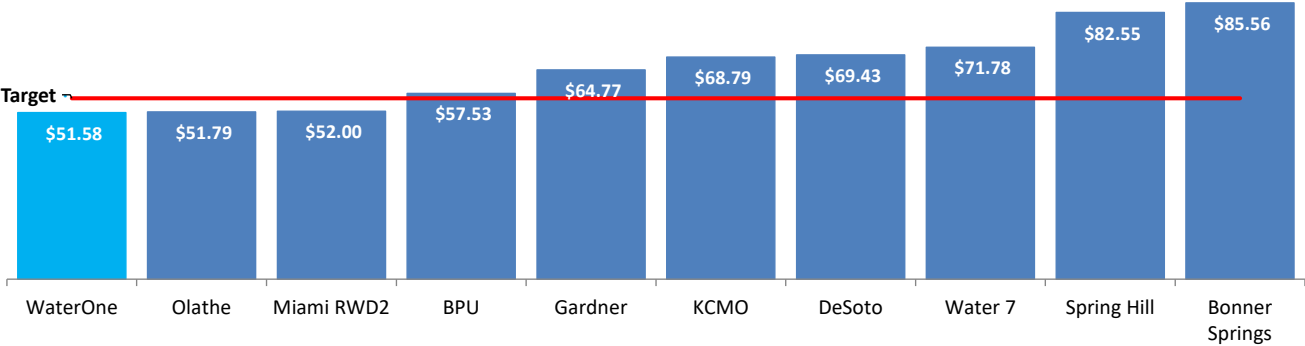
GREEN	Favorable variance from the target
YELLOW	Watch variance is 0% to 5% of target
RED	Unfavorable variance is over 5% of target

4. KPI DETAIL REPORT

Reporting Division	WaterOne Key Performance Indicators	2023 Actual	2024 Actual	Target	Variance	Performance Rating
Reported Annually						
FIN	9. Residential Cost of Water Comparison of residential cost of service based on 7,000 gallons of use and the average residential bill, to be in the lowest 1/3 of neighboring utilities. (S.G. 2, 4)	\$ 49.21	\$ 51.58	\$ 56.00	7.9%	G
FIN	10. Affordability Ratio The cost of low water usage for a low income resident divided by income after basic needs (housing, food, taxes, healthcare). (S.G. 2, 4)	2.5%	2.2%	5.0%	56.0%	G

GREEN	Favorable variance from the target
YELLOW	Watch variance is 0% to 5% of target
RED	Unfavorable variance is over 5% of target

2024 Average Monthly Amount for Customers at 7,000 Gal.
WaterOne Vs. Neighboring Utilities



5. SECONDARY METRICS

Reported Monthly	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total or Average
Main Breaks	53	46	21	22	39	59	62	70	74	95	50	45	636
Main Extensions	1	0	4	4	2	3	4	3	11	7	4	4	47
Planned Work Orders	90.5%	93.7%	94.7%	97.0%	95.1%	89.8%	91.2%	90.6%	94.7%	96.3%	93.0%	93.0%	93.3%
Billing Accuracy (errors per 10,000 bills)	1.0	0.9	1.1	1.1	1.2	1.1	1.1	1.1	1.1	1.0	1.1	1.1	1.1
Employee Voluntary Turnover	6.0%	6.0%	5.0%	6.0%	5.4%	5.0%	4.7%	4.9%	4.3%	4.2%	4.4%	5.0%	5.0%
Avoidable Vehicle/Property Incidents	0	0	4	0	2	3	3	0	2	1	2	0	17
Max Hour (MG)	64.81	58.67	64.40	128.00	144.57	304.93	305.01	324.98	286.81	239.10	97.12	59.09	324.98
Max Day (MG)	46.36	40.52	48.03	70.63	77.61	131.98	122.37	127.9	120.62	104.19	54.83	41.45	131.98

Reported Annually	2020	2021	2022	2023	2024
Total Miles of Main Replaced	11.1	12.2	13.1	14.6	16.4
Average Miles per Gallon-light duty vehicles	11.3	11.7	12.5	12.1	13.1
Green House Gas Emissions/Million Gallons Produced**	2.01	1.79	1.66	1.77	-

**Information will be included in the April 2025 KPI report.

Record System Demand		
Max Day	157.53	7/23/2012
Max Hour	344.98	7/22/2022

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2025 REVENUE SUMMARY**OPERATING REVENUE ASSUMPTIONS****Comparison of Revenues**

Revenue Type	2024 Budget	2025 Budget	\$ Inc<Dec>	% Inc<Dec>
Sales of Water	\$138,438,533	\$144,944,759	\$6,506,226	4.7%
Other Operating Revenues	1,830,000	1,950,000	120,000	6.6%
Investment Income	3,840,000	5,600,000	1,760,000	45.8%
Total	\$144,108,533	\$152,494,759	\$8,386,226	5.8%

Sales of Water

Sales of Water in 2025 are projected to increase by \$6,506,226 or 4.7%.

- A 4.8% rate increase will provide \$6,591,970 in additional revenue.
- 1,300 new retail customers will provide additional revenue of \$1,589,464. WaterOne projects new customer growth by analyzing the long term historical average as well as the recent growth trends.
- Budgeted reductions in Residential (R1), Multi-family (R2), Small Commercial (C1), and Large Commercial (C2) gallons per customer caused revenues to decrease by \$1,551,165.
- A true-up to actual customer growth and meter size mixes decreased revenue by \$124,043.

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.

REVENUES & RATES**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 \$650,000 which is \$25,000 or 4.0% more than the 2024 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 2025 are budgeted to be \$450,000 which is a \$25,000 or 5.9% increase from the 2024 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 \$850,000, which is \$70,000 or 9.0% more than the 2024 budget. For a detailed list of the miscellaneous fees and charges, see the supplemental section.

Investment Income

Investment income is earned on investments made with cash that is not needed for daily operation. Investment income in 2025 is budgeted to be \$5,600,000. This is an increase of \$1,760,000 or 45.8% more than the 2024 budget. The large increase is due to the rise in interest rates as well as a higher fund balance due to the 2025 bond issue.

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 2025, SDC income is budgeted at \$7,540,000 which is \$520,000 or 7.4% more than the 2024 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 \$5,800, an increase of \$400. For a detailed list of the different sizes and related charges, see the supplemental section.

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	2025 Rates per 1,000 gallons	Total
1	5,180	\$5.41	\$28.02
2	1,820	\$8.12	\$14.78
Service Charge	NA	\$11.25	\$11.25
	7,000		\$54.05

There is an overall 4.8% rate increase for 2025. The typical customer's bill will increase 4.8% or \$2.47.

**Comparison of Volume Rates and Service Charges
2024 to 2025
4.8% Rate Increase**

	Actual 2024 Rates	Adopted 2025 Rates	\$ Increase	% Increase
Meter Size				

Retail Service Charges:

Single Family Residential

		Bi-monthly			
Monthly	\$11.25	5/8"	\$21.50	\$22.50	\$1.00 4.7%
	\$14.00	3/4"	\$26.70	\$28.00	\$1.30 4.9%
	\$18.65	1"	\$35.60	\$37.30	\$1.70 4.8%
	\$34.25	1 1/2"	\$65.40	\$68.50	\$3.10 4.7%
	\$48.95	2"	\$93.40	\$97.90	\$4.50 4.8%
	\$106.75	3"	\$203.70	\$213.50	\$9.80 4.8%
	\$176.75	4"	\$337.30	\$353.50	\$16.20 4.8%

All Other

		Monthly			
		5/8"	\$14.60	\$15.30	\$0.70 4.8%
		3/4"	\$17.20	\$18.00	\$0.80 4.7%
		1"	\$21.60	\$22.60	\$1.00 4.6%
		1 1/2"	\$36.50	\$38.30	\$1.80 4.9%
		2"	\$50.50	\$52.90	\$2.40 4.8%
		3"	\$105.70	\$110.80	\$5.10 4.8%
		4"	\$172.50	\$180.80	\$8.30 4.8%
		6"	\$343.21	\$359.70	\$16.49 4.8%

Temporary Commercial (All Meter Sizes)	\$44.40	\$46.50	\$2.10	4.7%
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Retail Volume Charges per 1,000 Gallons:

Block 1 (0 to 125% of AWC):

All Classes	\$5.16	\$5.41	\$0.25	4.8%
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Block 2 (Over 125% of AWC):

All Classes	\$7.75	\$8.12	\$0.37	4.8%
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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 (In Gallons)	Block 1 Gallon %	Annual Consumption Block 1	Block 2	2024 Avg Bill	2025 Avg Bill	% Increase (Decrease)	Monthly Increase (Decrease)
<i>Average Residential</i>	<i>5/8"</i>	<i>84,000</i>	<i>7,000</i>	<i>74%</i>	<i>62,160</i>	<i>21,840</i>	<i>\$ 51.58</i>	<i>\$ 54.05</i>	<i>4.8%</i>	<i>\$ 2.47</i>

Single Family Residential

Low Usage	5/8"	24,580	2,048	98%	24,104	476	\$ 21.42	\$ 22.44	4.8%	\$ 1.02
Moderate Usage	5/8"	53,374	4,448	70%	37,289	16,085	\$ 37.17	\$ 38.95	4.8%	\$ 1.78
High Usage	5/8"	108,105	9,009	57%	61,586	46,519	\$ 67.28	\$ 70.49	4.8%	\$ 3.21
Low Usage	1"	40,699	3,392	91%	37,157	3,542	\$ 36.07	\$ 37.80	4.8%	\$ 1.73
Moderate Usage	1"	100,466	8,372	63%	63,080	37,386	\$ 69.07	\$ 72.39	4.8%	\$ 3.32
High Usage	1"	201,637	16,803	52%	104,615	97,022	\$ 125.44	\$ 131.47	4.8%	\$ 6.03

Multi-Family Residential

Low Usage	1"	102,185	8,515	100%	101,842	343	\$ 65.61	\$ 68.75	4.8%	\$ 3.14
Moderate Usage	1"	216,049	18,004	97%	210,019	6,030	\$ 115.80	\$ 121.36	4.8%	\$ 5.56
High Usage	1"	484,879	40,407	83%	401,832	83,047	\$ 248.02	\$ 259.95	4.8%	\$ 11.93
Low Usage	1 1/2"	232,646	19,387	100%	231,965	681	\$ 136.68	\$ 143.34	4.9%	\$ 6.66
Moderate Usage	1 1/2"	420,053	35,004	97%	409,470	10,583	\$ 219.41	\$ 230.06	4.9%	\$ 10.65
High Usage	1 1/2"	1,108,925	92,410	86%	949,039	159,886	\$ 547.85	\$ 574.35	4.8%	\$ 26.50
Low Usage	2"	320,115	26,676	99%	316,665	3,450	\$ 188.89	\$ 198.00	4.8%	\$ 9.11
Moderate Usage	2"	637,046	53,087	96%	613,898	23,148	\$ 329.43	\$ 345.33	4.8%	\$ 15.90
High Usage	2"	2,464,334	205,361	89%	2,200,905	263,429	\$ 1,167.02	\$ 1,223.39	4.8%	\$ 56.37

Small Commercial

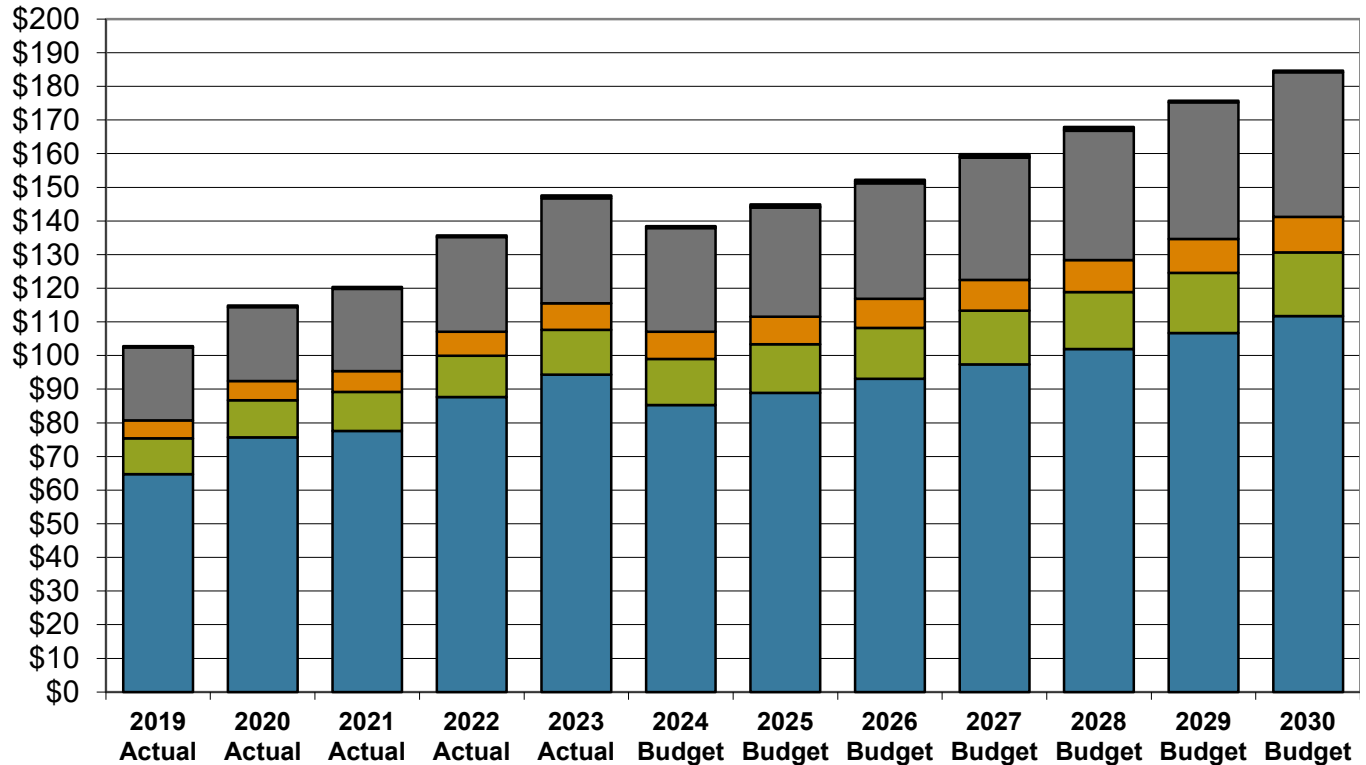
Low Usage	5/8"	5,598	467	100%	5,577	21	\$ 17.01	\$ 17.83	4.8%	\$ 0.82
Moderate Usage	5/8"	25,799	2,150	91%	23,470	2,329	\$ 26.20	\$ 27.46	4.8%	\$ 1.26
High Usage	5/8"	150,542	12,545	75%	112,845	37,697	\$ 87.47	\$ 91.68	4.8%	\$ 4.21
Low Usage	3/4"	13,918	1,160	98%	13,608	310	\$ 23.25	\$ 24.34	4.7%	\$ 1.09
Moderate Usage	3/4"	71,434	5,953	77%	55,060	16,374	\$ 51.45	\$ 53.90	4.8%	\$ 2.45
High Usage	3/4"	354,086	29,507	69%	244,670	109,416	\$ 193.07	\$ 202.34	4.8%	\$ 9.27
Low Usage	1"	22,091	1,841	97%	21,493	598	\$ 31.23	\$ 32.69	4.7%	\$ 1.46
Moderate Usage	1"	113,053	9,421	79%	88,853	24,200	\$ 75.44	\$ 79.03	4.8%	\$ 3.59
High Usage	1"	419,710	34,976	71%	300,029	119,681	\$ 227.91	\$ 238.85	4.8%	\$ 10.94

Large Commercial

Low Usage	1 1/2"	133,525	11,127	90%	120,103	13,422	\$ 96.81	\$ 101.53	4.9%	\$ 4.72
High Usage	1 1/2"	895,812	74,651	74%	660,741	235,071	\$ 472.44	\$ 495.25	4.8%	\$ 22.81
Low Usage	2"	216,857	18,071	94%	203,458	13,399	\$ 146.64	\$ 153.69	4.8%	\$ 7.05
High Usage	2"	1,819,363	151,614	77%	1,400,595	418,768	\$ 923.21	\$ 967.70	4.8%	\$ 44.49
Low Usage	3"	781,507	65,126	92%	719,357	62,150	\$ 455.16	\$ 477.16	4.8%	\$ 22.00
High Usage	3"	5,025,672	418,806	81%	4,069,230	956,442	\$ 2,473.17	\$ 2,592.54	4.8%	\$ 119.37
Low Usage	4"	1,912,747	159,396	92%	1,761,774	150,973	\$ 1,027.57	\$ 1,077.22	4.8%	\$ 49.65
High Usage	4"	16,952,350	1,412,696	82%	13,980,983	2,971,367	\$ 8,103.33	\$ 8,494.52	4.8%	\$ 391.19

HISTORY OF WATER SALES BY RATE CLASS

In millions



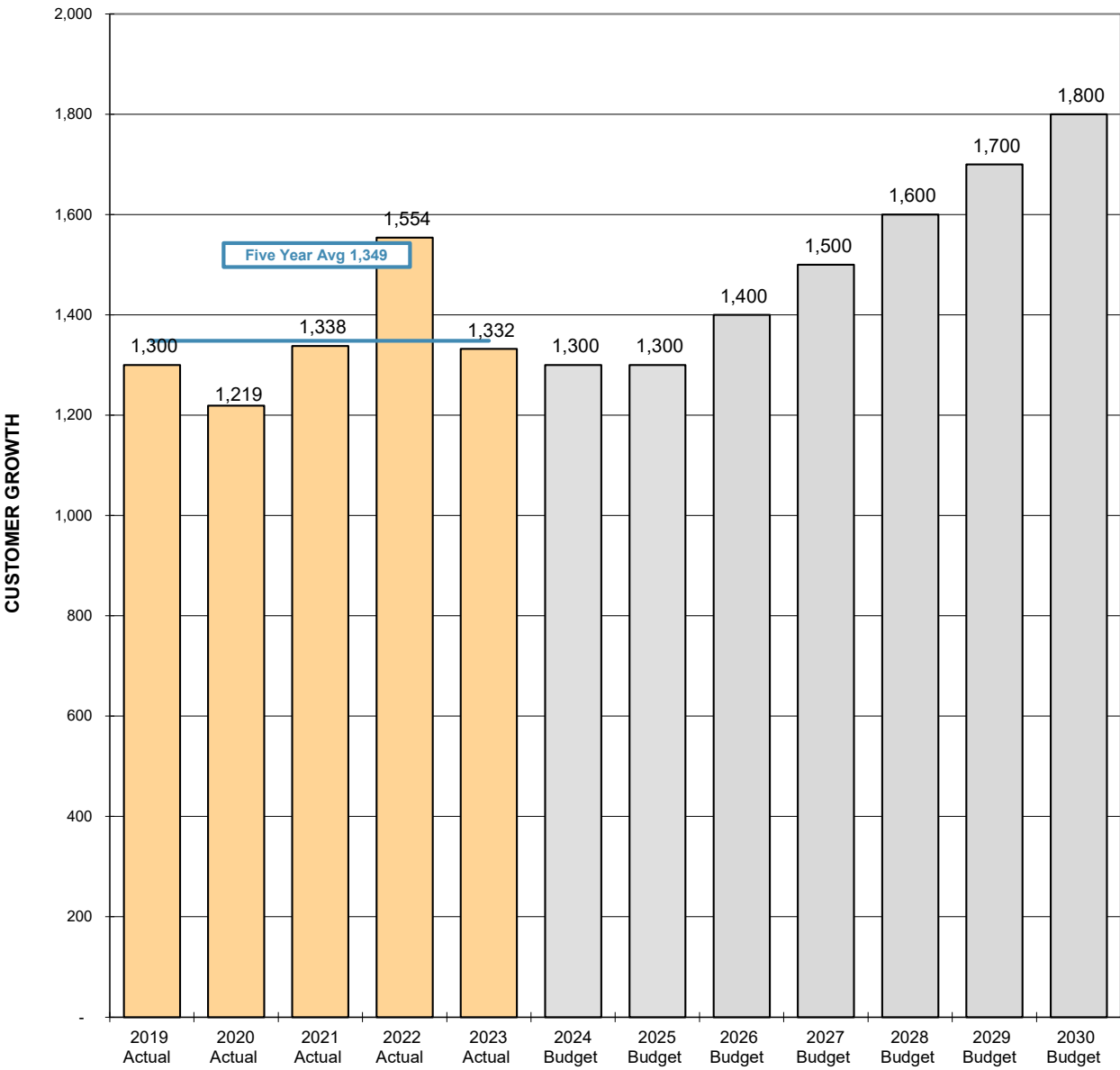
In Million \$'s		Wet 2019	Semi-Dry 2020	Normal 2021	Semi-Dry 2022	Dry 2023	Normal 2024	Normal 2025	Normal 2026	Normal 2027	Normal 2028	Normal 2029	Normal 2030
R1		\$ 64.7	\$ 75.7	\$ 77.6	\$ 87.6	\$ 94.3	\$ 85.2	\$ 88.9	\$ 93.1	\$ 97.4	\$ 101.9	\$ 106.7	\$ 111.8
M1		\$ 10.7	\$ 11.1	\$ 11.6	\$ 12.4	\$ 13.4	\$ 13.8	\$ 14.4	\$ 15.2	\$ 16.0	\$ 16.9	\$ 17.9	\$ 18.9
C1		\$ 5.3	\$ 5.7	\$ 6.1	\$ 7.1	\$ 7.8	\$ 8.1	\$ 8.2	\$ 8.6	\$ 9.1	\$ 9.6	\$ 10.1	\$ 10.6
C2		\$ 21.7	\$ 21.9	\$ 24.4	\$ 28.1	\$ 31.2	\$ 30.8	\$ 32.4	\$ 34.3	\$ 36.3	\$ 38.4	\$ 40.6	\$ 42.9
C3		\$ 0.4	\$ 0.5	\$ 0.6	\$ 0.5	\$ 0.6	\$ 0.4	\$ 0.4	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5
W1		\$ -	\$ -	\$ -	\$ -	\$ 0.3	\$ 0.2	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.7	\$ 0.7
Total		\$ 102.8	\$ 114.9	\$ 120.4	\$ 135.7	\$ 147.6	\$ 138.4	\$ 144.9	\$ 152.2	\$ 159.9	\$ 167.9	\$ 176.5	\$ 185.4

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.

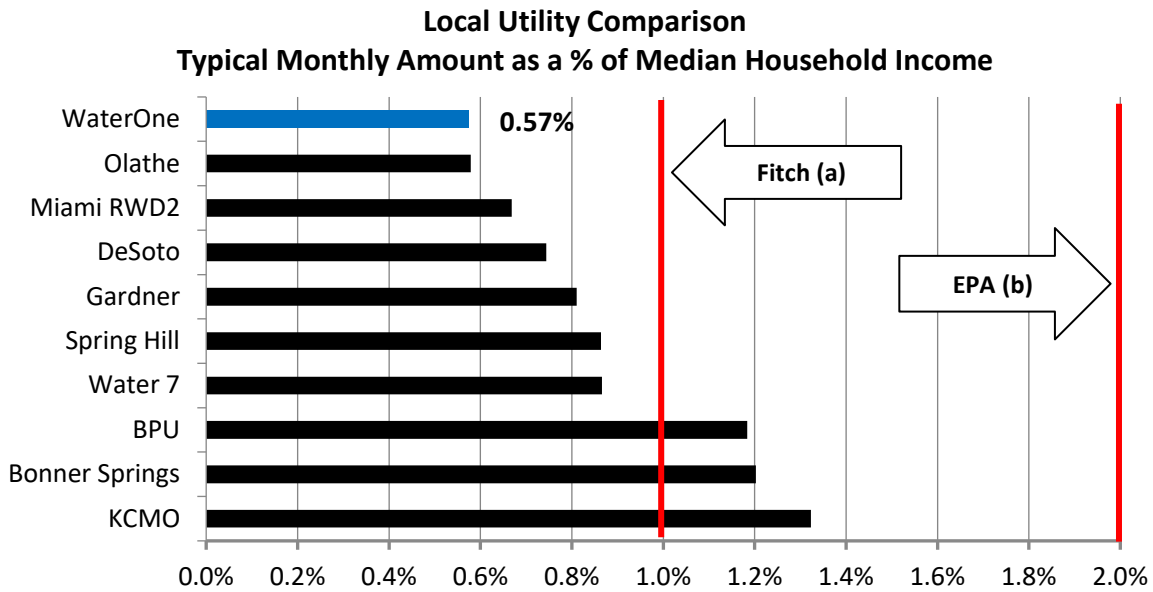
CUSTOMER GROWTH



5 Year Average (2019 to 2023) of Customer Growth = 1,349

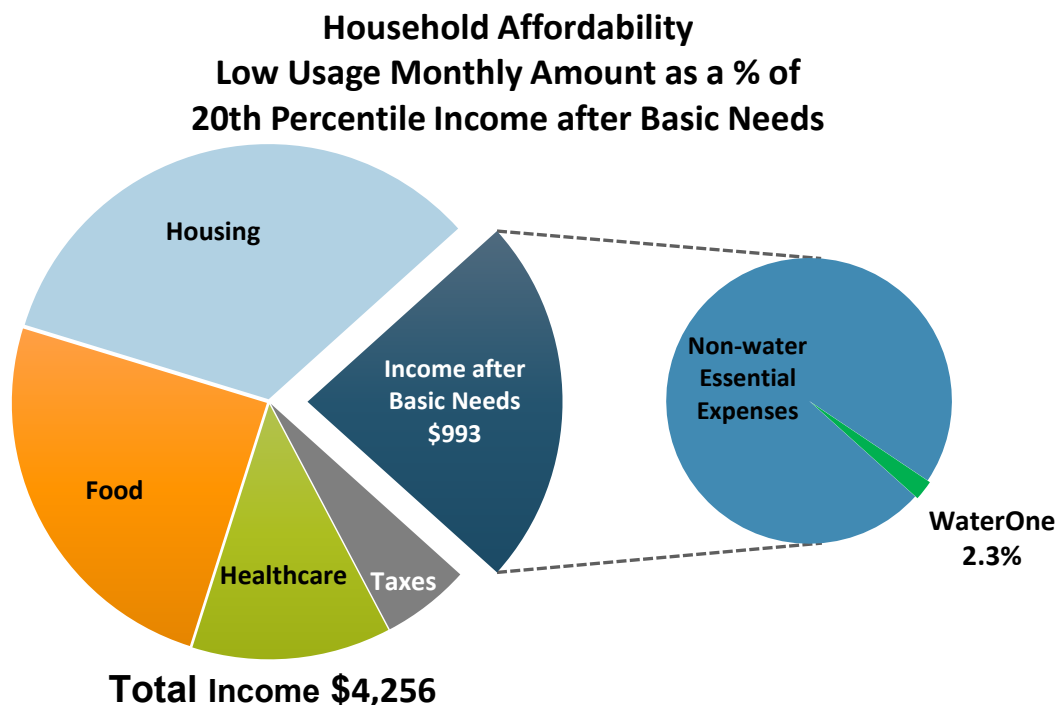
Commercial Temporary (C3) customers are excluded from the annual customer growth amounts.

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



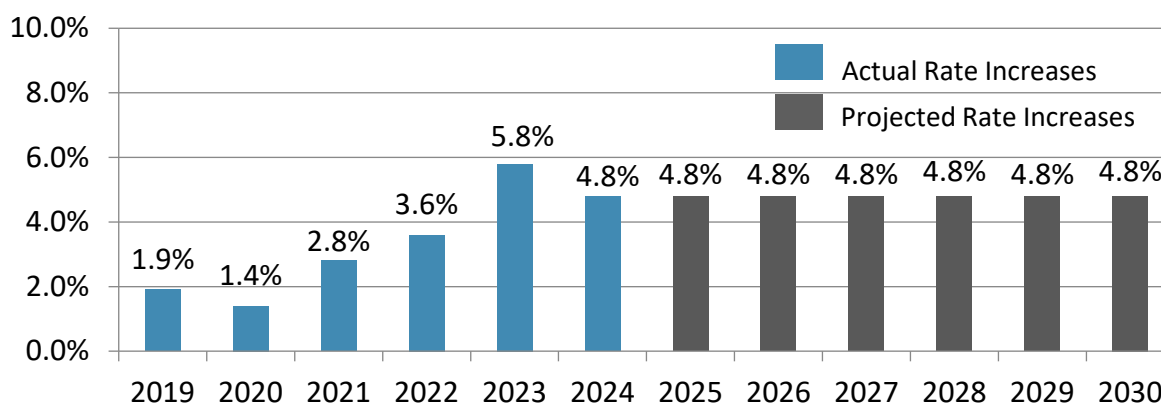
- a) Local economic and demographic factors affect a community's financial capacity to support and pay for drinking water service. Fitch Ratings has indicated that it considers rates that are higher than 1% for an individual water utility to be financially burdensome (Fitch, 2012).
- b) The US Environmental 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 20th percentile income, representing a comprehensive view of household affordability for WaterOne.



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

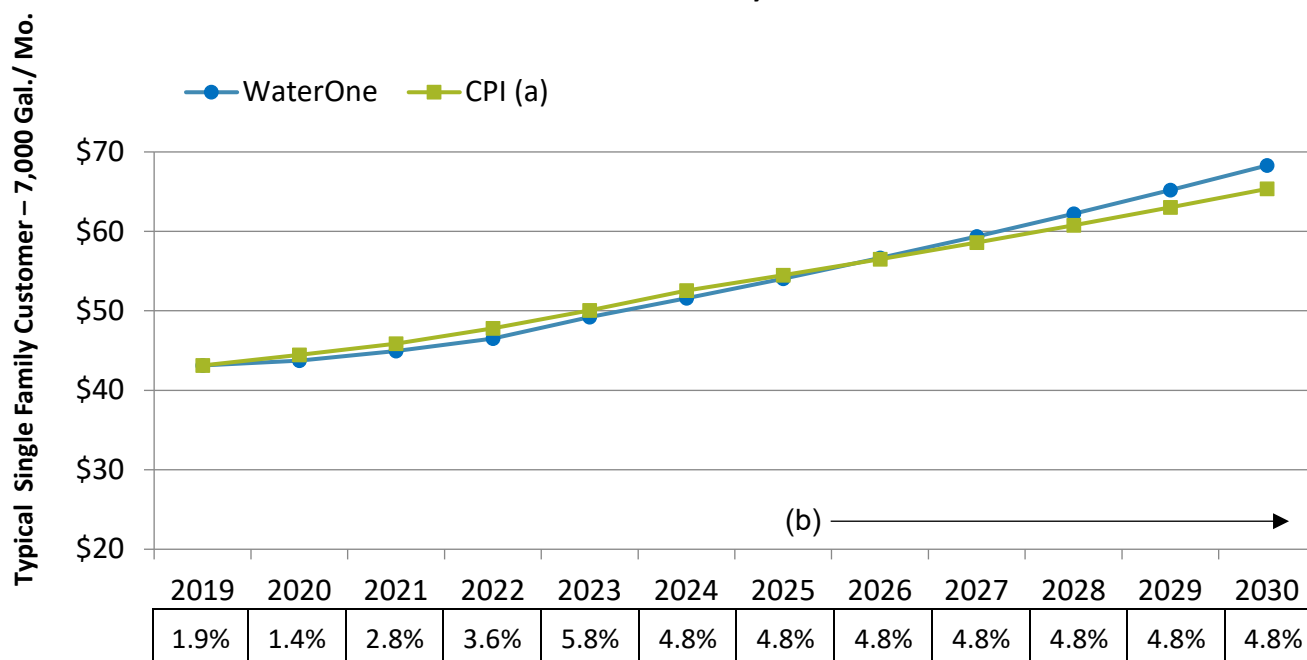
Water Rate Increases



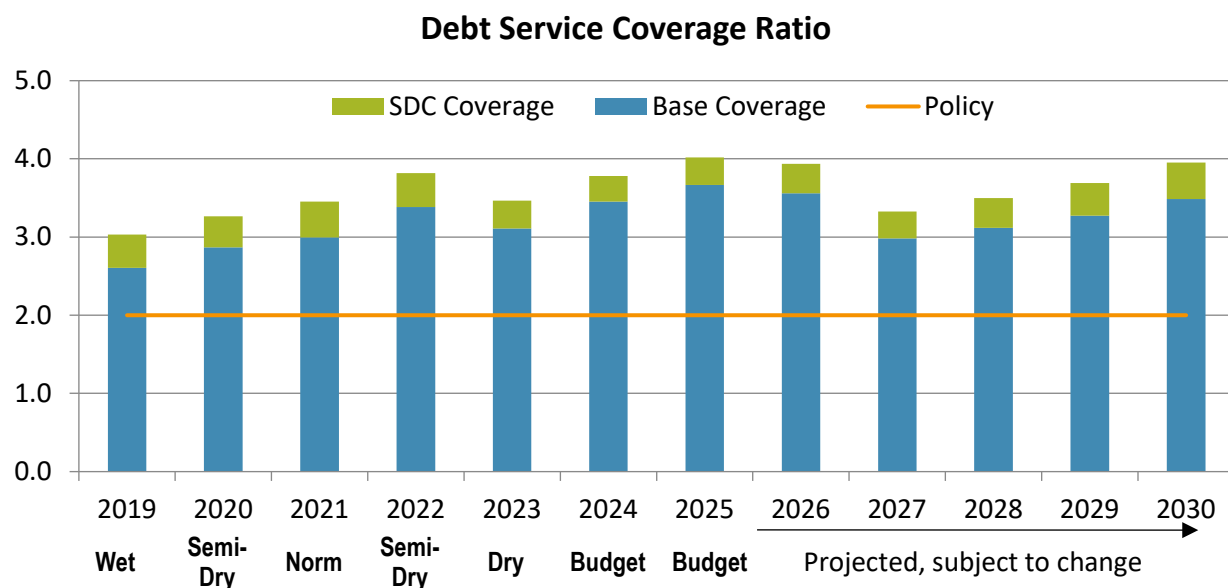
Rate increases beyond the current year are not formally adopted by the Board and are subject to change in the future.

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 5.0% in 2024 which is the one year change from June 2023 to June 2024. CPI estimated at 3.7% for 2025 through 2030 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.

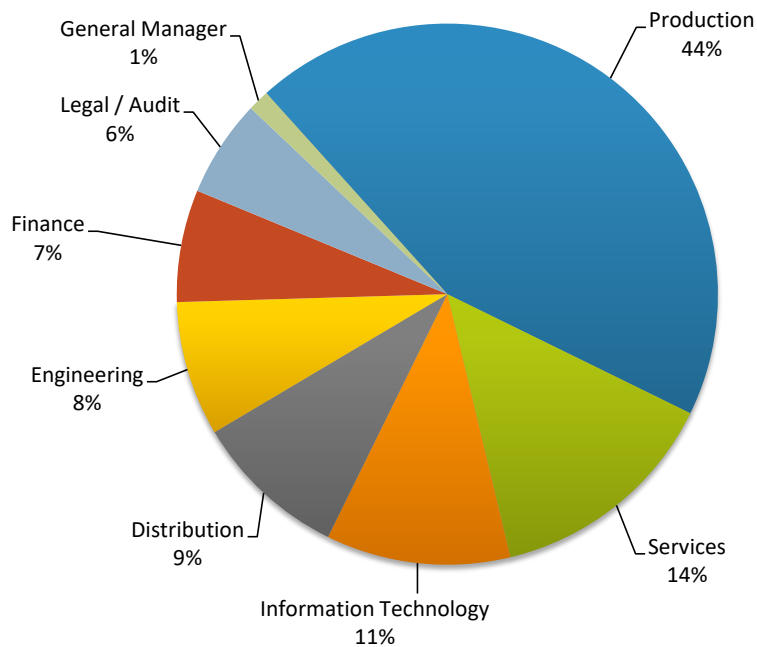
WaterOne Board Policy Number 16 requires a budgeted debt service coverage ratio of at least 2.0 without SDCs. SDCs are used to enhance coverage above the policy level.

OPERATIONS & MAINTENANCE BUDGET BY DIVISION
Comparison of 2024 & 2025

Division	2024 Budget	2025 Budget	\$ Dif	% Dif	% of Total O&M Requests	
					2024	2025
Production	\$ 31,853,126	\$ 32,537,690	\$ 684,564	2.1%	45.3%	43.9%
Services	11,393,966	10,370,980	(1,022,987)	(9.0%)	16.2%	14.0%
Information Technology	8,059,148	8,158,602	99,454	1.2%	11.5%	11.0%
Distribution	5,394,040	6,823,579	1,429,539	26.5%	7.7%	9.2%
Engineering	3,641,226	5,965,351	2,324,125	63.8%	5.2%	8.1%
Finance	4,964,799	4,971,447	6,648	0.1%	7.1%	6.7%
Legal / Audit	4,014,142	4,312,722	298,580	7.4%	5.7%	5.8%
General Manager	1,005,392	940,761	(64,632)	(6.4%)	1.4%	1.3%
TOTAL	\$ 70,325,840	\$ 74,081,131	\$ 3,755,292	5.3%	100%	100%

(totals may not add due to rounding)

PERCENT OF TOTAL BUDGET BY DIVISION



2025 Budget Compared to 2024 Budget

O&M ACCOUNTS BY CATEGORY

	Account Number	<u>2024</u>	<u>2025</u>	<u>\$ DIF</u>	<u>% DIF</u>
PAYROLL					
Labor - Non OT	410010	35,461,749	37,673,988	2,212,239	6.2%
Labor - OT	410015	1,338,080	1,485,200	147,120	11.0%
Water Board Salaries	410080	60,000	60,000	-	0.0%
	PAYROLL Transfers	(10,047,759)	(10,611,246)	(563,487)	5.6%
	Net PAYROLL	26,812,070	28,607,942	1,795,872	6.7%
BENEFITS					
Employee Insurance - Health	413010	5,193,586	5,793,211	599,625	11.5%
Pension DB – Final Pay Plan	412010	2,631,353	2,138,333	(493,020)	-18.7%
Pension DB – Cash Balance Plan	412050	902,854	811,896	(90,958)	-10.1%
Pension DC – WaterOne	412052	751,363	767,912	16,549	2.2%
Pension DC – Match	412051	676,226	691,121	14,895	2.2%
Pension DC – (Legacy) WaterOne	412020	350,405	348,632	(1,773)	-0.5%
Pension DC – (Legacy) Match	412030	266,308	264,961	(1,347)	-0.5%
FICA	411010	2,709,760	2,878,738	168,978	6.2%
Worker's Compensation	411020	610,822	666,000	55,178	9.0%
Retirees Insurance - Health	413050	410,305	461,152	50,847	12.4%
Employee Engagement	414030	264,783	393,840	129,058	48.7%
Retirees Insurance - Health Subsidy	413052	275,000	275,000	-	0.0%
Employee Health - Retiree Subsidy	413015	(275,000)	(275,000)	-	0.0%
Employee Insurance - Dental	413020	215,738	215,855	117	0.1%
Employee Insurance - Disability	413040	122,883	130,217	7,334	6.0%
Employee Insurance - Life	413030	120,211	120,101	(110)	-0.1%
Compensation & Benefits Consulting Services	414020	76,000	104,790	28,790	37.9%
Car Allowance - Employees	426065	96,700	71,100	(25,600)	-26.5%
WOW & Water Spout Awards	414090	60,000	60,000	-	0.0%
Service Awards	414070	25,000	52,750	27,750	111.0%
Health Related Training & Counseling	414060	22,650	50,265	27,615	121.9%
Employees Association Activity	414040	43,000	43,000	-	0.0%
Employee Insurance - Vision	413025	41,265	40,508	(757)	-1.8%
Unemployment Insurance	411050	35,646	37,734	2,088	5.9%
Tuition Reimbursement	414100	30,000	30,000	-	0.0%
Retirees Insurance - Life	413060	19,845	20,786	941	4.7%

O&M OVERVIEW

	Account Number	2024	2025	\$ DIF	% DIF
125D Flexible Benefit Plan	414010	5,424	6,288	864	15.9%
Flowers, Cards, Memorials	414050	2,000	2,000	-	0.0%
BENEFITS Transfers		(3,735,007)	(4,216,876)	(481,870)	12.9%
Net BENEFITS		11,949,120	11,984,314	35,194	0.3%

COMMODITIES

Chemicals - Water Treatment	424070	6,954,942	7,457,800	502,858	7.2%
Power - Transmission	424030	5,974,725	6,446,848	472,123	7.9%
Power - Source	424020	2,906,976	3,230,476	323,500	11.1%
Material & Supplies	421070	1,783,274	1,919,597	136,323	7.6%
Power - Distribution	424010	1,764,738	1,764,738	-	0.0%
Inventory Withdrawals	421010	943,741	924,379	(19,362)	-2.1%
Renewable Credits	424005	0	280,000	280,000	NA
Natural Gas - Generators - Wolcott	424045	331,757	277,360	(54,397)	-16.4%
Natural Gas	424050	254,200	238,997	(15,203)	-6.0%
Electricity	424040	198,000	196,200	(1,800)	-0.9%
BPU Water Purchased In-House	424065	160,000	175,000	15,000	9.4%
Uniforms	421160	137,097	157,024	19,928	14.5%
Small Tools & Equipment	421130	121,820	156,020	34,200	28.1%
On-Line Analyzer Supplies	421090	80,000	75,000	(5,000)	-6.3%
Safety Equipment & Supplies	421110	73,680	69,655	(4,025)	-5.5%
Kitchen Supplies	421040	62,000	67,000	5,000	8.1%
Other General Settlement	599000	10,094	43,281	33,187	328.8%
OT Meals	426230	36,000	39,903	3,903	10.8%
Office Supplies	421080	30,150	31,825	1,675	5.6%
Postage	426280	22,200	19,200	(3,000)	-13.5%
Other Material Settlement	529100	-	17,600	17,600	NA
Medical & First Aid Supplies	421060	3,300	10,000	6,700	203.0%
Elec. Communication Device	423150	8,000	7,000	(1,000)	-12.5%
Paper & Print Supplies	421100	4,000	3,750	(250)	-6.3%
Envelopes	421030	3,500	3,500	-	0.0%
Inventory Withdrawals - Meters	421015	-	3,400	3,400	NA
Crushed Rock	421020	-	1,530	1,530	NA
Proactive Safety Recognition	421120	1,550	1,000	(550)	-35.5%
Cash Discount Taken	426560	(6,000)	(9,000)	(3,000)	50.0%
COMMODITIES Transfers		(1,204,267)	(1,253,907)	(49,640)	4.1%
Net COMMODITIES		20,655,476	22,355,176	1,699,700	8.2%

	Account Number	<u>2024</u>	<u>2025</u>	<u>\$ DIF</u>	<u>% DIF</u>
SERVICES					
Software	426250	2,623,727	2,612,514	(11,213)	-0.4%
Property & Liability Insurance	425010	1,292,152	1,405,487	113,335	8.8%
Contracted Services	422090	1,192,223	1,150,817	(41,406)	-3.5%
Clean Drinking Water Fee	426070	587,853	588,204	351	0.1%
AMI Services	422260	597,713	579,190	(18,523)	-3.1%
Security / Security Guards	422340	541,465	533,848	(7,617)	-1.4%
Telecom	423030	560,080	520,000	(40,080)	-7.2%
Training	426340	440,000	473,000	33,000	7.5%
Water Billing Services	422430	467,125	466,100	(1,025)	-0.2%
Maintenance Services	422240	350,575	342,512	(8,063)	-2.3%
IT Hardware Maintenance	423022	304,500	309,900	5,400	1.8%
Telecom - Cell Phones	423120	292,648	264,716	(27,932)	-9.5%
Mowing & Landscaping	422270	249,000	256,000	7,000	2.8%
Cleaning & Inspecting Facilities	422080	274,776	214,846	(59,930)	-21.8%
Pavement Repair	422290	-	130,200	130,200	NA
Non-Employee Overload	426210	147,000	120,000	(27,000)	-18.4%
Dues & Local Meetings	426120	128,197	106,116	(22,081)	-17.2%
Uncollectible Accounts	426350	110,408	101,605	(8,803)	-8.0%
Special Assessment & Fees	426290	91,476	101,367	9,892	10.8%
Job Posting/Advertising	426160	60,000	100,500	40,500	67.5%
Communication Services	422085	120,378	99,750	(20,628)	-17.1%
Laboratory Services	422170	104,900	94,900	(10,000)	-9.5%
Vehicle Repair Services	422420	115,172	92,272	(22,900)	-19.9%
Checking Account Service Fees	426040	60,400	74,200	13,800	22.8%
Sod & Seed Restoration	422370	-	68,700	68,700	NA
Kansas River Water Assurance Dist. (KRWAD)	426190	92,515	66,977	(25,538)	-27.6%
Auditing Fees	422030	52,315	65,015	12,700	24.3%
WaterOne Memberships	426390	43,550	58,570	15,020	34.5%
Interest On Security Deposits	426170	40,000	56,250	16,250	40.6%
Printing Services	422330	60,285	54,660	(5,625)	-9.3%
Subscriptions & Reference Materials	426330	39,681	51,448	11,767	29.7%
Property & Liability Insurance - Self Ins.	425030	50,000	50,000	-	0.0%
AWWA Research Foundation Fees	426030	51,163	48,283	(2,880)	-5.6%
Vehicle & Equipment Rental	426360	35,836	48,016	12,180	34.0%
Recruitment Costs	426130	46,400	46,000	(400)	-0.9%
Payroll Processing	422300	43,200	43,200	-	0.0%
Security System Repairs Locks & Keys	422350	15,000	38,000	23,000	153.3%

O&M OVERVIEW

	Account Number	2024	2025	\$ DIF	% DIF
General Expenses & Miscellaneous	426150	52,275	36,945	(15,330)	-29.3%
KS State Water Analysis	422160	36,000	36,000	-	0.0%
Legal Services	422180	20,000	35,000	15,000	75.0%
IT Maint - Printers	423024	30,000	30,000	-	0.0%
Trash Removal Services	422400	25,500	27,860	2,360	9.3%
Environmental & Risk Mgmt	426140	29,580	26,030	(3,550)	-12.0%
Answering Service	422020	20,878	23,986	3,108	14.9%
Pre-Employment Services	422320	22,400	23,000	600	2.7%
Financial Advisory Services	422120	28,140	22,490	(5,650)	-20.1%
Bank Lockbox Processing Fees	426060	19,000	20,000	1,000	5.3%
Communications - Misc Expenses	423010	-	20,000	20,000	NA
Delivery Charges (UPS/Fed Ex/Local)	426110	17,630	18,190	560	3.2%
Cathodic Protection	422060	15,400	16,800	1,400	9.1%
Radio Charges	423075	15,800	15,800	-	0.0%
Engineering	422100	95,000	15,000	(80,000)	-84.2%
Clean Up	422070	-	11,300	11,300	NA
Advertising	422010	8,540	8,650	110	1.3%
Commitment To Excellence Award	426080	6,000	7,500	1,500	25.0%
Equipment Repair Services	422110	11,260	6,982	(4,278)	-38.0%
Permit & Easement Fees	426260	2,200	6,800	4,600	209.1%
Other Services Settlement	539100	4,450	6,750	2,300	51.7%
Medical Testing Services	422250	8,000	4,625	(3,375)	-42.2%
Access Control & Security Circuits	423130	3,300	3,276	(24)	-0.7%
Storage Expenses	422380	2,600	2,900	300	11.5%
Bank Account Reconciliation Fees	426020	1,500	1,700	200	13.3%
Spoil Removal	422075	-	1,500	1,500	NA
Post Offer Physicals	426270	9,200	1,000	(8,200)	-89.1%
Kansas One Call Fee	422165	500	500	-	0.0%
Water Rights	426380	200	300	100	50.0%
Indoor Plants Services	422150	3,576	-	(3,576)	-100.0%
SERVICES Transfers		(861,468)	(730,347)	131,121	-15.2%
Net SERVICES		10,909,174	11,133,700	224,526	2.1%
GRAND TOTAL		70,325,840	74,081,131	3,755,292	5.3%

Numbers may not add due to roundin

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Personnel

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 2025, a total of 408 full-time, 1 part-time, and 21 temporary/summer positions are budgeted. There was a significant reorganization in 2024 that is detailed in the Supplemental Section of the budget book. The total FTEs after all adjustments are 414.55 which is a decrease of 0.73 FTEs versus the 2024 budgeted authorized personnel.

The budget includes a performance compensation adjustment of 5.00%.

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 2025, the five-year plan is from 2026 to 2030.

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GENERAL MANAGER	
General Manager	1.00
Executive Assistant to the Board	1.00

FINANCE	LEGAL/AUDIT	IT	SERVICES	ENGINEERING	PRODUCTION	DISTRIBUTION
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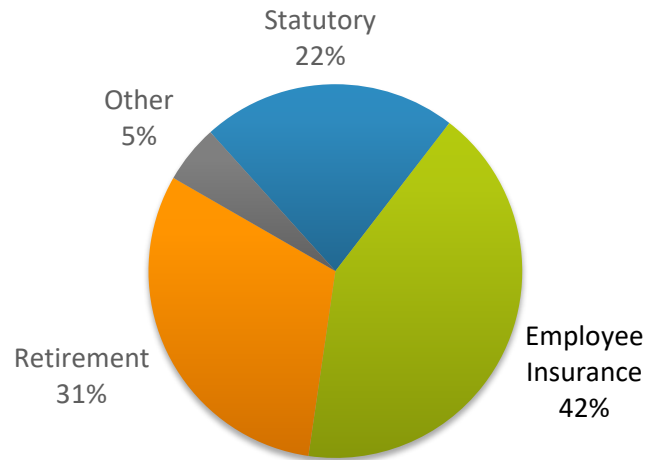
Office of Director		Office of Director		Office of Director		Office of Director		Office of Director		Office of Director			
Director of Finance	1.00	Director of Legal/Audit	1.00	Director of Information Technology	1.00	Assistant General Manager	1.00	Director of Engineering	1.00	Director of Production	1.00	Director of Distribution	1.00
Administrative Assistant	1.00	Administrative Assistant	1.00	IT Coordinator	1.00	Administrative Assistant	1.00	Administrative Assistant	2.00	Administrative Assistant	1.00	Administrative Assistant	1.00
Accounting		Legal Svcs/Govt. Relations		Operations		Graduate Intern	0.62	Distribution Engineering		Facilities Maintenance		Distribution Analyst	2.00
Manager of Accounting	1.00	Manager of Legal Svcs/Govt Relations	1.00	Manager of IT Operations	1.00	Human Resources		Manager of Dist Engineering	1.00	Manager of Facilities Maintenance	1.00	Scheduler/Planner	1.00
Accounts Payable	2.00	Associate Attorney	1.00	Supervisor of Data Services	1.00	Manager of Human Resources	1.00	Supervisor of Engineering	4.00	Supervisor of Analyzers	1.00	Construction	
Accountant	2.00	Records/Info Mgmt Coordinator	1.00	Business Intelligence Analyst	1.00	HR Generalist	2.00	Construction Inspector	4.00	Op Analyzer Tech	7.00	Manager of Construction	1.00
Procurement/Inv Control		Audit & Risk Mitigation		Application Systems Engineer	1.00	HR Business Partner	2.00	Project Engineer	8.00	Supervisor of Electrical Maint	1.00	Supervisor of Distribution (HDD)	1.00
Manager of Procurement/Inv Control	1.00	Manager of Audit	1.00	Database Administrator	1.00	Payroll/HR Specialist	1.00	Engineering Tech	4.00	Electrician	6.00	Supervisor of Distribution	6.00
Buyer	1.00	Supervisor of Audit	1.00	Supervisor of Infrastructure Engineer	1.00	HR Intern	0.25	CAD Tech	2.00	Supervisor of HVAC/R	1.00	Distribution Tech	33.00
Supervisor of Inventory Control	1.00	Auditor	2.00	IT Infrastructure Engineer	3.00	Supervisor of Engagement	1.00	Distribution Services Tech	1.00	HVAC Tech	5.00	Distribution Maintenance	
Buyer/Inventory Control Specialist	1.00	Audit/Legal Intern	0.25	IT Network Engineer	2.00	Learning & Development Specialist	1.00	ROW Technician	1.00	Supervisor of Mechanical Maint	1.00	Manager of Maintenance	1.00
Inventory Control Specialist	3.00	Supervisor of Risk Mitigation	1.00	Enterprise Solutions		Technical Learning Coordinator	1.00	Restoration Coordinator	1.00	Plant Mechanic	10.00	Supervisor of Distribution	5.00
Financial Planning & Analysis		Sr. Env Health & Safety Spec.	2.00	Manager of Enterprise Solutions	1.00	HR Specialist	1.00	Dist. Eng. Intern (2)	0.50	Supervisor of Maintenance Coord.	1.00	Distribution Tech	19.00
Manager of FP&A	1.00	Insurance Coordinator	1.00	Supervisor of Geospatial Services	1.00	Communications		Facilities Engineering		Maintenance Plan/Sched	2.00	Supervisor of Emergency Techs	1.00
Financial Analyst	4.00	Emergency Coordinator	1.00	GIS Analyst	3.00	Manager of Communications	1.00	Manager of Facilities Engineering	1.00	Building Maintenance Tech	1.00	Emergency Tech	5.00
Fleet & Janitorial		Security Coordinator	1.00	GIS App./Dev Analyst	1.00	Communications Specialist	2.00	Supervisor of Engineering	1.00	Supervisor of Structures and Grounds	1.00	Transmission Mains & Valving	
Manager of Fleet & Janitorial Services	1.00			Summer GIS Intern	0.25	Communications Intern	0.50	Project Engineer	5.00	Structures Mechanic	2.00	Manager of TM & Valving	1.00
Supervisor of Fleet Services	1.00			Supervisor of GIS Services	1.00	Customer Service		Engineering Tech	2.00	Grounds Maintenance	3.00	Supervisor of Distribution	4.00
Fleet Admin Coord.	1.00			GIS Tech	2.00	Manager of Customer Service	1.00	Facilities Engineering Intern	0.25	Summer Grounds Intern (2)	0.50	Distribution Tech	24.00
Fleet Diesel Mechanic	2.00			GIS Editor	1.00	Supervisor of Account Administration	1.00	Process Engineering		Supervisor of Instrumentation	1.00	Summer Hydrant Auditor (9)	2.25
Fleet Mechanic	3.00			Supervisor Application Dev. Svcs	1.00	Acct Admin Coordinator	4.00	Manager of Process Engineering	1.00	Instrument Tech	4.00		
Fleet/Accounts Payable Clerk	1.00			Programmer Analyst	2.00	Acct Admin Rep/Teller	1.00	Project Engineer	1.00	Operations			
Supervisor of Janitorial Services	1.00			Supervisor of Business Partners	1.00	Supervisor of Customer Care	2.00	Data Analyst	3.00	Manager of Operations	1.00		
Janitor	6.00			Project Manager	4.00	Customer Representative	12.00	Supervisor of SCADA Automation	1.00	Operations Team Leader	5.00		
				Business Analyst	1.00	PT Customer Representative	0.68	SCADA Tech	3.00	Operations Tech	20.00		
				Sharepoint Developer	1.00	Field Services				Industrial Cleaning Tech	2.00		
				Supervisor Service Desk	1.00	Manager of Field Services	1.00			Water Quality Lab			
				Service Desk Support Tech	4.00	New Service Inspector	2.00			Manager of WQ Laboratory	1.00		
						Supervisor of Meter Maintenance	1.00			Laboratory Compliance Coordinator	1.00		
						Meter Maintenance	6.00			Supervisor of Chemistry	1.00		
						Supervisor of Field Support	1.00			Chemist	5.00		
						Field Representative	6.00			Organic Chemist	1.00		
						Summer Field Services	0.25			Summer Lab Intern	0.25		
						Supervisor of Locating Services	1.00			Supervisor of Microbiology	1.00		
						Locator	8.00			Microbiologist	2.00		
						Supervisor of Dev Services	1.00			Lab Tech	5.00		
						Dev Services Tech	4.00			Lab QA Officer	1.00		
						New Svc Conn Coordinator	1.00						
						Admin Support Clk-Dev Svcs	1.00						

Total Finance FTE's	35.00	Total Legal/Audit FTE's	15.25	Total IT FTE's	38.25	Total Services FTE's	71.30	Total Engineering FTE's	47.75	Total Production FTE's	96.75	Total Distribution FTE's	108.25
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	<u>Full Time (FT)</u>	<u>Part Time (PT)</u>	<u>Temp/Summer</u>	
2024 Authorized	407	3	22	
Mid Year Reclass (2024)*	1	-2	-1	
New Positions	0	0	0	
Reclass (2025)	0	0	0	
Eliminated Positions	<u>0</u>	<u>0</u>	<u>0</u>	
Total 2025	408	1	21	
<u>Full Time Equivalents (FTEs)</u>				<u>Total</u>
2024 Authorized	407	1.88	6.4	415.28
2025 Authorized	408	0.68	5.87	414.55
			<i>Net FTE Change</i>	-0.73

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2025 BENEFITS



	2023 Actual	2024 Budget	2025 Budget	\$ Incr (Decr)	% Incr (Decr)
Insurance	\$5,768,621	\$6,123,833	\$6,781,830	\$657,997	10.7%
Retirement	7,495,583	5,578,509	5,022,855	(555,654)	(10.0%)
Statutory	3,268,377	3,356,228	3,582,472	226,244	6.7%
Other	616,020	625,557	814,033	188,477	30.1%
Benefits - Gross	\$17,148,602	\$15,684,127	\$16,201,190	\$517,064	3.3%
Less Transfers	(3,511,271)	(3,735,007)	(4,216,876)	(481,870)	12.9%
Benefits - Net	\$13,637,331	\$11,949,120	\$11,984,314	\$35,194	0.3%

PERSONNEL

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

	Benefit Expenses				
	2023 Actual	2024 Budget	2025 Budget	\$ Incr (Decr)	% Incr (Decr)
Employee Insurance - Health	\$4,914,301	\$5,193,586	\$5,793,211	\$599,625	11.5%
FICA	2,675,458	2,709,760	2,878,738	168,978	6.2%
Pension DB - Final Pay Plan	5,344,520	2,631,353	2,138,333	(493,020)	(18.7%)
Pension DB - Cash Balance Plan	212,659	902,854	811,896	(90,958)	(10.1%)
Pension DC - WaterOne	630,861	751,363	767,912	16,549	2.2%
Pension DC - Match	555,928	676,226	691,121	14,895	2.2%
Worker's Compensation	557,882	610,822	666,000	55,178	9.0%
Retiree Insurance - Health	344,045	410,305	461,139	50,834	12.4%
Employee Engagement	328,919	264,783	393,840	129,058	48.7%
Pension DC -(Legacy) WaterOne	372,515	350,405	348,632	(1,773)	(0.5%)
Pension DC - (Legacy) Match	281,028	266,308	264,961	(1,347)	(0.5%)
Employee Insurance - Dental	204,140	215,738	215,855	117	0.1%
Employee Ins. - LT & ST Disab	127,991	122,883	130,217	7,334	6.0%
Employee Insurance - Life	121,711	120,211	120,101	(110)	(0.1%)
Comp & Benefit Consulting Serv	86,232	76,000	104,790	28,790	37.9%
Car Allowance	81,875	96,700	71,100	(25,600)	(26.5%)
Wow & Spout Awards	29,503	60,000	60,000	0	0.0%
Service Awards	26,599	25,000	52,750	27,750	111.0%
Health Train/Counsel	14,243	22,650	50,265	27,615	121.9%
Employee Assoc. Activities	29,743	43,000	43,000	0	0.0%
All Other	208,449	134,180	137,316	3,136	2.3%
Total Benefit Expense	\$17,148,602	\$15,684,127	\$16,201,190	\$517,064	3.3%

Employee Insurance – Health

The budgeted components of health insurance include a 12.5% premium rate increase, additional personnel, changes to the number of full time equivalent employees and changes to the mix of health coverage chosen by employees.

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. This plan was closed to new participants effective January 1, 2014. The actual expense posted to this account is a calculation mandated by the Governmental Accounting Standards Board. The accounting expense is not related to the cash contribution to the plan. Since the required accounting expense is a non-cash-flow item, WaterOne budgets this account on a cash basis, the projected normal contribution. The budget is decreasing primarily due to an additional contribution to the plan in 2024 from available year end funds.

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 decreasing primarily due to a contribution in 2024 from year end funds.

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 that is partially offset by a true up to the actual covered payroll for this 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 contributions 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 2024 will be in effect for the first half of the 2025 budget. The budget is based on a 9% renewal increase due to market conditions and loss experience.

Retiree Insurance – Health

The budget is based on a 12.5% premium rate increase and retiree projections. Retiree projections increased slightly for AARP and BCBS between 2024 and 2025.

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 an increase in December holiday gift cards for employees.

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

PERSONNEL

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 Insurance - Dental

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

Employee Insurance – LT & ST Disability

The budget increase is due to an increase in covered payroll.

Employee Insurance - Life

The budget increase is due to an increase in covered payroll.

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. The budget is increasing due to a shortened amortization schedule of the 2022 compensation study.

Car Allowance

This budget includes a monthly car allowance for directors and certain managers that frequently travel. The budget is decreasing in 2025 due to fewer positions being eligible for the allowance.

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.

Service Awards

This budget is for the recognition of employees who have reached service milestones of 5, 10, 15 years and beyond. The increase is to align the service award with inflation experienced over the last 15 years.

Health Train/Counsel

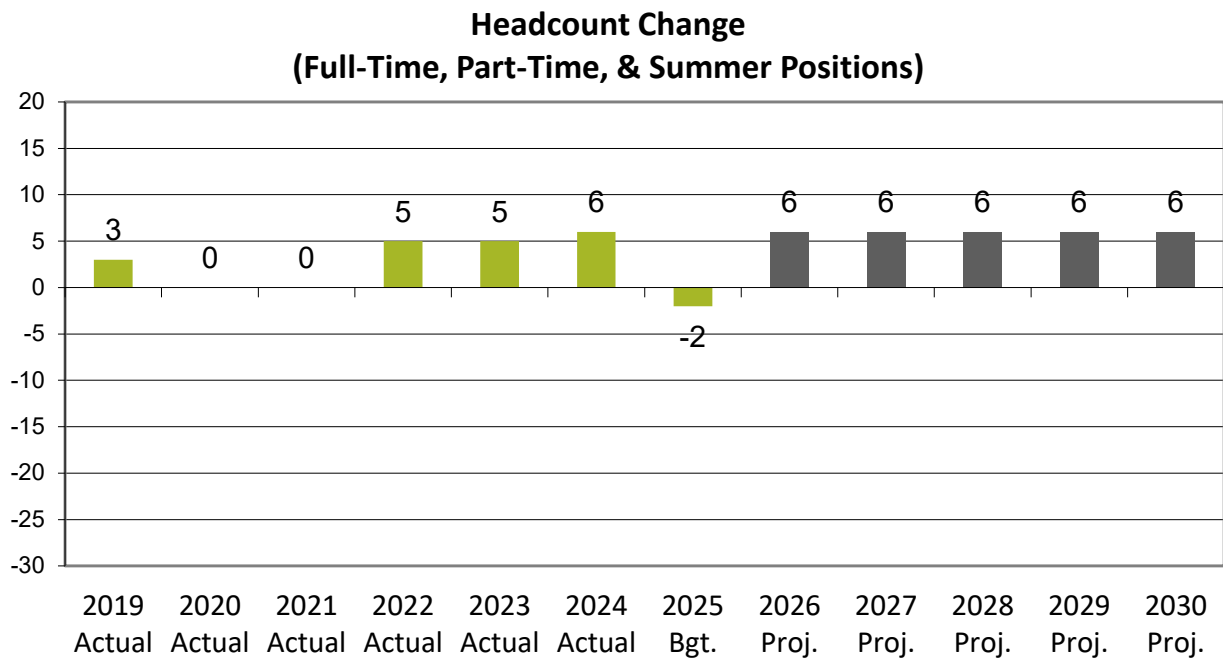
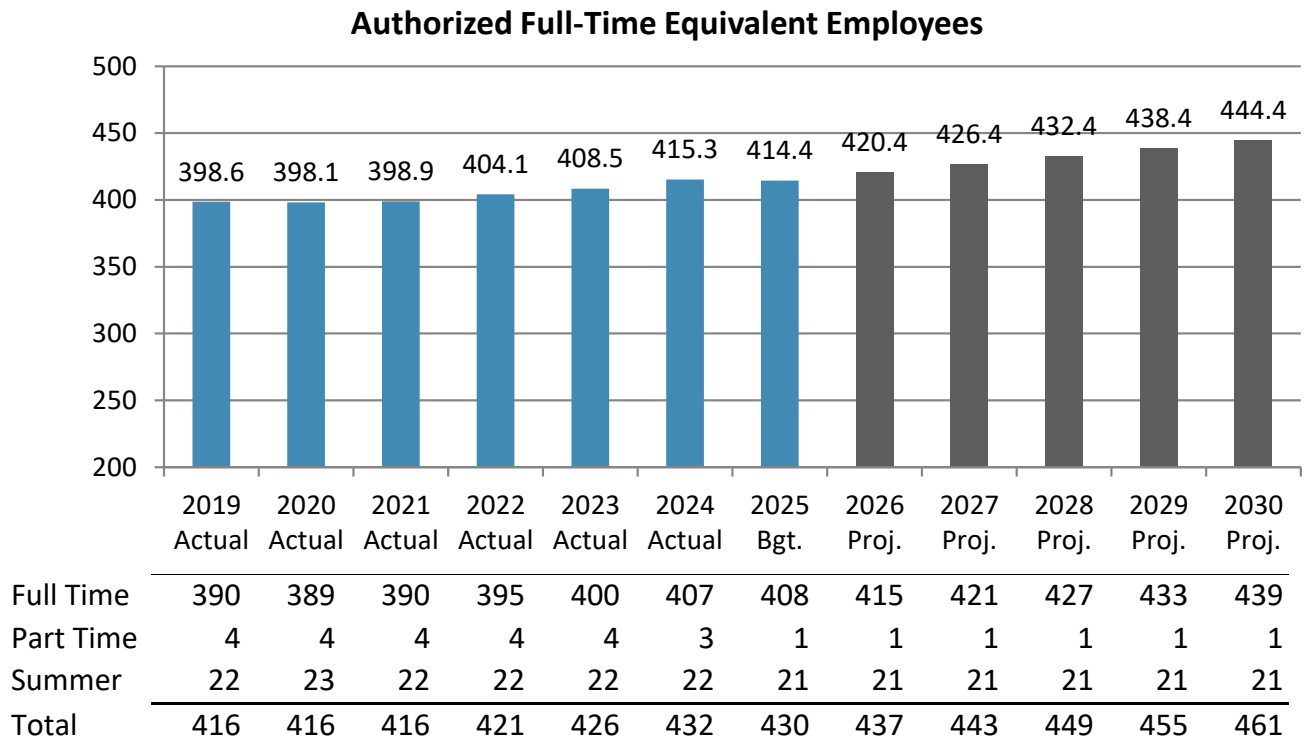
This budget is for programs that encourage employee health such as the Employee Assistance Program, the Spring Wellness Fair, biometric screenings, and flu shots. The increase is primarily due to the addition of an Onsite Mental Health program.

Employee Assoc. Activities

This budget is for quarterly organization wide luncheons as well as the annual holiday dinner at both the treatment plant and administrative building. The budget is unchanged for 2025.

Personnel

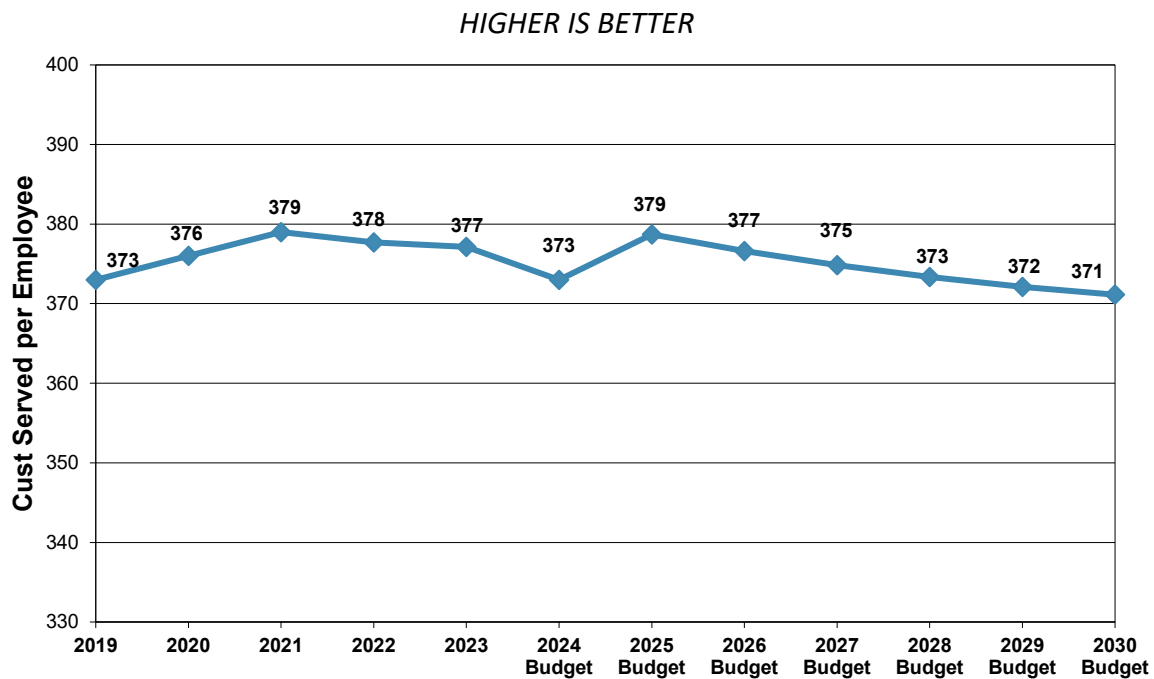
Actuals are budgeted authorized positions. Projections (■ in gray) are based on historical averages.



PERSONNEL

Average Customers Served Per Employee

Customer growth has been relatively stable between 1,200-1,500. The 2025 projections are estimated at 1,300 customers. The 2025 budget increased due to a small reduction in employees created by the reorganization. In 2021, higher growth and a low number of new employees produced a small increase. 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.



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 65 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.

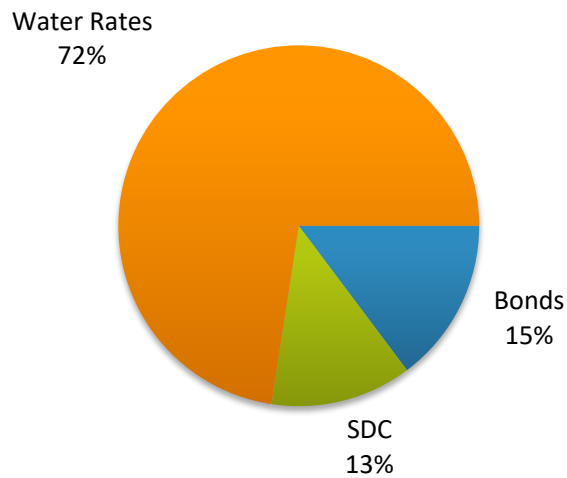
- **Master Plan** – The Master Plan includes projects to build new or replace facilities related to water treatment, pumping, storage, transmission mains, and new distribution mains. Master Plan projects are designed to increase the water supply to serve new customers and to protect existing facilities 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.

TOTAL CIP

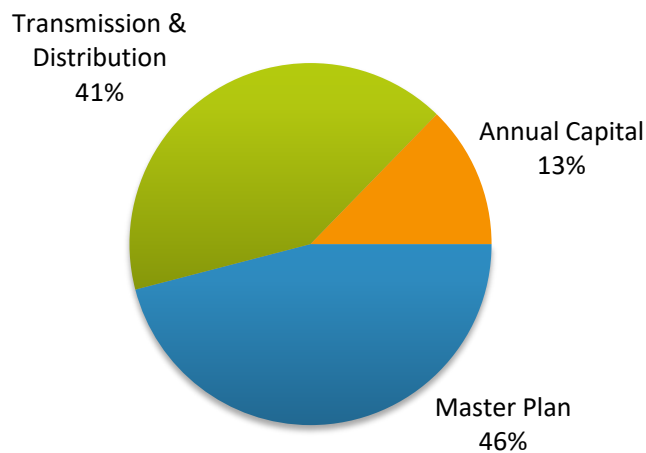
CIP Funding



FUNDING	2025	2026	2027	2028	2029	2030	Total
Water Rates	\$54.5	\$55.7	\$52.8	\$56.2	\$60.0	\$64.9	\$344.1
SDCs	7.5	8.4	9.5	10.5	11.6	12.6	60.0
Bonds	40.0	0.0	0.0	0.0	30.0	0.0	70.0
TOTAL FUNDING	\$102.0	\$64.1	\$62.3	\$66.7	\$101.5	\$77.5	\$474.2

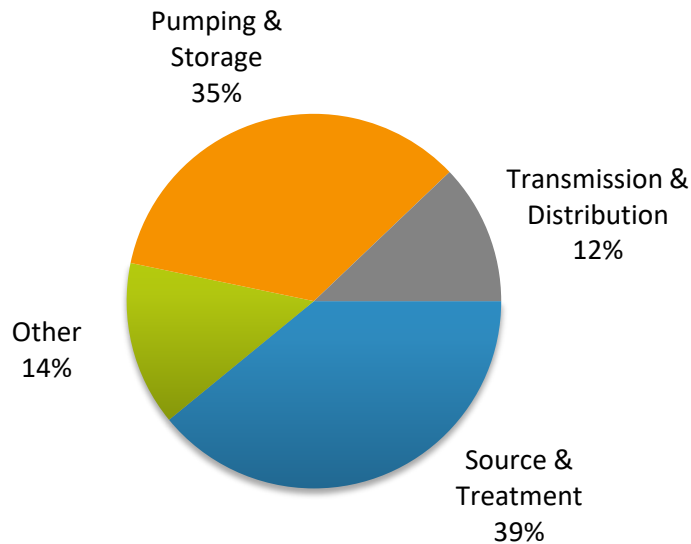
In millions. Numbers may not add due to rounding.

CIP Expenditures



EXPENDITURES	2025	2026	2027	2028	2029	2030	Total
Master Plan	\$74.8	\$28.5	\$17.5	\$15.9	\$64.5	\$34.0	\$235.2
Annual Capital	9.7	10.2	10.7	11.1	11.5	12.0	65.1
T&D	28.9	31.3	33.8	36.4	39.2	42.0	211.5
TOTAL EXPENDITURES	\$113.3	\$70.0	\$61.9	\$63.3	\$115.2	\$88.0	\$511.8

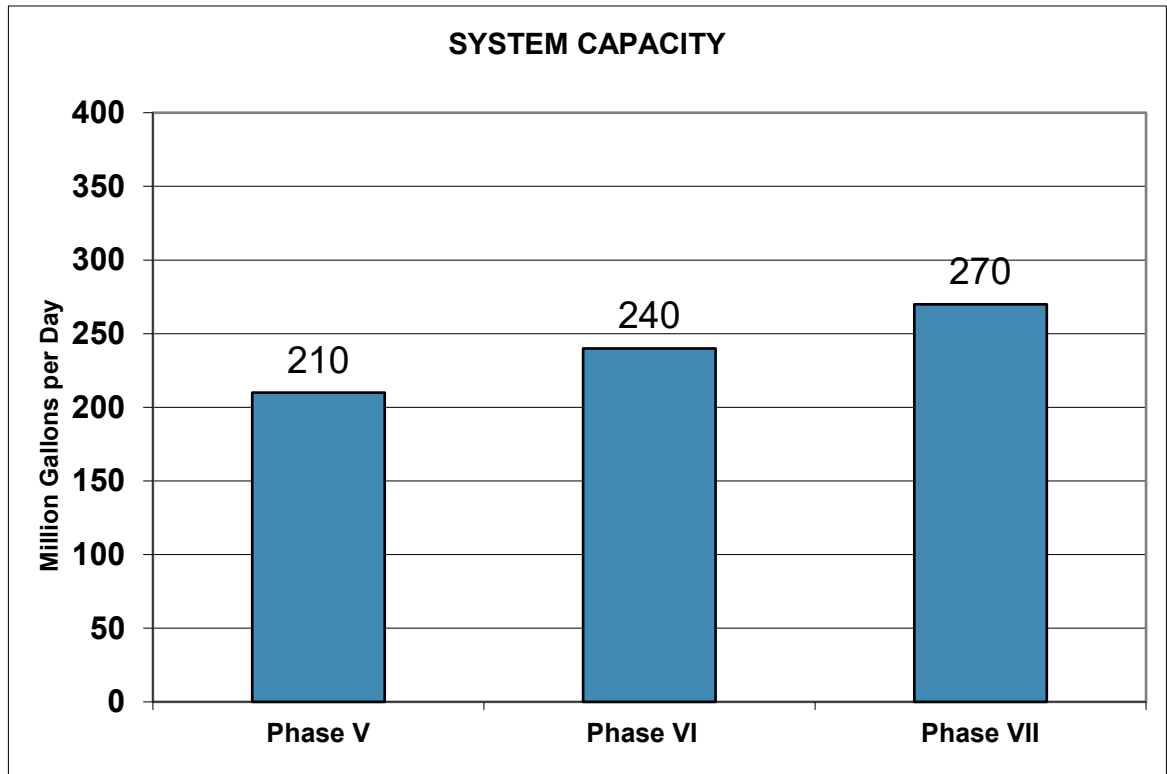
In millions. Numbers may not add due to rounding.

2025 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 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 93 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.

TOTAL CIP

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 2025 is the Wyss Pumping Station and Reservoir expansion for \$22.9M. Other large projects in 2025 include the Hydro Power Generation at the Kansas River for \$11.0M, \$9.5M for Phase II of the Campus Improvements, and \$8.2M for a 30" Transmission Main replacement on Switzer Road & Flint Street.

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.

2025 Master Plan Projects (Award Basis)**Source & Treatment**

MP-16015	Hydro Power Generation	\$	11,047,464
MP-22401	Facility 1 Improvements - Phase II		5,839,460
MP-20008	KS Well Units Replacement - Phase II		5,513,922
MP-23013	Facility 2 HVAC Refurbishment		1,783,515
MP-25004	Hansen Phase III Basin Painting		1,717,667
MP-23771	Instrumentation Upgrade and Asset Monitoring		1,122,412
MP-20772	SCADA Data Business System Integration		739,469
MP-19772	SCADA Control Center Upgrades		696,595
MP-20771	Electronic Document Management		511,352
MP-19773	SCADA HMI Upgrade Migration		250,000

Source & Treatment	\$	29,221,856
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Pumping & Storage

MP-22001	Wyss Pumping Station & Reservoir Expansion - Phase II	\$	22,916,923
MP-45001	191st and Hedge Lane Pump Station & Reservoir		1,000,000
MP-60001	170th and Metcalf Pump Station & Reservoir		993,995
MP-16006	Pumping Station & Res - NWRPA So Sub Zone (71st)		981,197

Pumping & Storage	\$	25,892,115
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Distribution & Transmission

MP-24100	30" TM Repl Switzer (67th-79th) & Flint St (55th-57th)	\$	8,208,842
MP-23015	16" TM Outlook/Martway to 62nd/Woodson		845,875

Distribution & Transmission	\$	9,054,717
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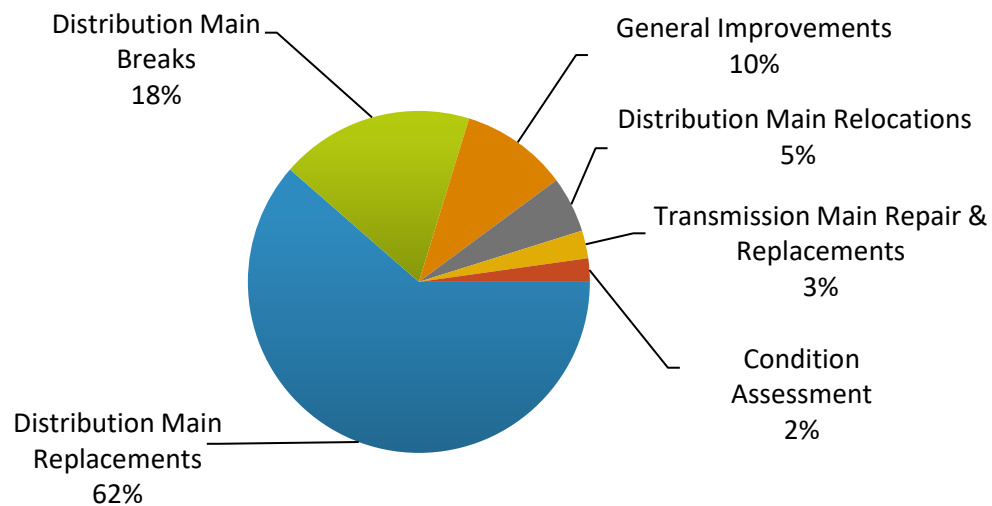
Other Facilities

MP-22035	Campus Improvements - Phase II	\$	9,520,453
MP-25009	Hansen O&M Building Roof Replacement		1,095,060

Other Facilities	\$	10,615,513
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Total Master Plan (Award Basis)	\$	74,784,202
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2025 Transmission & Distribution Funding



Transmission & Distribution Purpose and Funding

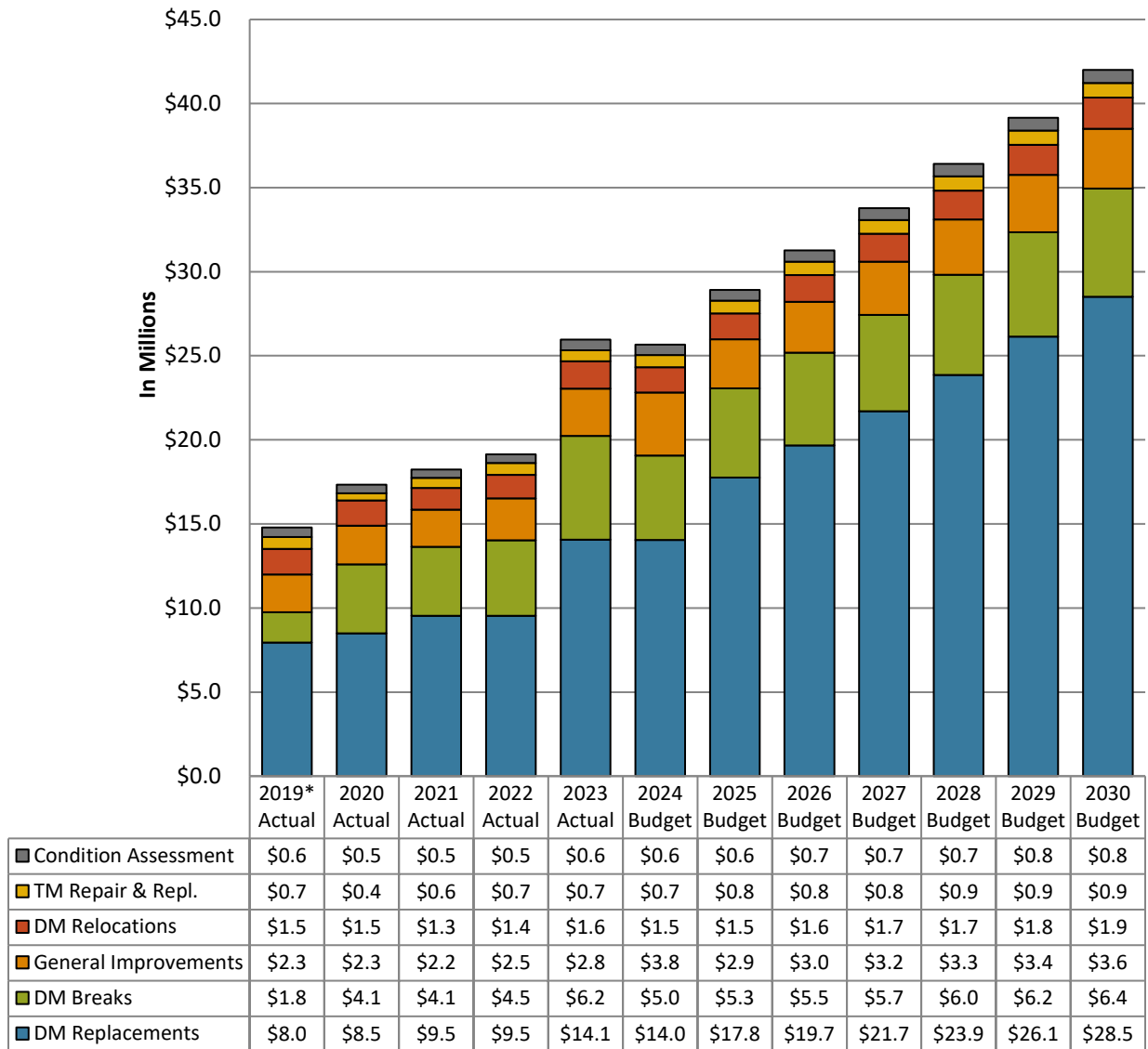
- Distribution Main Replacements** - Main replacements are budgeted based on the results of a water main asset management project that was developed in 2003 with the most recent update completed in 2022. The objective of the project was to produce a financial model that would identify the appropriate 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.

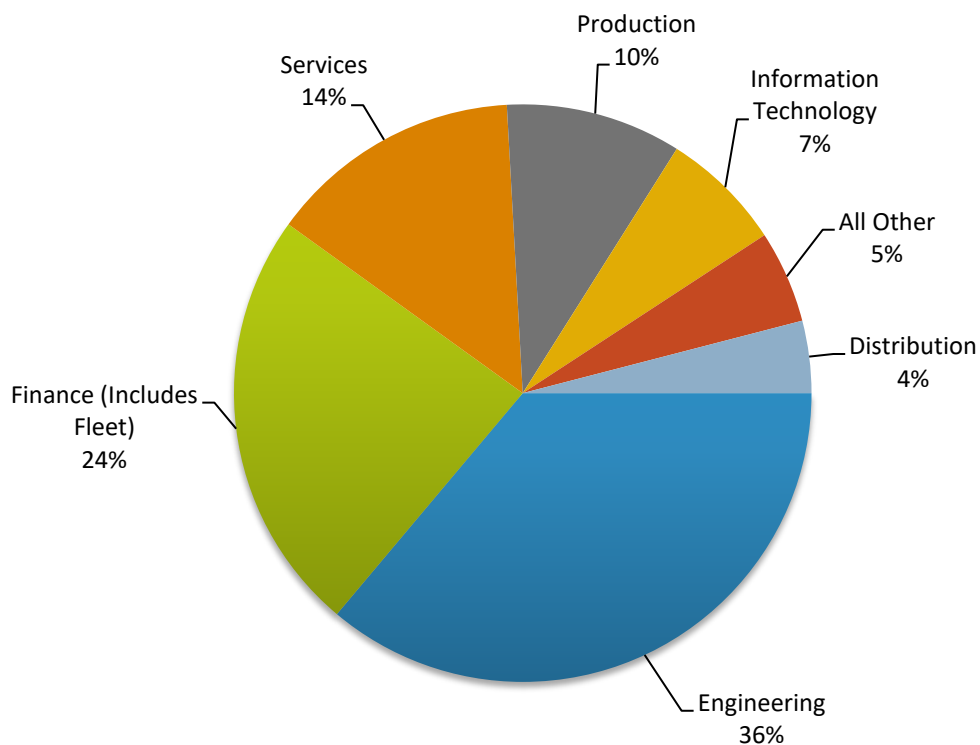
TOTAL CIP

- **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 155,000 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 2020 Distribution Main Breaks had capital and expense components. From 2020 forward, all breaks are considered capital improvements.

2025 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.

TOTAL CIP

Annual Capital Impact on Operating and Maintenance Expenses

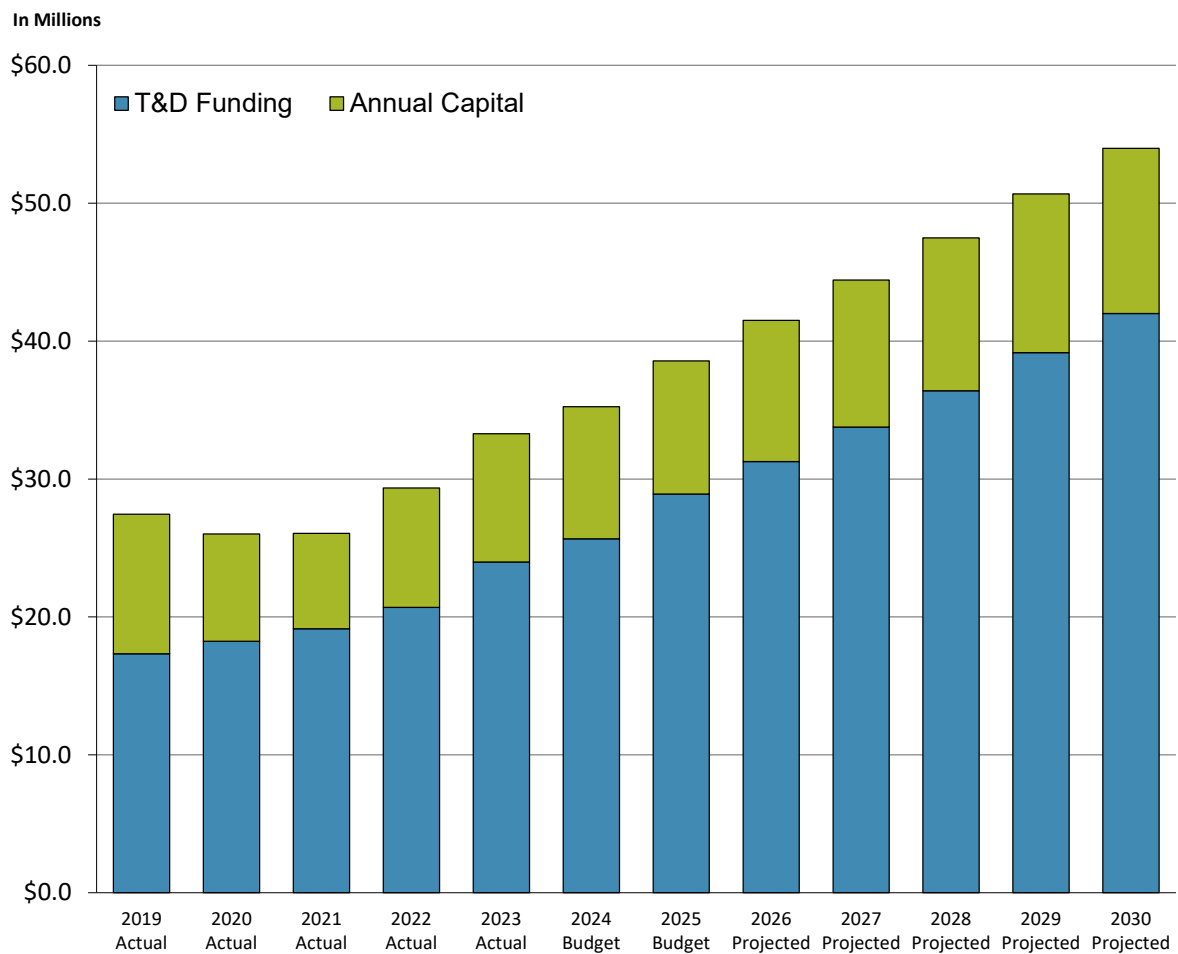
WaterOne's operating budget is directly impacted by its capital improvement program. Many of the Annual Capital projects will have ongoing operating costs that will continue to impact future budgets. Common ongoing costs include labor, maintenance, and fuel. Capital projects may also have a positive 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 2025, approximately 90% 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	2025 Budget	Net Operating Impact					
		2025	2026	2027	2028	2029	2030
New							
Engineering	\$ 441,420						
Distribution	176,568						
Production	33,108						
Services	30,000						
New - Total	\$ 681,096	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Replacement							
Engineering	\$ 3,045,801	(14,897)	(15,344)	(15,804)	(16,278)	(16,767)	(17,270)
Finance	2,295,802	(3,016)	(3,106)	(3,200)	(3,295)	(3,394)	(3,496)
Services	1,341,525						
Production	913,741						
Information Technology	662,130						
General Manager	501,333						
Distribution	208,572						
Replacement - Total	\$ 8,968,904	\$ (17,913)	\$ (18,450)	\$ (19,004)	\$ (19,574)	\$ (20,161)	\$ (20,766)
Annual Capital Total	\$ 9,650,000	\$ (17,913)	\$ (18,450)	\$ (19,004)	\$ (19,574)	\$ (20,161)	\$ (20,766)

HISTORY & PROJECTION OF TOTAL ANNUAL CAPITAL



T&D Funding	\$17.33	\$18.24	\$19.15	\$20.69	\$23.98	\$25.67	\$28.92	\$31.27	\$33.77	\$36.41	\$39.16	\$42.00
Annual Capital	\$10.12	\$7.77	\$6.91	\$8.66	\$9.30	\$9.58	\$9.65	\$10.24	\$10.65	\$11.08	\$11.52	\$11.98
Total Annual Capital	\$27.45	\$26.01	\$26.06	\$29.35	\$33.28	\$35.25	\$38.57	\$41.51	\$44.42	\$47.49	\$50.68	\$53.98

ANNUAL CAPITAL BY DIVISION/DEPARTMENT

DIVISION/DEPARTMENT	2024 CAPITAL REQUESTS	2025 CAPITAL REQUESTS	PRIOR YEARS' CARRYOVERS (b)	GRAND TOTAL 2025 CAPITAL REQUESTS
PRODUCTION				
Facilities Maintenance	\$ 689,948	\$ 782,421	\$ -	\$ 782,421
Water Quality Laboratory	42,287	164,428	-	164,428
TOTAL PRODUCTION	\$ 732,235	\$ 946,849	\$ -	\$ 946,849
ENGINEERING				
Facilities Engineering	\$ 2,506,073	\$ 3,487,221	\$ 3,062,177	\$ 6,666,160
Process Engineering	\$ -	\$ -	\$ 276,366	\$ 276,366
Distribution Engineering	-	-	-	-
TOTAL ENGINEERING	\$ 2,506,073	\$ 3,487,221	\$ 3,338,543	\$ 6,942,526
DISTRIBUTION				
Office of the Director	\$ -	\$ -	\$ 19,586	\$ 19,586
Construction	\$ 25,665,000	\$ 28,915,000	\$ -	\$ 28,915,000
Distribution Maintenance	575,996	385,140	-	385,140
TOTAL DISTRIBUTION	\$ 26,240,996	\$ 29,300,140	\$ 19,586	\$ 29,319,726
SERVICES				
Field Services	\$ 857,687	\$ 1,371,525	\$ -	\$ 1,371,525
TOTAL SERVICES	\$ 857,687	\$ 1,371,525	\$ -	\$ 1,371,525
FINANCE				
Fleet Services	\$ 2,767,030	\$ 2,295,802	\$ 749,796	\$ 3,045,598
TOTAL FINANCE	\$ 2,767,030	\$ 2,295,802	\$ 749,796	\$ 3,045,598
LEGAL / AUDIT				
Safety & Security	\$ 333,846	\$ -	\$ -	\$ -
TOTAL LEGAL/AUDIT	\$ 333,846	\$ -	\$ -	\$ -
INFORMATION TECHNOLOGY				
IT Operations	\$ 607,600	\$ 662,130	\$ -	\$ 662,130
Enterprise Services	605,375	-	79,718	79,718
TOTAL INFORMATION TECHNOLOGY	\$ 1,212,975	\$ 662,130	\$ 79,718	\$ 741,848
SUB-TOTAL (CAPITAL IMPROVEMENTS)	\$ 34,650,842	\$ 38,063,667	\$ 4,187,643	\$ 42,368,072
GENERAL MANAGER				
Capital Contingencies (1% of Total) (a)	\$ 594,159	\$ 501,333	\$ -	\$ 501,333
TOTAL OFFICE OF GENERAL MANAGER	\$ 594,159	\$ 501,333	\$ -	\$ 501,333
GRAND TOTAL CAPITAL REQUESTS	\$ 35,245,000	\$ 38,565,000	\$ 4,187,643	\$ 42,869,405

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 2025

		*2024 Budget	12-31-2024 Unspent	Budget Carry- Over to 2025
ENGINEERING				
AC-23019	Facilities Paging System	\$ 558,425	\$ 558,424	\$ 558,424
AC-21024	Missouri Intake Pump No. 6 Replacement	530,000	530,000	530,000
AC-23022	KS Presed Pump No 2 Refurbishment	350,000	320,084	320,084
AC-24012	Missouri River Low River Pump System Improvements	573,102	399,395	250,000
AC-22800	MO River Warm Water Supply Improvements	250,000	249,999	249,999
AC-24013	KS Presed Overhead Crane Replacement	278,206	276,588	200,000
AC-23300	Alarm Rationalization & Standard Update	184,281	184,281	184,281
AC-23016	Wolcott Chemical System Refurbishment	167,524	167,518	167,518
AC-23302	SCADA O&M Performance Mgmt (KPI and PI)	106,101	106,101	106,101
AC-24023	Fleet Offices Remodel	94,590	94,590	94,590
AC-24017	Wolcott Hypochlorite Pump Replacement	91,252	91,252	91,252
AC-23015	Facilities Safety Replacements	89,346	87,477	87,477
AC-22070	Olathe Metering Station Upgrades	45,000	35,041	65,000
OC-24010	North 90 Erosion Control Measures	77,249	43,260	43,260
AC-23006	Quivira Pump Station Sleeve Valve Refurb	384,000	(71,182)	35,000
AC-24005	Wolcott Surge Tank Painting and Improvements	333,846	192,051	30,000
AC-24016	Olathe Metering Station Roof Replacement	22,256	22,256	22,256
AC-21017	Quivira Pump Station Controls Upgrade	75,000	(43,630)	13,353
AC-23017	Tomahawk PRV Electrical Upgrade	40,000	5,472	12,000
AC-20023	Wolcott Conference Room Furniture	15,000	(13,727)	1,583
	Facilities Engineering Department Subtotal	\$ 2,955,990	\$ 3,235,250	\$ 3,062,177
AC-19302	SCADA Task Methodology & Lifecycle Mgmt	\$ 276,366	\$ 276,366	\$ 276,366
	Process Engineering Department Subtotal	\$ 276,366	\$ 276,366	\$ 276,366
	ENGINEERING TOTAL	\$ 3,232,356	\$ 3,511,616	\$ 3,338,543
DISTRIBUTION				
AC-24110	Valve Operator Replacement	\$ 19,586	\$ 19,586	\$ 19,586
	Distribution Maintenance Department Subtotal	\$ 19,586	\$ 19,586	\$ 19,586
	DISTRIBUTION TOTAL	\$ 19,586	\$ 19,586	\$ 19,586
FINANCE				
AP-24156	2 Ton Srv Body (2025 Constr. Crew) DOPS	\$ 222,564	\$ 222,564	\$ 222,564
AF-24104	Dump Truck (New) DOPS	183,616	183,616	183,616
AF-24106	Dump Truck (New) DOPS	183,616	183,616	183,616
AC-20070	Fuel Dispenser Replacement - AHQ	105,303	12,114	160,000
	Fleet Department Subtotal	\$ 695,099	\$ 601,910	\$ 749,796
	FINANCE TOTAL	\$ 695,099	\$ 601,910	\$ 749,796
INFORMATION TECHNOLOGY				
AC-24112	New GPS Units - 5 ea.	\$ 60,094	\$ 60,094	\$ 60,094
AC-22041	Board Room Technology Upgrades	20,000	19,624	19,624
	Enterprise Solutions Department Subtotal	\$ 313,041	\$ 284,438	\$ 79,718
	INFORMATION TECHNOLOGY TOTAL	\$ 920,642	\$ 668,268	\$ 79,718
	GRAND TOTAL CARRY-OVERS	\$ 4,867,682	\$ 4,801,379	\$ 4,187,642

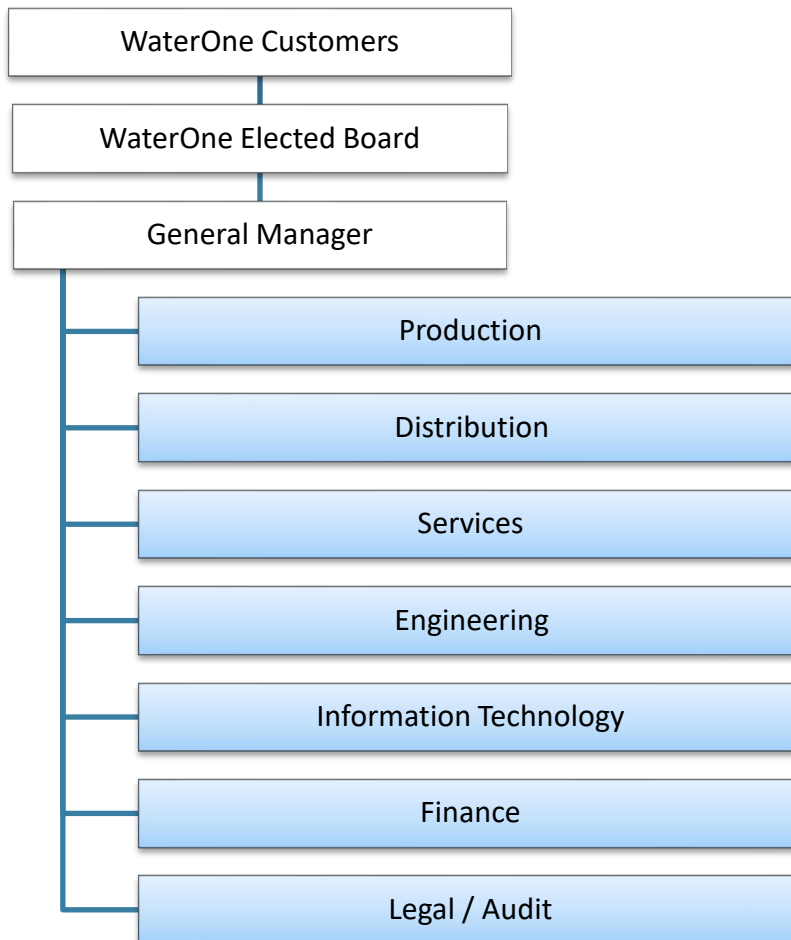
Numbers may not total due to rounding

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.

*2024 Budget amount represents the approved 2024 budget amount or carryover amount for all projects that were requested for carryover into 2024.

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GENERAL MANAGER



Office of the General Manager

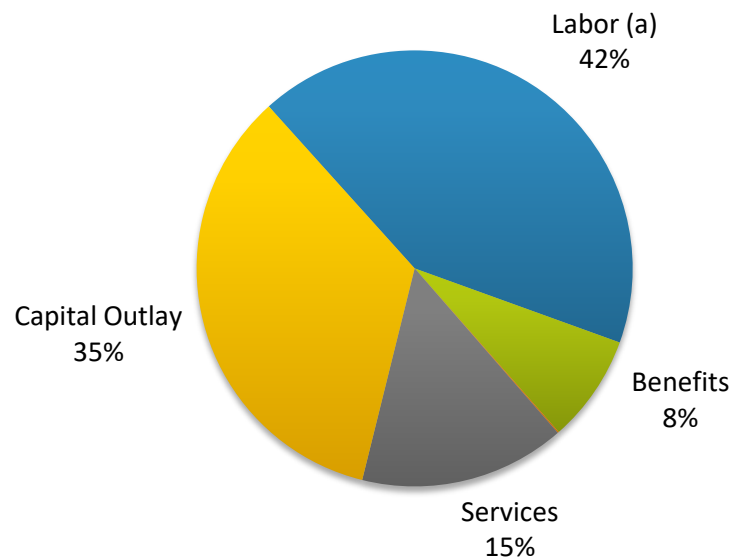
The General Manager provides comprehensive oversight for seven divisions throughout the utility. This administrative role ensures the utility's mission and strategic goals are successfully implemented with regard to customers, employees, and operations. The General Manager's office fosters open communication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

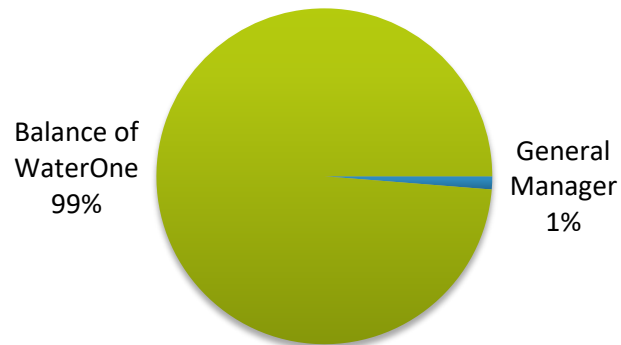
	2023 Actual	2024 Budget	2025 Budget	\$ Incr (Decr)	% Incr (Decr)
Labor (a)	\$566,950	\$589,936	\$613,702	\$23,766	4.0%
Benefits	162,450	130,970	116,191	(14,778)	(11.3%)
<i>Personnel Costs</i>	\$729,400	\$720,906	\$729,893	\$8,988	1.2%
Commodities	2,430	1,150	1,300	150	13.0%
Services	294,052	291,697	222,217	(69,480)	(23.8%)
Transfers	(10,789)	(8,360)	(12,649)	(4,289)	51.3%
Total O&M	\$1,015,092	\$1,005,392	\$940,761	(\$64,632)	(6.4%)
Capital Outlay (b)	0	594,159	501,333	(92,826)	(15.6%)
Total	\$1,015,092	\$1,599,551	\$1,442,095	(\$157,456)	(9.8%)

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 1% of the total annual capital budget.

Significant Division Operating Budgets by Cost Element

Division in Relation to Total WaterOne O&M Budget



The 2025 Significant Cost Elements are described below.

	2023 Actual	2024 Budget	2025 Budget	\$ Incr (Decr)	% Incr (Decr)
Labor - Non OT	\$505,199	\$529,936	\$535,702	\$5,766	1.1%
Benefits	162,450	130,970	116,191	(14,778)	(11.3%)
Water Board Salaries	60,000	60,000	60,000	0	0.0%
WaterOne Memberships	50,899	43,550	55,570	12,020	27.6%
Non-Employee Overload	0	125,000	50,000	(75,000)	(60.0%)
AWWA Research Foundation Fees	67,698	51,163	48,283	(2,880)	(5.6%)
Dues & Local Meetings	30,900	39,000	31,900	(7,100)	(18.2%)
Training	31,849	27,000	30,000	3,000	11.1%
Subtotal	\$908,995	\$1,006,619	\$927,646	(\$78,972)	(7.8%)
All Other Accounts	116,887	7,134	25,764	18,630	261.1%
Less Transfers	(10,789)	(8,360)	(12,649)	(4,289)	51.3%
*Total O&M	\$1,015,092	\$1,005,392	\$940,761	(\$64,632)	(6.4%)

Numbers may not add due to rounding

*There was a significant reorganization in 2024. The Division Budgets and prior year actual may not be comparable. See supplemental section for a reconciliation of the reorganization.

GENERAL MANAGER	Full Time	Part Time	Summ/Temp	Headcount	FTE
2024 Budget	2	-	-	2	2.0
Mid-Year Reclass/Transfers (2024)	-	-	-	-	-
New Positions (2025)	-	-	-	-	-
Reclass/PT Hour Adj (2025)	-	-	-	-	-
Eliminations	-	-	-	-	-
2025 Budget	2	-	-	2	2.0

Gross Labor (Non-Overtime)

A 5.0% performance compensation increase is budgeted. There was a significant reorganization in 2024. The prior year budget and actual may not be comparable. See supplemental section for a reconciliation of the reorganization.

Employee Benefits (Transferred)

Benefits are planned in the Services Division and allocated to the divisions. More information on Benefits is located behind the PERSONNEL tab.

Water Board Salaries

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

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 eight memberships in local chambers and one organizational membership. The budget increase is due to the adding memberships in the Water Information Sharing Analysis Council (ISAC), the Greater KC Chamber of Commerce, and the Leawood, Lenexa, and Shawnee Economic Development Councils.

AWWA Research Foundation Fees

The AWWA Research Foundation administers research programs related to providing safe, sustainable, and affordable drinking water. The fee for 2025 is based on population served and operating revenue. In prior years the fee was based partly on gallons produced. This change in how the fee is calculated is the reason for the budget decrease in 2025.

Non-Employee Overload

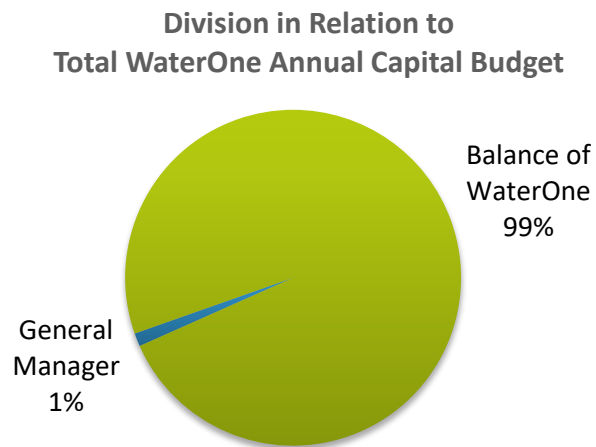
This budget is set aside as a pool of funds to help with one-time projects and workload across all divisions. The budget has been decreased to align with historical spending.

Dues & Local Meetings

This budget includes memberships to local foundations, Senior Staff and Board retreats, and costs associated with board and committee meetings. The budget is decreasing primarily due to the removal of the JCCC Foundation sponsorship.

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

OC-25100	(a)	2025 Omissions & Contingencies	\$501,333
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		Total Annual Capital	\$501,333
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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 1% of the total annual capital budget.

GENERAL MANAGER

Replace

Project Description

2025 Omissions & Contingencies

Year

2025

Project #

OC-25100

Plan

\$501,333

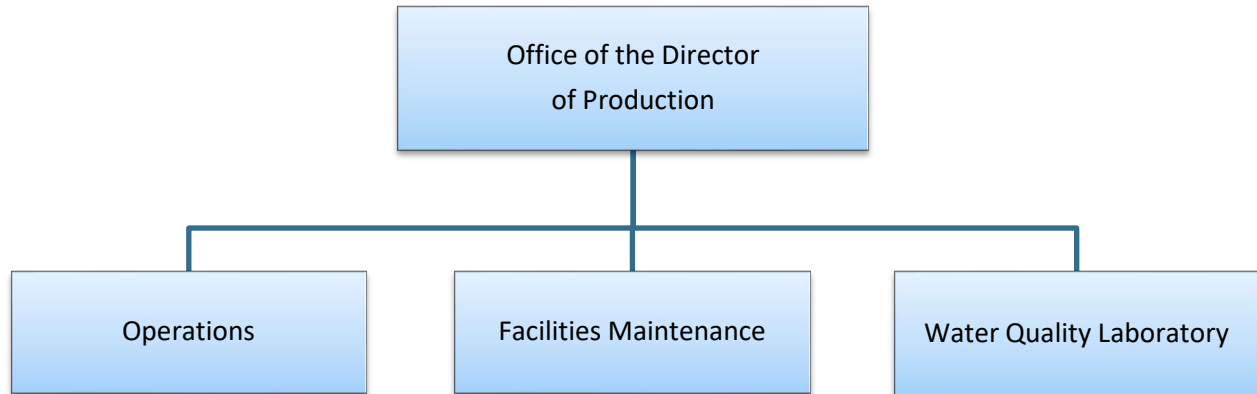
Justification

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.



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 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.

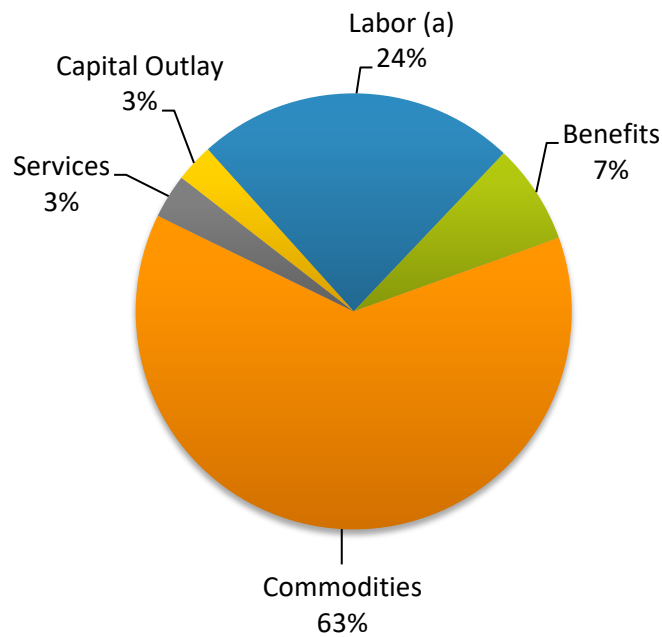
Division Objective

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 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 "2025 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

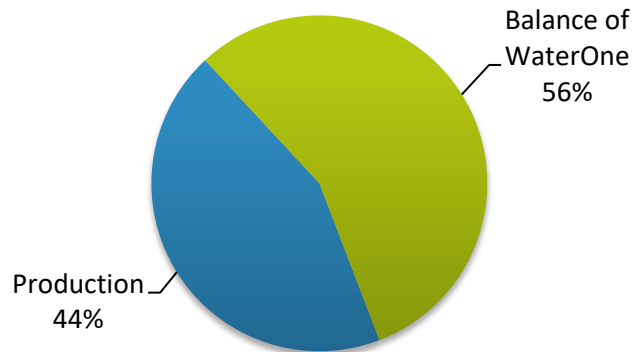
	2023 Actual	2024 Budget	2025 Budget	\$ Incr (Decr)	% Incr (Decr)
Labor (a)	\$8,363,847	\$8,520,649	\$8,279,092	(\$241,557)	(2.8%)
Benefits	3,204,358	2,654,741	2,488,474	(166,267)	(6.3%)
Personnel Costs	\$11,568,205	\$11,175,390	\$10,767,566	(\$407,824)	(3.6%)
Commodities	22,171,870	19,620,270	20,999,905	1,379,635	7.0%
Services	1,152,850	1,401,068	1,097,201	(303,867)	(21.7%)
Transfers	(436,917)	(343,602)	(326,982)	16,620	(4.8%)
Total O&M	\$34,456,008	\$31,853,126	\$32,537,690	\$684,564	2.1%
Capital Outlay	1,686,756	732,235	946,850	214,613	29.3%
Total	\$36,142,764	\$32,585,361	\$33,484,540	\$899,177	2.8%

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 2025 Significant Cost Elements are described below.

	2023 Actual	2024 Budget	2025 Budget	\$ Incr (Decr)	% Incr (Decr)
Labor - Non OT	\$8,057,894	\$8,265,744	\$8,009,156	(\$256,588)	(3.1%)
Labor - OT	251,270	254,905	269,936	15,031	5.9%
Benefits	3,204,358	2,654,741	2,488,474	(166,267)	(6.3%)
Chemicals - Water Treatment	7,789,613	6,954,942	7,457,800	502,858	7.2%
Power - Transmission	6,899,401	5,974,725	6,446,848	472,123	7.9%
Power - Source	3,749,546	2,906,976	3,230,476	323,500	11.1%
Power - Distribution	1,731,670	1,764,738	1,764,738	0	0%
Material & Supplies	1,066,821	936,100	1,035,250	99,150	10.6%
Maintenance Services	224,394	278,200	279,044	844	0.3%
Natural Gas – Generators – Wolcott	215,379	331,757	277,360	(54,397)	(16.4%)
Subtotal	\$33,190,348	\$30,322,828	\$31,259,082	\$936,254	3.1%
All Other Accounts	1,702,578	1,873,900	1,605,590	(268,310)	(14.3%)
Less Transfers	(436,917)	(343,602)	(326,982)	16,620	(4.8%)
*Total O&M	\$34,456,008	\$31,853,126	\$32,537,690	\$684,564	2.1%

Numbers may not add due to rounding

*There was a significant reorganization in 2024. The Division Budgets and prior year actual may not be comparable. See supplemental section for a reconciliation of the reorganization.

PRODUCTION

PRODUCTION	Full Time	Part Time	Summ/ Temp	Headcount	FTE
2024 Budget	113	-	4	117	114.0
Mid-Year Reclass/Transfers (2024)	(17)	-	(1)	(18)	(17.25)
New Positions (2025)	-	-	-	-	-
Reclass/PT Hour Adj (2025)	-	-	-	-	-
Eliminations	-	-	-	-	-
2025 Budget	96	-	3	99	96.75

Gross Labor (Non-Overtime)

A 5.0% performance compensation increase is budgeted. There was a significant reorganization in 2024. The prior year budget and actual may not be comparable. See supplemental section for a reconciliation of the reorganization.

Labor - OT

Overtime is required for plant operators that work holidays and replace employees who are sick or on vacation. The increase in 2025 is based on an increased OT rate and planned OT hours in Operations.

Employee Benefits (Transferred)

Benefits are planned in the Services 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 due to changes to the budgeted dosage of chemicals in the operational plan and 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 changes in the operational plan which includes greater usage of the Hansen Treatment Facility, a projected 2.5% 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 source or 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 changes in the operational plan which includes greater usage of the Missouri River intake, a projected 2.5% 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

PRODUCTION

stations. The budget is remaining flat despite a projected rate increase, due to increasing efficiency and 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 increased in-house laboratory testing and price increases.

Maintenance Services

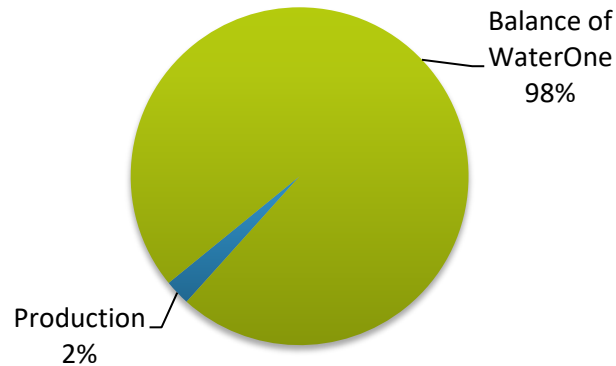
This account is for routine maintenance services and condition assessments of laboratory equipment and production facilities. The budget remains mostly flat due to increased in-house maintenance of laboratory equipment but partially offset by greater expected maintenance of the new Administrative Warehouse.

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 a decrease in budgeted production at Wolcott and minimal projected changes to natural gas rates.

Annual Capital

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

**New**

AC-25602	Scissor Lift Equipment	\$33,108
Annual Capital - New		\$33,108

Replacement / Refurbish

AC-25019	Emergency Equipment Replacements	\$551,775
AC-25603	Treatment Plants Gas Detector Replacement	115,873
AC-25402	Water Quality Lab Auto-Titrator Replacement	93,801
AC-25401	Water Quality Lab TOC Instrument Replacement	70,627
AC-25604	Hansen Ferrous Chlorite Feed Pump Replacement	33,108
AC-25606	Wolcott Lime Slurry Gearbox Replacement	26,485
AC-25605	Wolcott Polyphosphate Feed Pump Replacement	22,071
Annual Capital - Replace / Refurbish		\$913,741
Total Annual Capital		\$946,850

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-25481	1 1/4 Ton Crane Service Body (Replace 4480) FM	\$132,426
AF-25706	1 1/4 Ton Crane Service Body (Replace 4706) FM	132,426

PRODUCTION DIVISION

New

Project Description

Scissor Lift Equipment

Year

2025

Project #

AC-25602

Plan

\$33,108

Justification

This project is for the purchase of a new 26-foot scissor lift to be used primarily by Facilities Maintenance staff. With the completion of the new Administrative Warehouse (AW), this new equipment is necessary to access lighting in the AW. In addition, the equipment will be useful to access roof lines and other high areas at the AW and Administrative Office.



WaterOne 2025 Budget

PRODUCTION DIVISION

Replace

Project Description

Emergency Equipment Replacements

Year

2025

Project

AC-25019

Plan

\$551,775

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.



Project Description

Treatment Plants Gas Detector Repl

Year

2025

Project

AC-25603

Plan

\$115,873

Justification

This project is to replace the 26 Fixed Mounted Safety Gas Detectors located at both Treatment Plants. These gas detectors are intended to detect the presence of hazardous gases. The existing gas detectors were installed over time for various projects beginning in 2009, making the oldest units 16 years old in 2025. Critically, these existing gas detectors are being discontinued by the manufacturer, which could present challenges with maintenance should the need arise. These gas detectors are an important asset for employee safety.



WaterOne 2025 Budget

PRODUCTION DIVISION

Replace

Project Description

Water Quality Lab Auto-Titrator Repl.

Year

2025

Project

AC-25402

Plan

\$93,801

Justification



This project is for the replacement of the auto-titrator instrument in the Water Quality Laboratory. The auto-titrator is used to measure alkalinity of the water, which is reported on WaterOne's annual water quality report and required by the EPA Regulation Disinfectants and Disinfection Byproduct Rule. The existing auto-titrator instrument was purchased in 2013, making it 12 years old in 2025, and has an expected useful life of 10 years.

Project Description

Water Quality Lab TOC Instrument Repl

Year

2025

Project

AC-25401

Plan

\$70,627

Justification



This project is for the replacement of the total organic carbon (TOC) instrument in the Water Quality Laboratory. TOCs are naturally occurring in the environment but have an impact on water quality. This instrument measures the source and finished water TOC concentration which is part of the annual water quality report and required by the EPA Regulation Disinfectants and Disinfection Byproduct Rule. The existing TOC instrument was purchased in 2014, making it 11 years old in 2025, and has an expected useful life of 10 years.

PRODUCTION DIVISION

Replace

Project Description

Hansen Ferrous Chlorite Feed Pump Repl

Year

2025

Project

AC-25604

Plan

\$33,108

Justification

This project is for the replacement of all 3 ferrous chlorite feed pumps at Hansen Treatment Plant #2. The current pumps have been in service since 2016, making them 9 years old in 2025, with an expected useful life of 10 years. Early replacement of the pumps is needed due to the corrosive nature of ferrous chlorite.



Project Description

Wolcott Lime Slurry Gearbox Replacement

Year

2025

Project

AC-25606

Plan

\$26,485

Justification

This project is for the replacement of a lime slurry gearbox at the Wolcott Treatment Plant. The current gearbox has been in service since 2012, making it 13 years old in 2025, with a useful life of 10-15 years. Due to the criticality of the asset and the long lead time for a replacement, the acquisition of a replacement gearbox is needed.



PRODUCTION DIVISION

Replace

Project Description

Wolcott Polyphosphate Feed Pump Repl

Year

2025

Project #

AC-25605

Plan

\$22,071

Justification

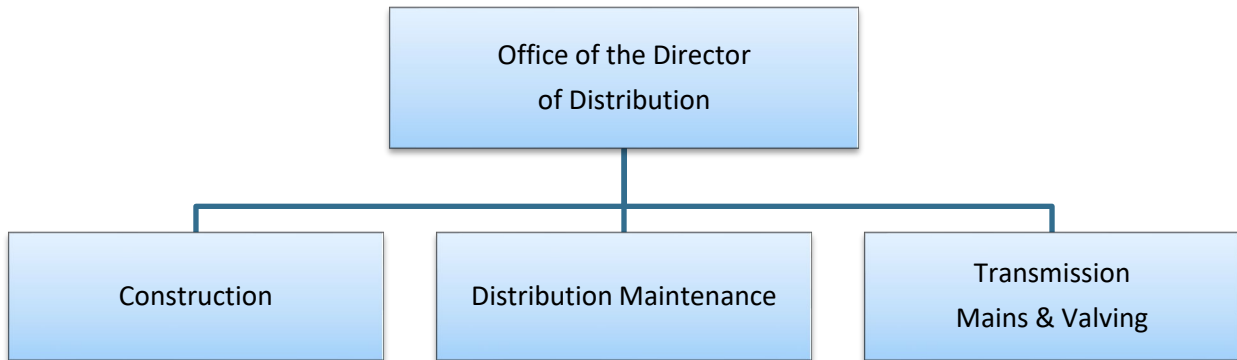
This project includes the replacement of a polyphosphate feed pump at the Wolcott Treatment Plant. The current polyphosphate feed pump has been in service since 2009, making it 16 years old in 2025, with a useful life of 15 years.



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DISTRIBUTION DIVISION

Division Organization



The Distribution Division is responsible for the construction, rehabilitation, and maintenance of the underground piping distribution system. This includes the replacement of pipelines; the relocation of pipelines due to road improvement projects initiated by governmental entities; the installation of new pipelines for improvements to the distribution system; repair of main breaks; maintenance of service lines to include all apparatus' in meter pits. Additionally, the department monitors, maintains, and replaces fire hydrants, valves, combination air valve (CAVs), and pressure reducing valves (PRVs).

Division Objective

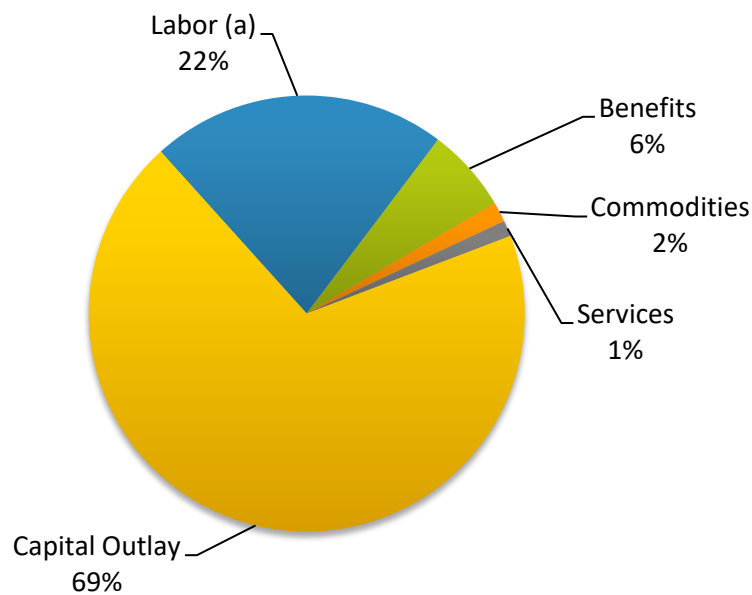
Deliver high-quality drinking water to customers in quantities required to meet their needs, reliably and efficiently, in a manner consistent with excellent customer service. These activities are completed with an emphasis and focus on the safety of the public and the employees.

Annual Goals And Key Performance Measures

Divisional goals for the fiscal year are located in the Strategic Plan section under "2025 Operational Goals By Division". Division Key Performance Measures can also be found in the Strategic Plan section, under Monthly & Quarterly & Annual KPI Detail Reports.

DISTRIBUTION

Expenditures by Major Category

*Net of Transfers*

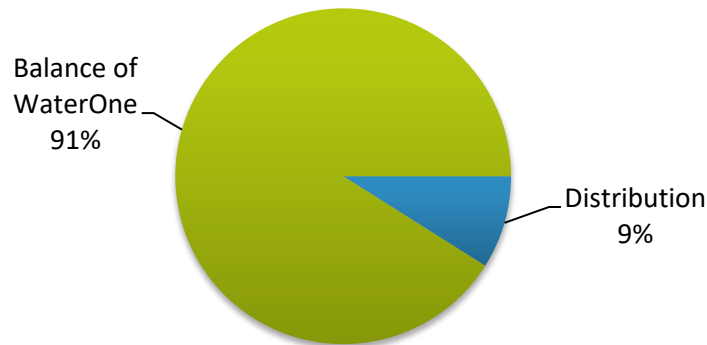
	2023 Actual	2024 Budget	2025 Budget	\$ Incr (Decr)	% Incr (Decr)
Labor (a)	\$8,503,838	\$8,370,732	\$9,311,405	\$940,673	11.2%
Benefits	2,103,296	2,556,075	2,646,466	90,391	3.5%
<i>Personnel Costs</i>	\$10,607,134	\$10,926,807	\$11,957,871	\$1,031,064	9.4%
Commodities	596,088	413,382	633,722	220,340	53.3%
Services	528,769	250,636	493,004	242,368	96.7%
Transfers	(4,601,642)	(6,196,785)	(6,261,018)	(64,233)	1.0%
Total O&M	\$7,130,349	\$5,394,040	\$6,823,579	\$1,429,539	26.5%
Capital Outlay	24,378,356	26,240,996	29,300,140	3,059,144	11.7%
Total	\$31,508,705	\$31,635,036	\$36,123,719	\$4,488,683	14.2%

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 2025 Significant Cost Elements are described below.

	2023 Actual	2024 Budget	2025 Budget	\$ Incr (Decr)	% Incr (Decr)
Labor - Non OT	\$7,502,019	\$7,569,964	\$8,347,773	\$777,809	10.3%
Labor - OT	957,599	800,768	963,632	162,864	20.3%
Benefits	2,103,296	2,556,075	2,646,466	90,391	3.5%
Inventory Withdrawals	172,361	77,000	192,320	115,320	149.8%
Materials & Supplies	174,325	161,500	186,237	24,737	15.3%
Contracted Services	139,353	129,200	141,400	12,200	9.4%
Pavement Repair	126,708	0	130,200	130,200	N/A
Small Tools & Equip	77,102	54,500	91,095	36,595	67.1%
Uniforms	84,531	69,032	73,082	4,050	5.9%
Cell Phones	74,018	71,736	70,704	(1,032)	(1.4%)
Subtotal	\$11,411,313	\$11,489,775	\$12,842,909	\$1,353,134	11.8%
All Other Accounts	320,679	101,050	241,688	140,638	139.2%
Less Transfers	(4,601,642)	(6,196,785)	(6,261,018)	(64,233)	1.0%
*Total O&M	\$7,130,349	\$5,394,040	\$6,823,579	1,429,539	26.5%

Numbers may not add due to rounding

*There was a significant reorganization in 2024. The Division Budgets and prior year actual may not be comparable. See supplemental section for a reconciliation of the reorganization.

DISTRIBUTION

DISTRIBUTION	Full Time	Part Time	Summ/ Temp	Headcount	FTE
2024 Budget	157	1	11	169	160.425
Mid-Year Reclass/Transfers (2024)	(51)	(1)	(2)	(54)	(52.175)
New Positions (2025)	-	-	-	-	-
Reclass/PT Hour Adj (2025)	-	-	-	-	-
Eliminations	-	-	-	-	-
2025 Budget	106	-	9	115	108.25

Gross Labor (Non-Overtime)

A 5.0% performance compensation increase is budgeted. There was a significant reorganization in 2024. The prior year budget and actual may not be comparable. See supplemental section for a reconciliation of the reorganization.

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 Services Division and allocated to the divisions. More information on Benefits is located behind the PERSONNEL tab.

Inventory Withdrawals

Inventory Withdrawals consists of valve parts, clamps, gaskets, pipe wrenches and other material used in the maintenance of the transmission and distribution system. The increase is primarily due to additional withdrawals for inventory materials used for maintenance services.

Materials & Supplies

Materials & Supplies consists of saw blades, hoses, hand tools, fittings, straps, sockets and other material used in the maintenance of the transmission and distribution system. The budget is based on historical spending and includes an inflationary increase on materials and supplies.

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 entire budget is related to repainting fire hydrants and is increasing due to an increase in contractor pricing.

Pavement Repair

Pavement Repair includes the restoration of pavement, curbs, and sidewalks damaged because of maintenance work related to services and fire hydrants. The budget is based on historical spending and is increased based on actuals.

Small Tools & Equipment

Small Tools & Equipment consists of locator equipment, boring tools & equipment, cut-off & hydraulic chain saws, water & trash pumps, pipe tongs, valve exercisers and other tools & equipment used in the maintenance of the transmission and distribution system. The budget is based on historical spending and includes an inflationary increase on tools and equipment.

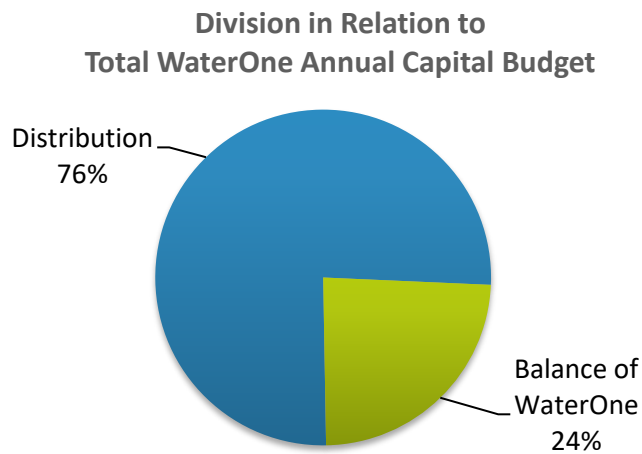
DISTRIBUTION

Uniforms

Uniforms consists of 3 components related to employee uniforms: Stipend for reimbursement to employees for jeans, WaterOne branded work apparel and payroll tax reimbursement. The budget increase is based on number of eligible employees and inflationary increases on stipends.

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 due to the addition of 3 Data Devices.

Annual Capital**New**

AC-25202	Valve Audit Truck DIST	\$176,568
Annual Capital - New		\$176,568

Replacement / Refurbish

RV-25001	2025 Transmission & Distribution Funding	\$28,915,000
AC-25301	Large Diameter Pipe Saw Replacement	77,249
AC-25304	Line Locator Replacements (10)	71,730
AC-25303	Leak Correlator Replacement	33,108
AC-25212	Mine Sweep Replacements (20)	26,485
Annual Capital - Replace / Refurbish		\$29,123,572
Total Annual Capital		\$29,300,140

Numbers may not add due to rounding

DISTRIBUTION

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-25302	Hydro Excavator (Replace 5302) DIST	\$689,718
AF-25240	Tandem Dump Truck (Replace 6240) DIST	182,087
AF-25559	60 HP Track Excavator (Replace 7559) DIST	178,777
AF-25772	60 HP Track Excavator (Replace 7772) DIST	178,777
AF-25981	1 1/4 Ton Crane Service Body (Replace 4581) DIST	132,426
Annual Capital listed in other divisions		\$1,361,785

(h) Fleet vehicles and equipment are listed in the 'Finance Division'

Master Plan Capital

Total Master Plan (Award Basis)	\$0
Total Capital	\$30,661,925

DISTRIBUTION DIVISION
New

Project Description

Valve Audit Truck

Year

2025

Project #

AC-25202

Plan

\$176,568

Justification



The New Valve Audit Program will identify and exercise critical valves annually. The two valve auditors will require a mounted hydro excavator truck, equipped with an automated valve operator and a mole vac.

DISTRIBUTION DIVISION

Replace

Project Description

2025 Transmission & Distribution Funding

Year

2025

Project #

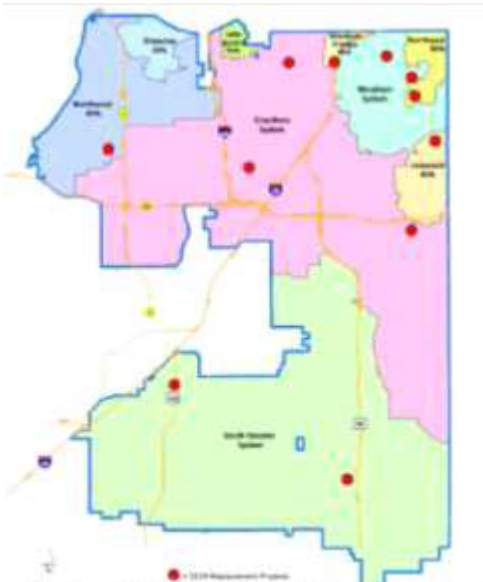
RV-25001

Plan

\$28,915,000

Justification

Replacements - \$17,760,000 (17.1 miles replaced at \$197 per foot); Main Breaks - \$5,300,000; General Improvement - \$2,925,000; Relocations - \$1,530,000; Transmission Main Capital - \$760,000; Condition Assessment - \$640,000.



Project Description

Large Diameter Pipe Saw Replacement

Year

2025

Project #

AC-25301

Plan

\$77,249

Justification

The large diameter pipe saw cuts pipe 16"-48" in diameter. The portable inline pipe and pipeline cutting machine is designed for severing and beveling all common pipe materials, wall thicknesses and sizes. It is over ten years old and has reached the end of its useful life.



WaterOne 2025 Budget

DISTRIBUTION DIVISION

Replace

Project Description

Line Locator Replacements (10)

Year

2025

Project

AC-25304

Plan

\$71,730

Justification

Line Locators are used by the Distribution crews to locate water mains and service lines on jobsites to ensure they are not damaged during the excavation process. The current Line Locators are over 15 years old and are no longer capable of receiving updates or repairs. The useful life is 10 years.



Project Description

Leak Correlator Replacement

Year

2025

Project

AC-25303

Plan

\$33,108

Justification

A leak correlator device is utilized to pinpoint leak locations by measuring the time that it takes for sound from the leak to travel in separate directions. This information, along with pipe types, lengths and sizes allows the correlating unit to determine the distance from the attached sensors to the leak. The leak correlator to be replaced is over five years old and has reached the end of its useful life.



DISTRIBUTION DIVISION

Replace

Project Description

Mine Sweep Replacements (20)

Year

2025

Project #

AC-25212

Plan

\$26,485

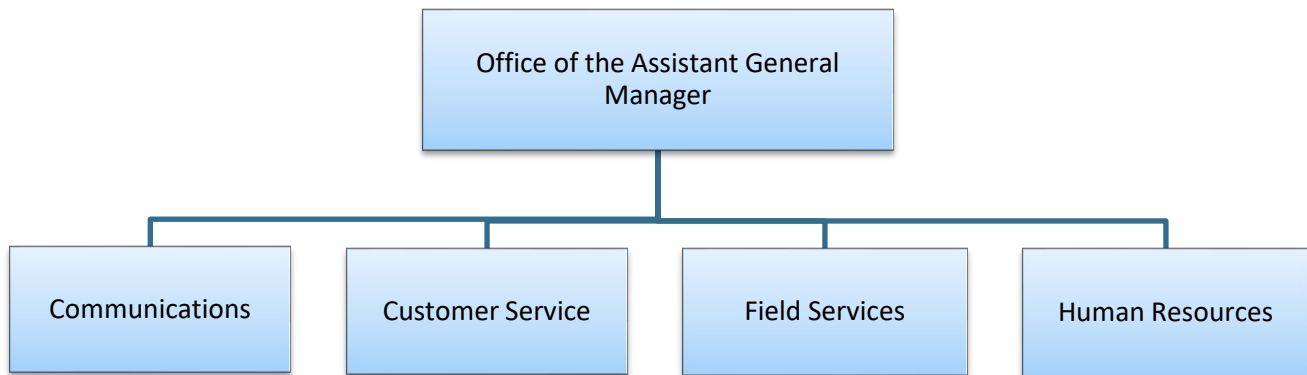
Justification

Mine sweeps are used to locate metal valve box lids and meter pit lids that have been covered by sod, concrete, asphalt, or possibly snow. The current Mine Sweeps are over 7 years old and have exceeded the useful life of 5 years.



SERVICES DIVISION

Division Organization



The Services Division is responsible for planning, organizing, and directing the full range of customer-related functions and the full employee lifecycle, including recruiting, compensation and benefits, payroll, employee relations, and rewards and recognition.

The Communications department leverages traditional and new media platforms to strategically engage WaterOne's stakeholders to build goodwill. 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.

The Field Services department captures data for billing, conducts high bill courtesy checks, pressure checks, leak and stuck meter investigations. It also ensures the operability and accuracy of meters through an annual meter testing program and systematic meter infrastructure maintenance and replacement. Included in Field Services is the Developer Services function which works with builders, developers, plumbers, and private property owners to review plans, process service connection permits, perform taps for new water service connections and locating services. The function also administers cross-connection control and fire service line flushing programs.

Human Resources is responsible for performance management and total compensation. Within Human Resources is the Engagement function, which is responsible for employee engagement, intern program, and learning and development.

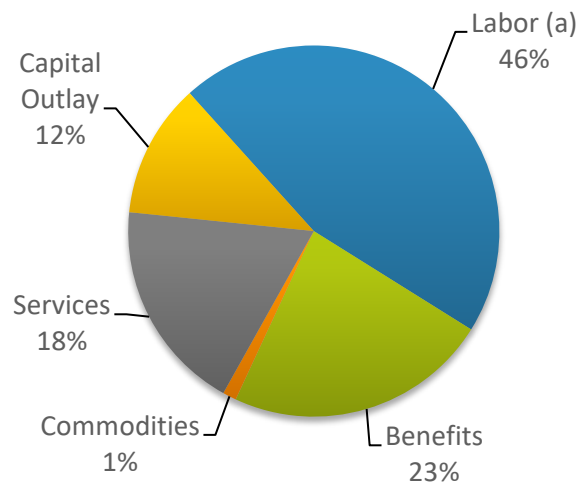
Division Objective

Deliver outstanding service to the utility's customers by being responsive to their needs, delivering timely and informative communications, and providing accurate account management. Also, providing excellent human resource service, delivery, and support to employees, retirees, and divisions.

Annual Goals And Key Performance Measures

Divisional goals for the fiscal year are located in the Strategic Plan section under “2025 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

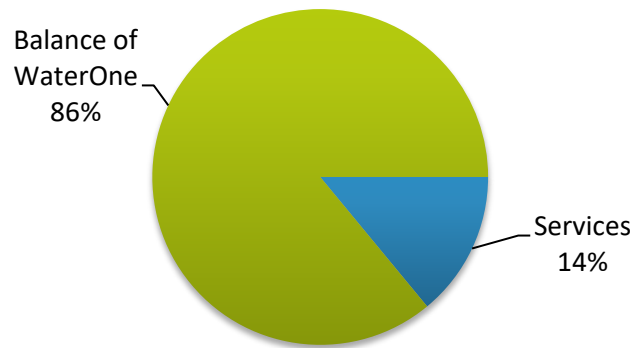
	2023 Actual	2024 Budget	2025 Budget	\$ Incr (Decr)	% Incr (Decr)
Labor (a)	\$6,516,128	\$6,840,928	\$6,330,530	(\$510,398)	(7.5%)
Benefits	4,128,910	2,896,131	2,699,860	(196,270)	(6.8%)
<i>Personnel Costs</i>	\$10,645,038	\$9,737,059	\$9,030,390	(\$706,668)	(7.3%)
Commodities	177,300	147,052	140,438	(6,614)	(4.5%)
Services	2,231,071	2,110,601	2,169,002	58,401	2.8%
Transfers	(1,157,885)	(600,746)	(968,851)	(368,105)	61.3%
Total O&M	\$11,895,525	\$11,393,966	\$10,370,980	(\$1,022,987)	(9.0%)
Capital Outlay	963,624	857,687	1,371,525	513,838	59.9%
Total	\$12,859,149	\$12,251,653	\$11,742,505	(\$509,149)	(4.2%)

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 2025 Significant Cost Elements are described below.

	2023 Actual	2024 Budget	2025 Budget	\$ Incr (Decr)	% Incr (Decr)
Labor - Non OT	\$6,384,553	\$6,660,621	\$6,216,303	(\$444,318)	(6.7%)
Labor - OT	113,071	180,307	114,227	(66,080)	(36.6%)
Benefits	4,128,910	2,896,131	2,699,860	(196,270)	(6.8%)
AMI Services	537,432	597,713	579,190	(18,523)	(3.1%)
Water Billing Services	463,218	467,125	466,100	(1,025)	(0.2%)
Software	183,678	220,530	230,055	9,525	4.3%
Training	185,264	121,000	151,000	30,000	24.8%
Uncollectible Accounts	87,851	110,408	101,605	(8,803)	(8.0%)
Job Posting / Advertising	95,362	60,000	100,500	40,500	67.5%
Communication Services	93,893	120,378	99,750	(20,628)	(17.1%)
Subtotal	\$12,273,232	\$11,434,213	\$10,758,590	(\$675,623)	(5.9%)
All Other Accounts	780,178	560,499	581,241	20,742	3.7%
Less Transfers	(1,157,885)	(600,746)	(968,851)	(368,105)	61.3%
*Total O&M	\$11,895,525	\$11,393,966	\$10,370,980	(\$1,022,987)	(9.0%)

Numbers may not add due to rounding.

*There was a significant reorganization in 2024. The Division Budgets and prior year actual may not be comparable. See supplemental section for a reconciliation of the reorganization.

SERVICES

SERVICES	Full Time	Part Time	Summ/ Temp	Headcount	FTE
2024 Budget	-	-	-	-	-
Mid-Year Reclass/Transfers (2024)	+70	+1	+2	+73	+71.30
New Positions (2025)	-	-	-	-	-
Reclass/PT Hour Adj (2025)	-	-	-	-	-
Eliminations	-	-	-	-	-
2025 Budget	+70	+1	+2	+73	+71.30

Gross Labor (Non-Overtime)

A 5.0% performance compensation increase is budgeted. There was a significant reorganization in 2024. The prior year budget and actual may not be comparable. See supplemental section for a reconciliation of the reorganization.

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. Increased overtime budgets across the division are true-ups based on history and current operational needs.

Employee Benefits (Transferred)

Benefits are planned in the Services Division and allocated to the divisions. Benefits in the Services Division represent the division's share of total benefits plus Retiree Health and Life Insurance, which are not allocated. 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 decrease is a true-up to 2024 cost.

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.

Software

This budget reflects the maintenance charges of the Human Resource Information System, Learning Management System, Notify JoCo, MyAccount, and Meter Test Bench Maintenance. The budget increase is a true-up to current pricing and services.

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.

SERVICES

Uncollectible Accounts

This is the estimated cost for uncollected water bills. Unpaid final bills are referred to an outside agency for collection, considered uncollectible, and written off. The budget decrease is based on actual history.

Job Posting/Advertising

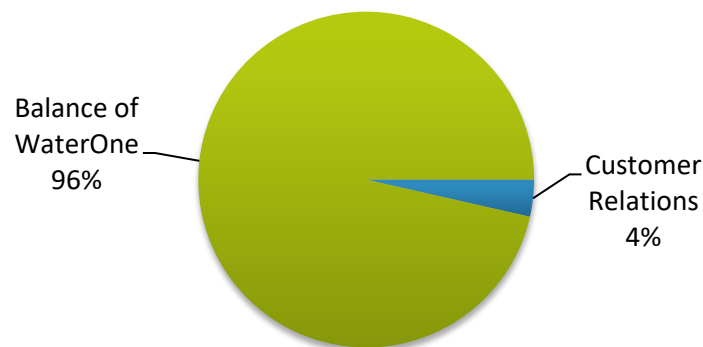
This budget is for fees associated with search firms who identify qualified candidates for open positions and advertising through various media sources. The budget increase is reflective of the increasing challenges of identifying and attracting the highest quality candidates.

Communications Services

This budget covers services for customer surveys, website support, outreach, and consulting. The budget is a true-up to current service levels.

Annual Capital

Division in Relation to
Total WaterOne Annual Capital Budget

**New**

AC-25014	New Services Cost Standard Difference	\$30,000
Annual Capital - New		\$30,000

Replacement / Refurbish

AC-25106	Annual Meter Replacement	\$1,255,448
AC-25501	Smart Point Replacements	44,142
AC-25207	Meter Pressure Point Replacements	41,935
Annual Capital - Replace / Refurbish		\$1,299,590
Total Annual Capital		\$1,371,525

Numbers may not add due to rounding

SERVICES DIVISION

New

Project Description

New Services Cost Standard Difference

Year

2025

Project #

AC-25014

Plan

\$30,000

Justification

This project collects any costs associated with new service connections which are not captured by the New Service Connection Standard charged to the customer. This represents approximately 2.5% of expected New Service Connection tap fees for the year.



SERVICES DIVISION

Replace

Project Description

Annual Meter Replacement

Year

2025

Project #

AC-25106

Plan

\$1,255,448

Justification

This project is the annual program for the replacement of defective meters and meters that have reached the end of their 20 year useful life. This plan includes the replacement of 7,548 meters.



Project Description

Smart Point Replacements

Year

2025

Project #

AC-25501

Plan

\$44,142

Justification

This project replaces Smart Point devices that have been damaged or stopped working and are no longer under warranty. This plan replaces approximately 360 smartpoints.



SERVICES DIVISION

Replace

Project Description

Meter Pressure Points Replacement

Year

2025

Project #

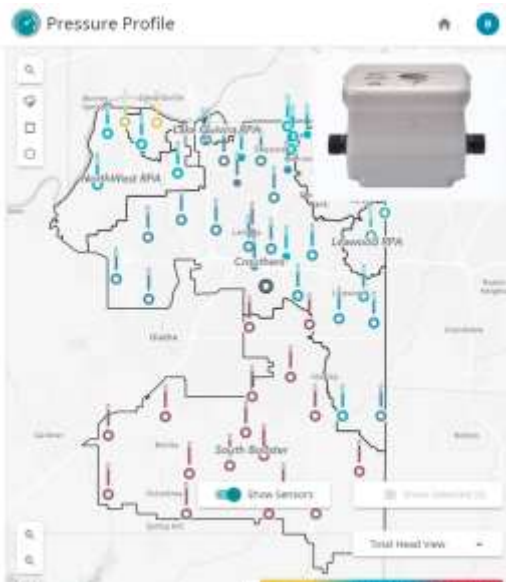
AC-25207

Plan

\$41,935

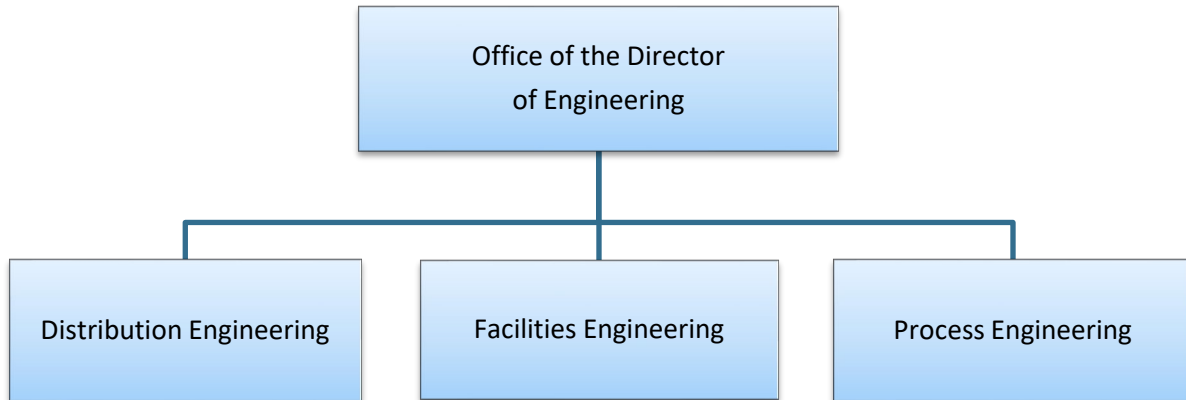
Justification

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. 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.



ENGINEERING DIVISION

Division Organization



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

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.

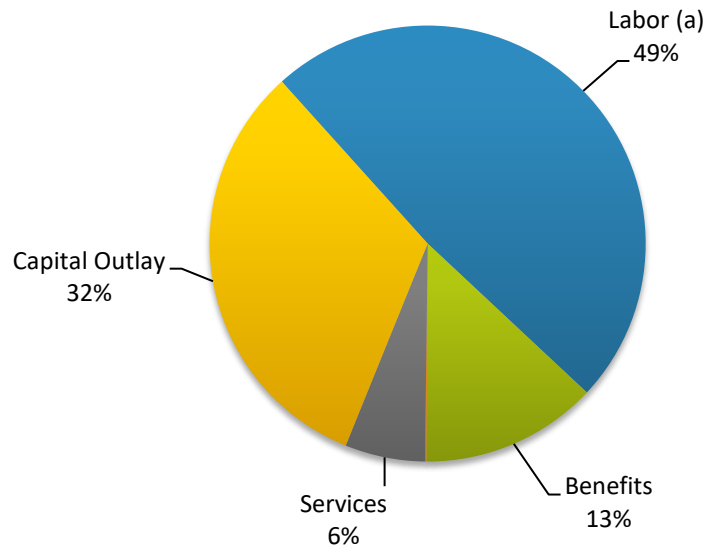
Division Objective

To deliver high-quality innovative solutions through efficient project delivery and technical services while maintaining operations, maintenance, and community relationships to ensure the reliability of the water system is strong.

Annual Goals And Key Performance Measures

Divisional goals for the fiscal year are located in the Strategic Plan section under “2025 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

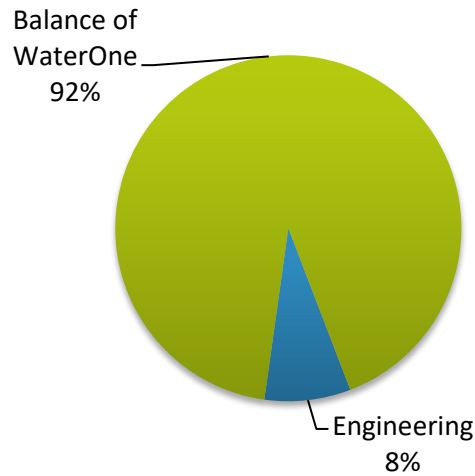
	2023 Actual	2024 Budget	2025 Budget	\$ Incr (Decr)	% Incr (Decr)
Labor (a)	\$3,310,735	\$3,193,377	\$5,268,043	\$2,074,666	65.0%
Benefits	1,125,158	948,707	1,421,404	472,697	49.8%
Personnel Costs	\$4,435,894	\$4,142,084	\$6,689,447	\$2,547,363	61.5%
Commodities	12,946	12,846	10,601	(2,245)	(17.5%)
Services	558,427	735,261	643,821	(91,440)	(12.4%)
Transfers	(1,606,974)	(1,248,965)	(1,378,518)	(129,553)	10.4%
Total O&M	\$3,400,292	\$3,641,226	\$5,965,351	\$2,324,125	63.8%
Capital Outlay	3,704,913	2,506,073	3,487,221	981,148	39.2%
Total	\$7,105,205	\$6,147,299	\$9,452,572	\$3,305,273	53.8%

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 2025 Significant Cost Elements are described below.

	2023 Actual	2024 Budget	2025 Budget	\$ Incr (Decr)	% Incr (Decr)
Labor - Non OT	\$3,219,531	\$3,170,377	\$5,237,158	\$2,066,781	65.2%
Benefits	1,125,158	948,707	1,421,404	472,697	49.8%
Software	0	11,025	260,469	249,444	2,262.5%
Clean & Inspect Facilities	202,712	184,776	143,346	(41,430)	(22.4%)
Maintenance Services	58,750	62,675	56,900	(5,775)	(9.2%)
Subtotal	\$4,606,151	\$4,377,560	\$7,119,277	\$2,741,717	62.6%
All Other Accounts	401,115	512,631	224,592	(288,039)	(56.2%)
Less Transfers	(1,606,974)	(1,248,965)	(1,378,518)	(129,553)	10.4%
*Total O&M	\$3,400,292	\$3,641,226	\$5,965,351	\$2,324,125	63.8%

Numbers may not add due to rounding

*There was a significant reorganization in 2024. The Division Budgets and prior year actual may not be comparable. See supplemental section for a reconciliation of the reorganization.

ENGINEERING

ENGINEERING	Full Time	Part Time	Summ/ Temp	Headcount	FTE
2024 Budget	-	-	-	-	-
Mid-Year Reclass/Transfers (2024)	+47	-	+3	+50	+47.75
New Positions (2025)	-	-	-	-	-
Reclass/PT Hour Adj (2025)	-	-	-	-	-
Eliminations	-	-	-	-	-
2025 Budget	47	-	3	50	47.75

Gross Labor (Non-Overtime)

A 5.0% performance compensation increase is budgeted. There was a significant reorganization in 2024. The prior year budget and actual may not be comparable. See supplemental section for a reconciliation of the reorganization.

Employee Benefits (Transferred)

Benefits are planned in the Services Division and allocated to the divisions. More information on Benefits is located behind the PERSONNEL tab.

Software

This budget is for software subscriptions and maintenance/support on that software, which is not budgeted in the Information Technology division, and is specifically used in the Engineering division. This budget was previously located within the Production division and is for software related to the SCADA system. The budget increase is due to the movement of this software budget between divisions.

Clean & Inspect Facilities

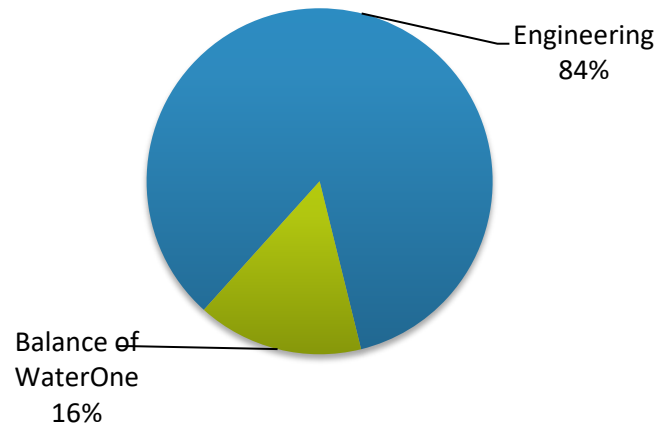
This budget is for routine maintenance and condition assessments of large water treatment and storage assets such as reservoirs, collector wells, settling basins, and storage tanks. The budget will vary from year to year based on maintenance schedules.

Maintenance Services

This budget is for the monitoring of Kansas river conditions through water quality instrumentation in coordination with the Mid-America Regional Council and the United States Geological Survey gas. The budget is decreasing due to the expiration of phase I of a study on harmful algae blooms.

Annual Capital

Division in Relation to
Total WaterOne Annual Capital Budget

**New**

AC-25011	Hansen Electric Vehicle Infrastructure	\$441,420
Annual Capital - New		\$441,420

Replacement / Refurbish

AC-25004	Missouri Presed Pump No. 3 Replacement	\$551,775
AC-25005	Missouri Intake Pump No. 5 Replacement	551,775
AC-25110	KS Presed Influent Meter Replacement	496,598
AC-25015	Missouri River Presed Residual Valve Replacement	331,065
AC-25008	KS & MO Presed Facility Pavement Replacement	308,994
AC-25021	KS Presed Mechanical Improvements	275,888
AC-25020	AO Fleet HVAC Replacement	220,710
AC-25012	AO Boiler Replacement	165,534
AC-25054	Facility 2 Chemical Bulk Tank Refurbishment	143,462
Annual Capital - Replace / Refurbish		\$3,045,800
Total Annual Capital		\$3,487,221

Numbers may not add due to rounding

ENGINEERING

Master Plan

MP-16015	Hydro Power Generation	\$ 11,047,464
MP-22401	Facility 1 Improvements - Phase II	5,839,460
MP-20008	KS Well Units Replacement - Phase II	5,513,922
MP-23013	Facility 2 HVAC Refurbishment	1,783,515
MP-25004	Hansen Phase III Basin Painting	1,717,667
MP-23771	Instrumentation Upgrade and Asset Monitoring	1,122,412
MP-20772	SCADA Data Business System Integration	739,469
MP-19772	SCADA Control Center Upgrades	696,595
MP-20771	Electronic Document Management	511,352
MP-19773	SCADA HMI Upgrade Migration	250,000
Source & Treatment		\$ 29,221,856
MP-22001	Wyss Pumping Station & Reservoir Expansion - Phase II	\$ 22,916,923
MP-45001	191st and Hedge Lane Pump Station & Reservoir	1,000,000
MP-60001	170th and Metcalf Pump Station & Reservoir	993,995
MP-16006	Pumping Station & Reservoir - NWRPA So Sub Zone (71st)	981,197
Pumping & Storage		\$ 25,892,115
MP-24100	30" TM Repl Switzer (67th-79th) & Flint St (55th-57th)	\$ 8,208,842
MP-23015	16" TM Outlook/Martway to 62nd/Woodson	845,875
Distribution & Transmission		\$ 9,054,717
MP-22035	Campus Improvements - Phase II	\$ 9,520,453
MP-25009	Hansen O&M Building Roof Replacement	1,095,060
Other Facilities		\$ 10,615,513
Total Master Plan (Award Basis)		\$ 74,784,202
Total Capital		\$ 78,271,423

ENGINEERING DIVISON
New

Project Description

Hansen Electric Vehicle Infrastructure

Year

2025

Project #

AC-25011

Plan

\$441,420

Justification

This project will install the necessary circuit breakers, conduits, transformers and distribution panels to provide the basic infrastructure necessary to support the future needs of EVs that would be located at the Vehicle Storage Garage and other potential EV charging sites at the Hansen Treatment Plant. The actual charging devices will be installed as future EVs are purchased.



ENGINEERING DIVISON

Replace

Project Description

Missouri Presed Pump No. 3 Replacement

Year

2025

Project

AC-25004

Plan

\$551,775

Justification

This pumping unit was originally installed in 1994. This pump has surpassed its planned service life of 20 years without a rebuild. This project is to rebuild the pumping unit if serviceable or a new replacement pump. Presed pumps are planned for rebuild every 15 years.



Project Description

Missouri Intake Pump No. 5 Replacement

Year

2025

Project

AC-25005

Plan

\$551,775

Justification

This pumping unit was originally installed in 1998 and rebuilt in 2014, making it 11 years old in 2025. The pump experienced a failure in the spring of 2024 and was taken out of service to inspect. This project will fund the rebuilding of the pumping unit if serviceable or a new replacement pump. Intake pumps are planned for rebuild every 10 years.



ENGINEERING DIVISION

Replace

Project Description

KS Presed Influent Meter Replacement

Year

2025

Project

AC-25110

Plan

\$496,598

Justification

The three primary influent flow meters at the Kansas River Presedimentation Facility were installed in 2005, making them 20 years old in 2025, and have an expected useful life of 20 years. The Facility 1 influent flow meter was also installed in this timeframe. Replacement of this equipment will increase the reliability of the facility.



Project Description

Missouri River Presed Residual Valve Rep

Year

2025

Project

AC-25015

Plan

\$331,065

Justification

The residual valves control the discharge of the settled material that forms in the basins during operation. The residuals material is primarily a mixture of sandy mud that is returned to the river via a network of piping. The valves have a variable service life depending on the amount of time each basin is in service but generally require replacement after 10 to 15 years. The existing valves have all been in service for more than 10 years and have been rebuilt over various timeframes but continue to leak causing operational issues within building sump/drain systems. A new type of valve has been identified that is expected to better serve the facility and increase the reliability and reduce downtime. This new valve type will have a useful life of 15-20 years.



ENGINEERING DIVISION

Replace

Project Description

KS & MO Presed Facility Pavement Repl.

Year

2025

Project

AC-25008

Plan

\$308,994



Justification

Both facilities require portions of the site paving to be replaced due to deterioration caused by normal wear and weathering. The portions requiring replacement are between 20 and 30 years old and have reached the end of their expected service life. Replacement of the pavement will further protect the site subgrade and provide adequate support for chemical truck deliveries and heavy construction equipment when required for facility improvements.

Project Description

KS Presed Mechanical Improvements

Year

2025

Project

AC-25021

Plan

\$275,888



Justification

This project will address multiple improvements at the facility. Primarily, the project will replace the aging ventilation equipment that serves the Adjustable Frequency Drive Electrical Room and chemical storage areas. The AFD room equipment is 20 years old and other mechanical equipment serving the chemical feed areas is slightly older and has also reached the end of its service life. The replacement of this equipment will help to maintain the proper environmental conditions within the facilities.

ENGINEERING DIVISION

Replace

Project Description

AO Fleet HVAC Replacement

Year

2025

Project

AC-25020

Plan

\$220,710

Justification

The Administrative Headquarters Fleet Building was part of the original campus that was constructed in 2001. The entire facility's HVAC system has reached the end of its service life of approximately 25 years and is showing indications of failure. The system serves office and personnel areas. The replacement of the car wash heaters will also improve their future accessibility for maintenance activities and improve the reliability of the HVAC system. This project is planned to be submitted for a rebate through Evergy's Energy Savings Program.



Project Description

AO Boiler Replacement

Year

2025

Project

AC-25012

Plan

\$165,534

Justification

Two boilers at the AO, used to heat the building, have had numerous quality issues since installation in 2014. The boilers have had to be welded on several times over the last ten years, and the combustion chambers are rotting out. The warranty is no longer valid, and maintenance costs are increasing. The boilers will be replaced to improve the reliability and safety of the equipment. The expected useful life of the boilers is 20 years.



ENGINEERING DIVISON

Replace

Project Description

Facility 2 Chemical Bulk Tank Refurb

Year

2025

Project #

AC-25054

Plan

\$143,462

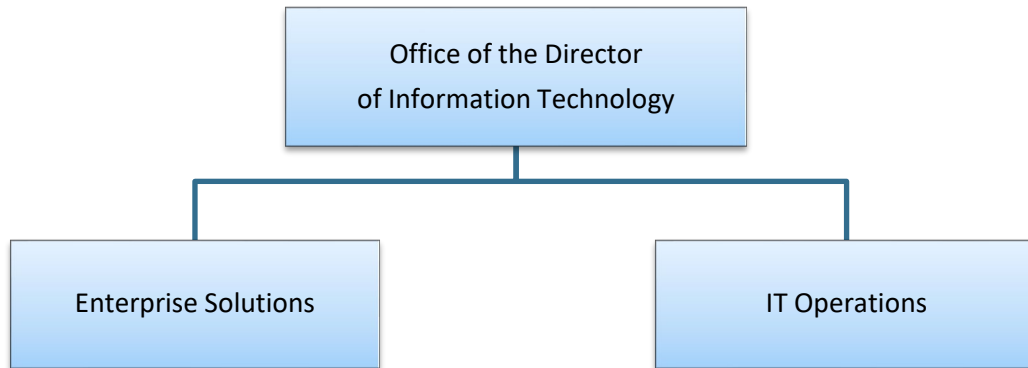
Justification



The chemical bulk tanks that serve Facility 2 require refurbishment of the interior structure of the tanks due to normal deterioration over time. The tanks will be drained, cleaned, inspected and if found to require repairs, will have the appropriate remediation measures taken. The tanks vary in age between 25 and 30 years old and can have their lives potentially extended through refurbishment. If irreparable wear is found, new tanks will be constructed in place.

INFORMATION TECHNOLOGY DIVISION

Division Organization



The Enterprise Solutions department is made up of four functional areas: Geospatial, Applications Development Services, Business Partners, and GIS Services.

Geospatial is primarily responsible for Geographic Information Systems (GIS) support as well as providing end-user help desk support. Business Partners coordinates project requests, evaluation, and determination of IT resources. The Applications Development Services function is the selection, development, and support services for all PC-based software for the organization. GIS Services is primarily responsible for the data creation and maintenance of the GIS and the drafting of project designs.

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.

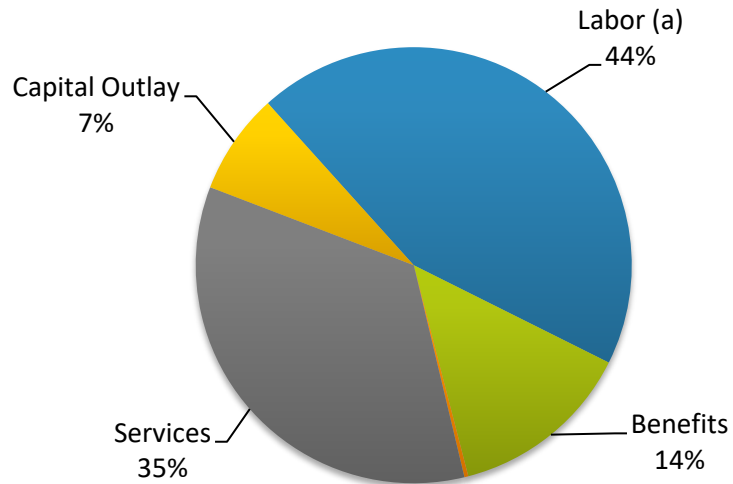
Division Objective

The Information Technology Division is committed to providing innovative, secure, reliable technology services to divisions and 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 "2025 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

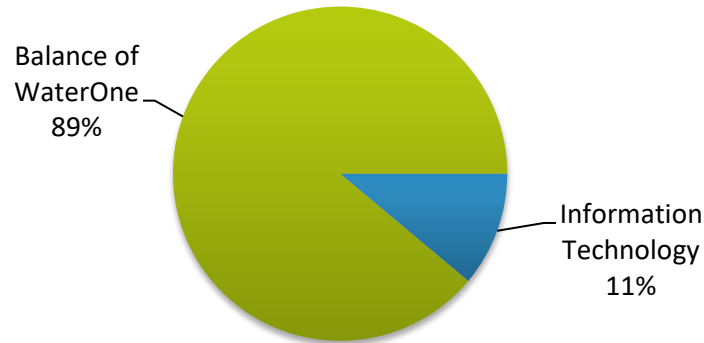
	2023 Actual	2024 Budget	2025 Budget	\$ Incr (Decr)	% Incr (Decr)
Labor (a)	\$3,978,949	\$4,595,825	\$4,521,872	(\$73,953)	(1.6%)
Benefits	1,542,540	1,312,617	1,201,406	(111,211)	(8.5%)
Personnel Costs	\$5,521,489	\$5,908,442	\$5,723,278	(\$185,164)	(3.1%)
Commodities	18,932	34,600	25,900	(8,700)	(25.1%)
Services	3,552,840	3,394,103	3,454,310	60,207	1.8%
Transfers	(1,685,396)	(1,277,997)	(1,044,887)	233,110	(18.2%)
Total O&M	\$7,407,866	\$8,059,148	\$8,158,602	\$99,454	1.2%
Capital Outlay	1,309,761	1,212,975	662,130	(550,846)	(45.4%)
Total	\$8,717,627	\$9,272,123	\$8,820,732	(\$451,392)	(4.9%)

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 2025 Significant Cost Elements are described below.

	2023 Actual	2024 Budget	2025 Budget	\$ Incr (Decr)	% Incr (Decr)
Labor - Non OT	\$3,949,977	\$4,588,825	\$4,517,872	(\$70,953)	(1.5%)
Benefits	1,542,540	1,312,617	1,201,406	(111,211)	(8.5%)
Software	1,909,508	2,126,839	2,092,070	(34,769)	(1.6%)
Telecom	483,575	560,080	520,000	(40,080)	(7.2%)
Contracted Services	229,364	234,500	396,500	162,000	69.1%
IT Hardware Maintenance	227,470	304,500	309,900	5,400	1.8%
Subtotal	\$8,342,434	\$9,127,361	\$9,037,748	(\$89,613)	(1.0%)
All Other Accounts	750,828	209,784	165,741	(44,043)	(21.0%)
Less Transfers	(1,685,396)	(1,277,997)	(1,044,887)	233,110	(18.2%)
Total O&M*	\$7,407,866	\$8,059,148	\$8,158,602	\$99,454	1.2%

Numbers may not add due to rounding

*There was a significant reorganization in 2024. The Division Budgets and prior year actual may not be comparable. See supplemental section for a reconciliation of the reorganization.

INFORMATION TECHNOLOGY	Full Time	Part Time	Summ/ Temp	Headcount	FTE
2024 Budget	+34	-	+1	+35	+34.25
Mid-Year Reclass/Transfers (2024)	+4	-	-	+4	+4
New Positions (2025)	-	-	-	-	-
Reclass/PT Hour Adj (2025)	-	-	-	-	-
Eliminations	-	-	-	-	-
2025 Budget	+38	-	+1	+39	+38.25

Gross Labor (Non-Overtime)

A 5.0% performance compensation increase is budgeted. There was a significant reorganization in 2024. The prior year budget and actual may not be comparable. See supplemental section for a reconciliation of the reorganization.

Employee Benefits (Transferred)

Benefits are planned in the Services Division and allocated to the divisions. More information on Benefits is located behind the PERSONNEL tab.

Software

This account covers WaterOne’s software licenses and maintenance on that software. It includes licenses and maintenance for software such as Microsoft, SAP, ESRI, and cloud hosting.

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. The budget decrease is a true-up to current service level.

Contracted Services

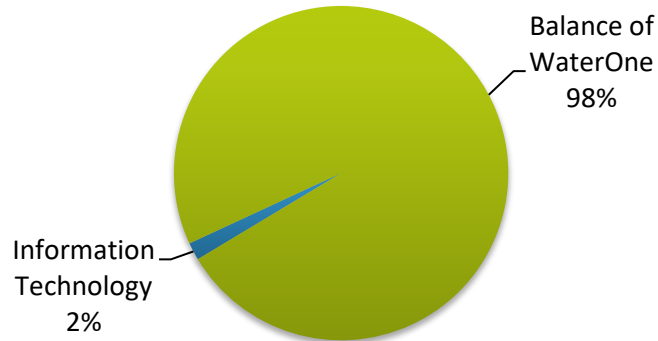
Outside vendors are used to provide services that WaterOne does not have the resources for or are not cost-effective to complete in-house. WaterOne contracts for various services including backup SAP basis administration support, functional consulting services for SAP, GIS and Microsoft projects, network monitoring, and implementation of new software. The budget increase is due to new accounting standards related to IT software and services. A program previously budgeted in annual capital called “GIS Upgrades and Enhancements” is now being budgeted as an expense. It consists of application development and implementation needs for GIS capabilities in response to business requirements.

IT Hardware Maintenance

This account is for the recurring maintenance contracts for network hardware. The budget increase is due to increased maintenance for additional SCADA hardware.

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

No new annual capital requests \$0

Annual Capital - New **\$0**

Replacement / Refurbish

AC-25102 IT User Device Replacement \$386,242

AC-25900 IT Infrastructure Replacements/Upgrades 275,888

Annual Capital - Replace/Refurbish **\$662,130**

Total Annual Capital **\$662,130**

Numbers may not add due to rounding

INFORMATION TECHNOLOGY DIVISION

Replace

Project Description

IT User Device Replacement

Year

2025

Project

AC-25102

Plan

\$386,242

Justification

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



Project Description

IT Infrastructure Replacements/Upgrades

Year

2025

Project

AC-25900

Plan

\$275,888

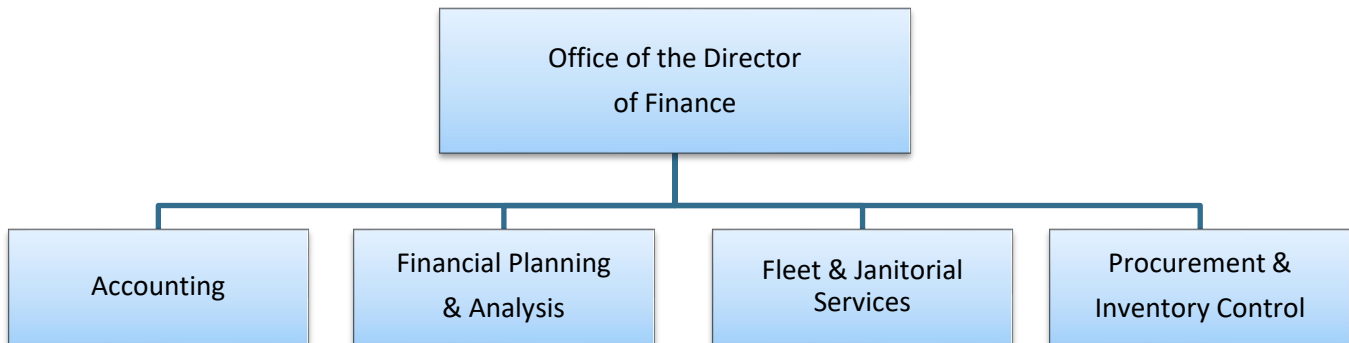
Justification

This project includes replacing/upgrading network switches, security appliances, servers, data storage, backup systems, racks, and power management. This project combines two former annual program projects "Server and Storage Upgrades" and "Network Upgrades" for administrative efficiency. This recurring program ensures reliable computing by replacing/upgrading hardware system equipment.



FINANCE DIVISION

Division Organization



The Accounting Department pays the bills and 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 creates and monitors the annual budget, develops long-term financial plans utilizing various modeling tools, and completes cost of service studies and models. The department is also responsible for cash flow planning, investing available funds, issuing debt, and grant management.

The Fleet & Janitorial Services Department provides support to the operational areas of the utility, including fleet procurement, maintenance, and disposition. The department also manages the Janitorial Services function responsible for maintaining the cleanliness of WaterOne facilities.

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.

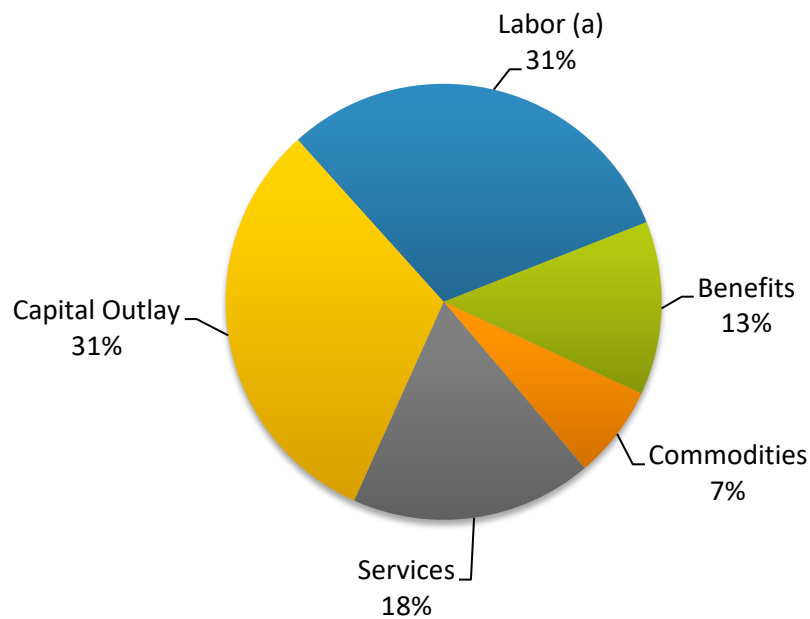
Division Objective

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 "2025 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

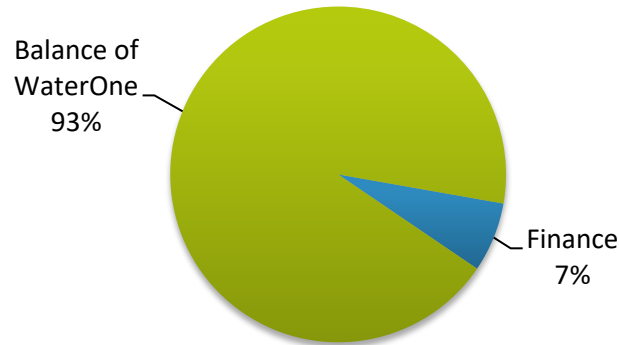
	2023 Actual	2024 Budget	2025 Budget	\$ Incr (Decr)	% Incr (Decr)
Labor (a)	\$3,395,259	\$3,208,327	\$3,179,864	(\$28,463)	(0.9%)
Benefits	848,449	992,520	935,356	(57,164)	(5.8%)
<i>Personnel Costs</i>	\$4,243,708	\$4,200,847	\$4,115,220	(\$85,627)	(2.0%)
Commodities	1,685,261	1,585,394	1,749,880	164,486	10.4%
Services	1,784,570	1,385,477	1,493,446	107,970	7.8%
Transfers	(1,995,580)	(2,206,918)	(2,387,098)	(180,180)	8.2%
Total O&M	\$5,717,959	\$4,964,799	\$4,971,447	\$6,648	0.1%
Capital Outlay	3,135,229	2,767,030	2,295,802	(471,228)	(17.0%)
Total	\$8,853,188	\$7,731,829	\$7,267,249	(\$464,580)	(6.0%)

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 2025 Significant Cost Elements are described below.

	2023 Actual	2024 Budget	2025 Budget	\$ Incr (Decr)	% Incr (Decr)
Labor - Non OT	\$3,171,325	\$3,140,427	\$3,104,844	(\$35,583)	(1.1%)
Labor - OT Gross	127,708	67,900	75,020	7,120	10.5%
Benefits	848,449	992,520	935,356	(57,164)	(5.8%)
Inventory Withdrawals	804,421	862,891	728,459	(134,432)	(15.6%)
Materials & Supplies	759,054	581,324	612,930	31,606	5.4%
Clean Drinking Water Fee	638,338	587,853	588,204	351	0.1%
Renewable Credits	0	0	280,000	280,000	NA
Property & Liability Insurance	176,274	193,749	208,518	14,769	7.6%
Contracted Services	78,013	95,986	150,815	54,829	57.1%
Special Assessment and Fees	81,918	91,476	101,367	9,892	10.8%
Vehicle Repair Services	37,151	115,172	92,272	(22,900)	(19.9%)
Checking Account Service Fee	72,774	60,400	74,200	13,800	22.8%
Interest on Security Deposits	53,213	40,000	56,250	16,250	40.6%
Subtotal	\$6,848,638	\$6,829,697	\$7,008,235	\$178,538	2.6%
All Other Accounts	864,901	342,020	350,311	8,291	2.4%
Less Transfers	(1,995,580)	(2,206,918)	(2,387,098)	(180,180)	8.2%
*Total O&M	\$5,717,959	\$4,964,799	\$4,971,447	\$6,648	0.1%

Numbers may not add due to rounding

*There was a significant reorganization in 2024. The Division Budgets and prior year actual may not be comparable. See supplemental section for a reconciliation of the reorganization.

FINANCE

FINANCE	Full Time	Part Time	Summ/ Temp	Headcount	FTE
2024 Budget	20	-	-	20	20.0
Mid-Year Reclass/Transfers (2024)	+15	-	-	+15	+15
New Positions (2025)	-	-	-	-	-
Reclass/PT Hour Adj (2025)	-	-	-	-	-
Eliminations	-	-	-	-	-
2025 Budget	35	-	-	35	35

Gross Labor (Non-Overtime)

A 5.0% performance compensation increase is budgeted. There was a significant reorganization in 2024. The prior year budget and actual may not be comparable. See supplemental section for a reconciliation of the reorganization.

Labor – OT

The majority of overtime is planned in Fleet related to vehicle and equipment repair after normal business hours. Janitorial services makes up most of the remaining overtime budget, including an increase in 2025 due to the reclass of the Foreman position.

Employee Benefits (Transferred)

Benefits are planned in the Services Division and allocated to the divisions. More information on Benefits is located behind the PERSONNEL tab.

Inventory Withdrawals

There are two components of this budget. Fuel represents the majority of the budget. The budgeted price per gallon for fuel decreased from \$3.52 in 2024 to \$2.96 in 2025. The remaining budget is for non-fuel inventory withdrawals, such as batteries and tires. It is developed based on history and is mainly used for scheduled preventative maintenance.

Materials & Supplies

The two components of this budget are janitorial supplies for maintaining facilities and Fleet non-inventory vehicle repair parts, car wash repair parts, and shop supplies. The budget increase is primarily due to inflationary price increases for vehicle repair parts.

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.

Renewable Credits

This budget is for renewable energy certificates (RECs) purchased from WaterOne's two energy providers: BPU and Evergy. The actual expense will vary by year based on the amount of electricity used. The 2025 budget is based on 2023 actual energy usage.

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 2024 will be in effect for the first half of the 2025 budget. The budget includes a 3% projected increase in premiums for the second half of 2025. All other property and liability insurance premiums are budgeted in the Legal/Audit Division.

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 fleet telematics. The Janitorial function uses outside services for various cleaning tasks. The budget increase is due to the amortization of the sustainability assessment in 2024.

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 to the stormwater fees related to the increased impervious surfaces created by the Administrative Warehouse project in 2023.

Vehicle Repair Services

This account is for outsourced repair of WaterOne vehicles that cannot be completed in-house. The budget decrease is due to completing more repairs with staff.

Checking Account Service Fees

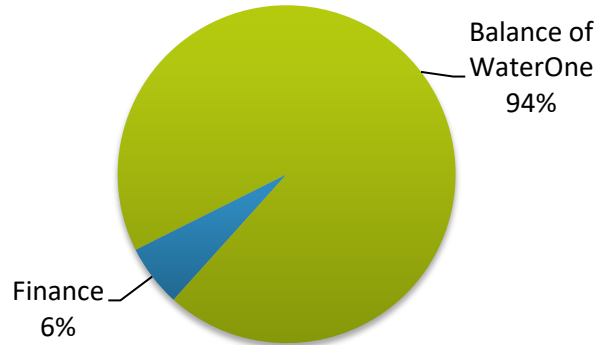
These are fees that are charged by the bank for monthly account maintenance, online balance reporting, and other services for all operating bank accounts. The budget is based on fees for typical services that were established in a 2022 service agreement and the historical levels of utilization.

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.

Annual Capital

Division in Relation to
Total WaterOne Annual Capital Budget



New

No new annual capital requests	\$0
Annual Capital - New	\$0

Replacement / Refurbish

AF-25302	Hydro Excavator (Replace 5302) DIST	\$689,718
AF-25000	Light Duty Fleet Program	669,165
AF-25240	Tandem Dump Truck (Replace 6240) DIST	182,087
AF-25559	60 HP Track Excavator (Replace 7559) DIST	178,777
AF-25772	60 HP Track Excavator (Replace 7772) DIST	178,777
AF-25481	1 1/4 Ton Crane Service Body (Replace 4480) FM	132,426
AF-25706	1 1/4 Ton Crane Service Body (Replace 4706) FM	132,426
AF-25981	1 1/4 Ton Crane Service Body (Replace 4581) DIST	132,426
Annual Capital - Replace / Refurbish		\$2,295,802
Total Annual Capital		\$2,295,802

Numbers may not add due to rounding

WaterOne 2025 Budget

FINANCE DIVISION

Replace

Project Description

Hydro Excavator (Repl 5302) DIST

Year

2025

Project

AF-25302

Plan

\$689,718

Justification

WaterOne's Fleet Replacement Standard for Heavy Trucks is 15 years and 9,000 hours. Unit 5302 was purchased in 2015, making it 10 years old in 2025. It has 9,881 hours as of 6/2024. The hours criteria has been met, but the age will not be met. This unit is experiencing rising O&M costs and has limited operating ability in higher temperatures. The replacement unit will be configured similarly.



Project Description

Light Duty Fleet Program

Year

2025

Project

AF-25000

Plan

\$669,165

Justification

The light duty fleet 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.



WaterOne 2025 Budget

FINANCE DIVISION

Replace

Project Description

Tandem Dump Truck (Repl Unit 6240) DIST

Year

2025

Project

AF-25240

Plan

\$182,087

Justification

The Fleet Replacement Standard for Semi-Tractors is 15 years and 9,000 hours. The current unit is 18 years old and has 3,558 hours meeting the age, but not hours replacement standard. The existing manual transmission tractor will be replaced with a tandem dump truck. This change makes the end-dump trailer used with the tractor unnecessary, saving the need for replacement of two vehicles/equipment.



Project Description

60HP Track Excavator (Repl 7559) DIST

Year

2025

Project

AF-25559

Plan

\$178,777

Justification

WaterOne's Fleet Replacement Standard for this equipment type is 9 years and 4,500 hours. Unit 7559 was purchased in 2016, making it 9 years old in 2025. It has 6,358 hours as of 4/2024. The hours and age criteria will be met in 2025. The replacement unit will be configured the same.



WaterOne 2025 Budget

FINANCE DIVISION

Replace

Project Description

60HP Track Excav (Repl Unit 7772) DIST

Year

2025

Project

AF-25772

Plan

\$178,777

Justification

WaterOne's Fleet Replacement Standard for this equipment type is 9 years and 4,500 hours. Unit 7772 was purchased in 2016, making it 9 years old in 2025. It has 6,458 hours as of 4/2024. The age and hours criteria will be met in 2025. The replacement unit will be configured the same.



Project Description

1 1/4 Ton Crane Srv Body (Repl 4480) FM

Year

2025

Project

AF-25481

Plan

\$132,426

Justification

WaterOne's Fleet Replacement Standard for Medium Trucks is 12 years and 120,000 miles. Unit 4480 was purchased in 2011, making it 14 years old in 2025. It has 116,901 miles as of 4/2024. The age and mileage criteria will be met in 2025. The replacement unit will be configured the same.



WaterOne 2025 Budget

FINANCE DIVISION

Replace

Project Description

1 1/4 Ton Crane Srv Body (Repl 4706) FM

Year

2025

Project

AF-25706

Plan

\$132,426

Justification

WaterOne's Fleet Replacement Standard for Medium Trucks is 12 years and 120,000 miles. Unit 4706 was purchased in 2011, making it 14 years old in 2025. It has 105,276 miles as of 4/2024. The age criteria will be met in 2025, but the mileage will not be met. Due to the long lead time of nearly a year, this unit is being ordered in 2025 to be ready for use by 2026 when replacement will be necessary. The replacement unit will be configured the same.



Project Description

1 1/4 Ton Crane Srv Body(Repl 4581) DIST

Year

2025

Project

AF-25981

Plan

\$132,426

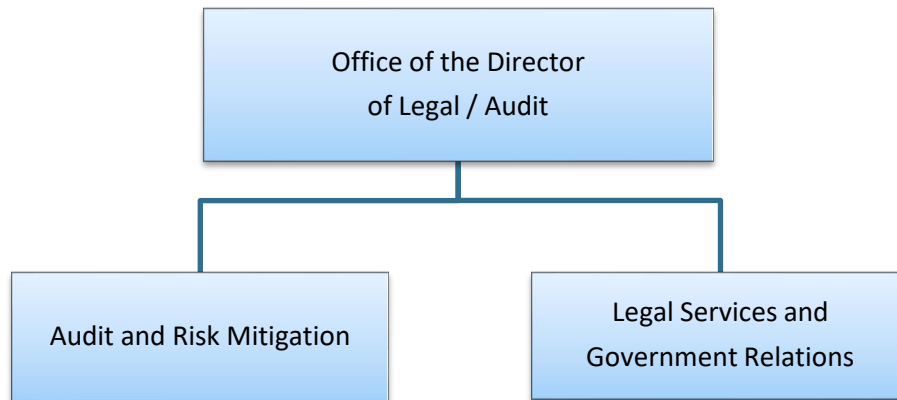
Justification

WaterOne's Fleet Replacement Standard for Medium Trucks is 12 years and 120,000 miles. Unit 4581 was purchased in 2011, making it 14 years old in 2025. It has 96,637 miles as of 4/2024. The age criteria will be met in 2025, but the mileage will not be met. It is being replaced due to excessive maintenance and poor condition. The replacement unit will be configured the same.



LEGAL / AUDIT 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 division is responsible for reviewing and recommending additions, amendments or revocations of WaterOne’s Rules and Regulations and its Board Policies.

Audit and Risk Mitigation is comprised of several components including Auditing, Safety & Security, and Insurance that are designed to manage different risk elements. Audit, 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 Safety & Security team is responsible for the development and implementation of safety and security programs. These programs are designed 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 Insurance Function is responsible for insurance coverage related to property and casualty risk management.

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.

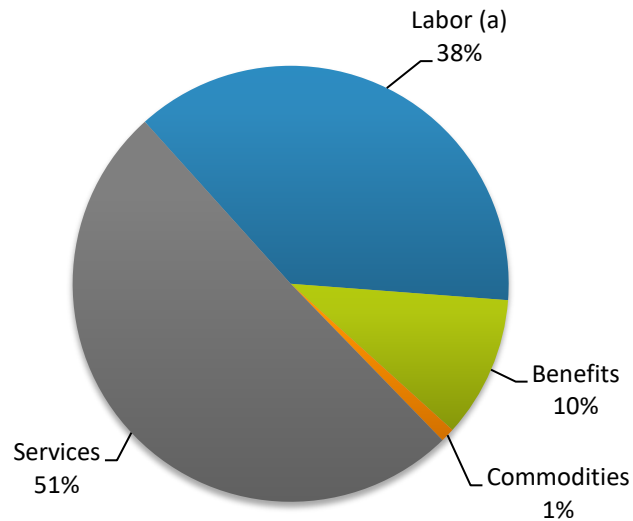
Division Objective

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 “2025 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

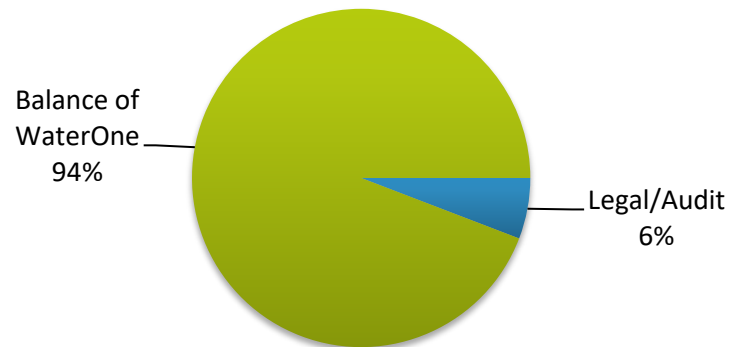
	2023 Actual	2024 Budget	2025 Budget	\$ Incr (Decr)	% Incr (Decr)
Labor (a)	\$1,540,122	\$1,540,055	\$1,714,680	\$174,625	11.3%
Benefits	522,168	457,360	475,156	17,796	3.9%
<i>Personnel Costs</i>	\$2,062,290	\$1,997,415	\$2,189,836	\$192,421	9.6%
Commodities	47,255	45,050	47,337	2,287	5.1%
Services	1,893,668	2,201,799	2,291,046	89,247	4.1%
Transfers	(259,570)	(230,122)	(215,498)	14,625	(6.4%)
Total O&M	\$3,743,643	\$4,014,142	\$4,312,722	\$298,580	7.4%
Capital Outlay	0	333,846	0	(333,846)	(100.0%)
Total	\$3,743,643	\$4,347,988	\$4,312,722	(\$35,266)	(0.8%)

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 2025 Significant Cost Elements are described below.

	2023 Actual	2024 Budget	2025 Budget	\$ Incr (Decr)	% Incr (Decr)
Labor - Non OT	\$1,477,635	\$1,535,855	\$1,705,180	\$169,325	11.0%
Benefits	522,168	457,360	475,156	17,796	3.9%
Property & Liability Insurance	1,039,405	1,098,403	1,196,969	98,566	9.0%
Security	477,288	541,465	533,848	(7,617)	(1.4%)
Contracted Services	97,114	334,765	282,370	(52,395)	(15.7%)
Auditing Fees	51,974	52,315	65,015	12,700	24.3%
Property & Liability - Self Ins.	43,277	50,000	50,000	0	0.0%
Subtotal	\$3,708,862	\$4,070,163	\$4,308,538	\$238,375	5.9%
All Other Accounts	294,350	174,101	219,681	45,580	26.2%
Less Transfers	(259,570)	(230,122)	(215,498)	14,625	(6.4%)
*Total O&M	\$3,743,643	\$4,014,142	\$4,312,722	\$298,580	7.4%

Numbers may not add due to rounding

*There was a significant reorganization in 2024. The Division Budgets and prior year actual may not be comparable. See supplemental section for a reconciliation of the reorganization.

LEGAL / AUDIT	Full Time	Part Time	Summ/ Temp	Headcount	FTE
2024 Budget	10	-	1	11	10.25
Mid-Year Reclass/Transfers (2024)	+5	-	-	+5	+5
New Positions (2025)	-	-	-	-	-
Reclass/PT Hour Adj (2025)	-	-	-	-	-
Eliminations	-	-	-	-	-
2025 Budget	15	-	1	16	15.25

Gross Labor (Non-Overtime)

A 5.0% performance compensation increase is budgeted. There was a significant reorganization in 2024. The prior year budget and actual may not be comparable. See supplemental section for a reconciliation of the reorganization.

Employee Benefits (Transferred)

Benefits are planned in the Services 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 increase is based on loss ratio and market conditions. The budget does not include auto coverage which is budgeted in Fleet.

Security

This account covers the cost of outsourced guard services and camera/monitoring services. Patrols include weekdays, weekends, special events, and holidays. The budget change is due to a true up to contract pricing.

Contracted Services

This budget is primarily for consulting services for an Information Security Officer which provides a variety of services related to information security such as development of policies and procedures, recommending best practices, and acting as an arbitrator between IT and its customers. The budget is decreasing based on the scope of work for 2025 that was determined through the RFP process.

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 2025 budget is based on the contract established through an RFP process completed in 2024.

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.

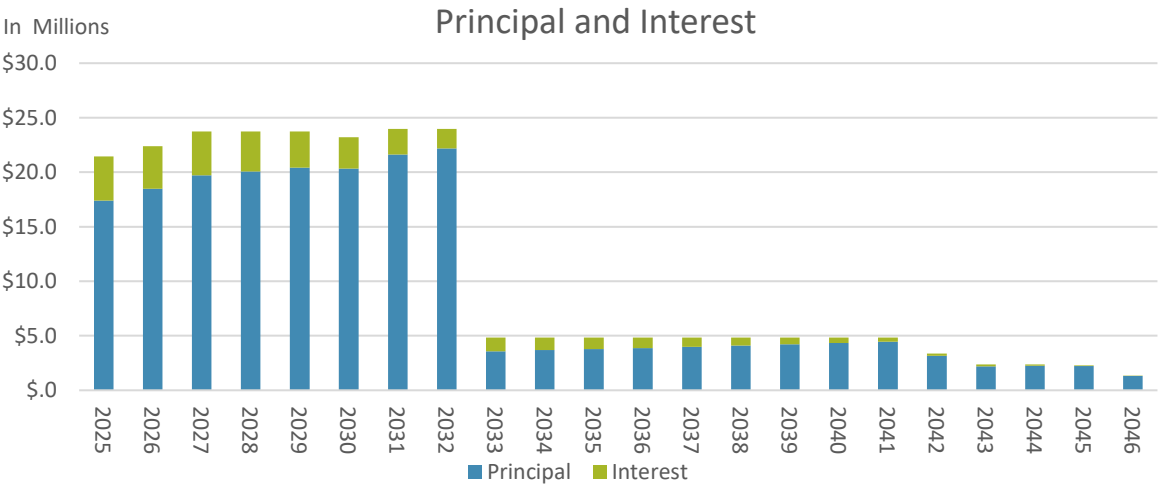
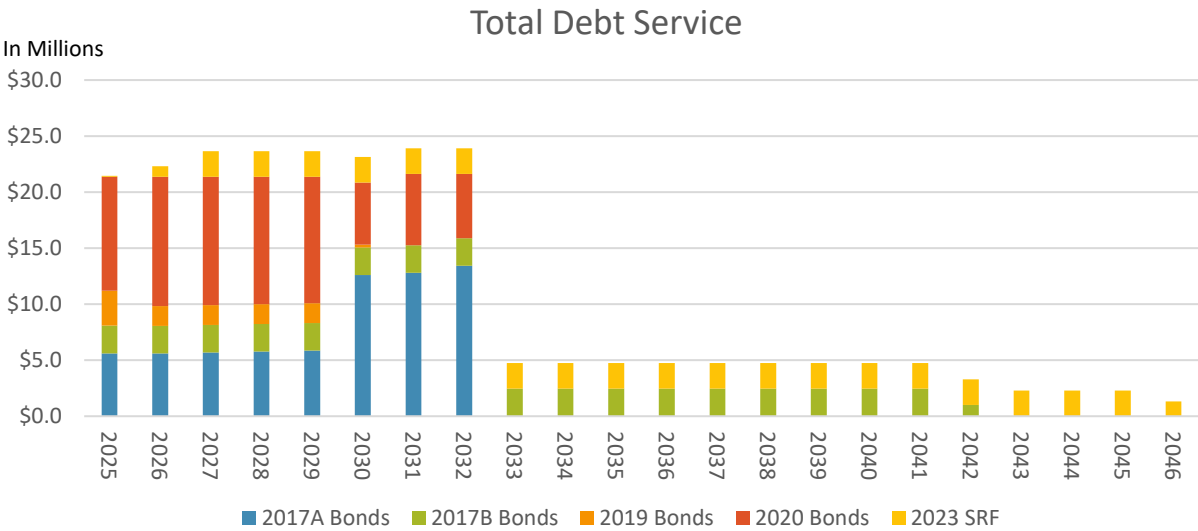
Annual Capital

This division has no capital requirements.

Debt Service

In 2025, WaterOne will be responsible for paying the debt service on its outstanding Parity Bonds (Series 2017A, 2017B, 2019 and 2020) and State Revolving Fund Loan.

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.



DEBT FUNDING

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	<u>\$110,205,000</u>
Outstanding Bonds on Jan. 1, 2025	<u>57,965,000</u>
Debt Service Requirement for 2025	<u>5,616,750</u>
Funding in 2025 for Principal to be Retired	<u>3,890,000</u>
First Callable Maturity	<u>1/1/2027</u>
True Interest Cost (TIC) at time of original bond issue	<u>2.4651%</u>

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	<u>\$40,105,000</u>
Outstanding Bonds on Jan. 1, 2025	<u>32,455,000</u>
Debt Service Requirement for 2025	<u>2,462,456</u>
Funding in 2025 for Principal to be Retired	<u>1,430,000</u>
First Callable Maturity	<u>1/1/2027</u>
True Interest Cost (TIC) at time of original bond issue	<u>3.0565%</u>

DEBT FUNDING

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, 2025	9,510,000
Debt Service Requirement for 2025	3,132,200
Funding in 2025 for Principal to be Retired	2,785,000
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 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, 2025	69,450,000
Debt Service Requirement for 2025	10,156,698
Funding in 2025 for Principal to be Retired	9,255,000
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, 2025	1,232,610
Debt Service Requirement for 2025	72,366
Funding in 2025 for Principal to be Retired	47,599
Gross Interest Rate	2.13%

DEBT FUNDING

2023 State Revolving Fund Loan, 3122

The 2023 State Revolving Fund Loan was closed on September 11, 2023 for the purpose of funding Master Plan projects including a Wolcott caisson and pump house, KS River horizontal collector wells and a 30” transmission main replacement.

Gross Loan Amount	<u>\$36,770,423</u>
Outstanding Balance on Jan. 1, 2025	<u>\$36,770,423</u>
Debt Service Requirement for 2025	<u>-</u>
Funding in 2025 for Principal to be Retired	<u>-</u>
Gross Interest Rate	<u>2.21%</u>

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 2025 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 \$40 million in 2025 and \$30 million in 2029, found in the Master Plan Capital Fund section.

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

As of January 1	2010 Bonds	2012 Bonds	2014 Bonds	2017A Bonds	2017B Bonds	2019 Bonds	2020 Bonds	2023 SRF		Total Outstanding Debt
Bond Ratings S&P/Moody's	AAA/Aaa	AAA/Aaa	AAA/Aaa	AAA/Aaa	AAA/Aaa	AAA/NR	AAA/NR	NR		
	\$	\$	\$	\$	\$	\$	\$	\$		\$
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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
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
	\$	\$	\$	\$	\$	\$	\$	\$	\$		\$	
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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	0	\$	
2018 (a) .	59,550	952,638	40,950	3,183,144	4,577,717	-	-	-	-	-	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.

2025 Initial Forecast in 2024 Budget vs 2025 Budget
2025 Water Rate Increase = 4.8%

	2025 Initial Forecast @ 4.8%	2025 Adopted Budget @ 4.8%	\$ Inc (Dec)	% Inc -Dec
1 REVENUES PROVIDED:				
2 OPERATING REVENUES:				
3 Sales of Water - Retail	\$ 145,149,292	\$ 144,383,307	\$ (765,985)	-0.5%
4 Sales of Water - Wholesale	180,814	561,452	380,638	210.5%
5 TOTAL SALES OF WATER	\$ 145,330,106	\$ 144,944,759	\$ (385,347)	-0.3%
6 Delayed Payment Charges	\$ 630,000	\$ 650,000	\$ 20,000	3.2%
7 Field Service Charges	429,000	450,000	21,000	4.9%
8 Other Operating Revenues	780,000	850,000	70,000	9.0%
9 TOTAL OTHER OPERATING REVENUES	\$ 1,839,000	\$ 1,950,000	\$ 111,000	6.0%
10 Investment Income (General and P&I Funds)	\$ 2,870,000	\$ 4,960,000	\$ 2,090,000	72.8%
11 Investment Income (Construction Fund)	-	580,000	580,000	N/A
12 Investment Income (SDC Fund)	-	60,000	60,000	N/A
13 TOTAL INVESTMENT INCOME	\$ 2,870,000	\$ 5,600,000	\$ 2,730,000	95.1%
14 TOTAL REVENUES PROVIDED	\$ 150,039,106	\$ 152,494,759	\$ 2,455,653	1.6%
15 REVENUE REQUIREMENTS:				
16 TOTAL OPERATIONS AND MAINTENANCE EXPENSE	\$ 73,993,650	\$ 74,081,131	\$ 87,481	0.1%
17 Annual Capital	\$ 10,670,000	\$ 9,650,000	\$ (1,020,000)	-9.6%
18 T&D Funding	27,860,000	28,915,000	1,055,000	3.8%
19 TOTAL ANNUAL CAPITAL	\$ 38,530,000	\$ 38,565,000	\$ 35,000	0.1%
20 TOTAL DEBT SERVICE FUNDING	\$ 24,189,304	\$ 21,440,470	\$ (2,748,834)	-11.4%
21 Master Plan Designated	\$ 11,846,153	\$ 15,908,158	\$ 4,062,005	34.3%
22 Investment Income (Construction & SDC Funds)	-	640,000	640,000	N/A
24 TOTAL TRANSFERS TO MASTER PLAN	\$ 11,846,153	\$ 16,548,158	\$ 4,702,005	39.7%
25 Bond Covenant Required Reserves	\$ 980,000	\$ 1,360,000	\$ 380,000	38.8%
26 Negative Cash Flow Reserve	500,000	500,000	-	0.0%
27 TOTAL REQUIRED RESERVE FUNDING	\$ 1,480,000	\$ 1,860,000	\$ 380,000	25.7%
28 TOTAL REVENUE REQUIREMENTS	\$ 150,039,106	\$ 152,494,759	\$ 2,455,653	1.6%
29 NET INCOME AVAIL FOR DS COVERAGE (Ln 14 - Ln 16)	\$ 76,045,456	\$ 78,413,628	\$ 2,368,172	3.1%
30 REQUIRED DEBT SERVICE (Ln 20)	\$ 24,189,304	\$ 21,440,470	\$ (2,748,834)	-11.4%
31 DEBT SERVICE COVERAGE (Ln 29 / Ln 30)	3.14	3.66	0.52	
32 ADJUSTMENT TO WATER RATES	4.8%	4.8%	0.0%	

Percentages may not add due to rounding

ADDITIONAL REVENUE REQUIREMENTS FOR 2025
Based on a 4.8% Rate Increase

			2024 ADOPTED BUDGET	2025 ADOPTED BUDGET	\$ Inc (Dec)
CHANGES IN REVENUE REQUIREMENTS:					
1	INCREASED OPERATIONS & MAINTENANCE EXPENSES:		\$ 70,325,840	\$ 74,081,131	\$ 3,755,291
	Gross Payroll (Includes Overtime)	\$ 2,359,360 6.4%			
	Total Power	\$ 741,226 6.8%			
	Health Insurance	\$ 583,232 11.2%			
	Chemicals	\$ 502,858 7.2%			
	Total Pension Accounts	\$ (555,654) -10.0%			
	Other	\$ 124,270 0.2%			
2	INCREASED CAPITAL:		\$ 35,245,000	\$ 38,565,000	\$ 3,320,000
	T&D Funding	\$ 3,250,000			
	Annual Capital	\$ 70,000			
3	INCREASED DEBT SERVICE FUNDING:		\$ 21,369,908	\$ 21,440,470	\$ 70,562
4	INCREASED TRANSFERS TO MASTER PLAN:		\$ 15,087,786	\$ 16,548,158	\$ 1,460,372
	Master Plan Designated	\$ 820,372			
	Investment Income (Construction & SDC Funds)	\$ 640,000			
5	DECREASED FUNDING TO REQUIRED RESERVES:		\$ 2,080,000	\$ 1,860,000	\$ (220,000)
	Bond Covenant Required Reserves	\$ (250,000)			
	Negative Cash Flow Reserve	\$ 30,000			
6	TOTAL INCREASE IN REVENUE REQUIREMENTS		\$ 144,108,533	\$ 152,494,759	\$ 8,386,226
CHANGES IN REVENUES AVAILABLE:					
7	INCREASED INVESTMENT INCOME:		\$ 3,840,000	\$ 5,600,000	\$ 1,760,000
	Investment Income (General and P&I Funds)	\$ 1,120,000			
	Investment Income (Construction & SDC Funds)	\$ 640,000			
8	INCREASED REVENUE FROM OTHER OPER REVENUE:		\$ 1,830,000	\$ 1,950,000	\$ 120,000
	Delayed Payment Charges	\$ 25,000			
	Field Service Charges	\$ 25,000			
	Other Operating Revenue	\$ 40,000			
9	DECREASED REVENUE FROM REVENUE ADJUSTMENTS:			\$ (1,675,208)	\$ (1,675,208)
	R1 Gallons Reduction	\$ (1,050,621)			
	M1, C1, C2 Gallons Reduction	\$ (500,544)			
	Meter Mix True Up	\$ (85,934)			
	Adjusted Customer Growth	\$ (38,109)			
10	INCREASED REVENUE FROM 2025 NEW CUSTOMERS @ 2024 RATES:			\$ 1,589,464	\$ 1,589,464
11	TOTAL INCREASE IN REVENUES AVAILABLE		\$ 5,670,000	\$ 7,464,256	\$ 1,794,256
12	ADJUSTMENT TO WATER RATES IN 2025 (Line #6 - #11)			Rate Adjustment 4.8%	\$ 6,591,970

Budgeted Gallons and Revenue by Customer Type

(A)		(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
Customer Type		Budgeted Average Customers	Avg Annual Gallons Per Cust	Budgeted Total 1,000 Gals	Budgeted Block 1 Gallons	Budgeted Block 2 Gallons	Budgeted Volume Charge Revenue	Budgeted Service Charge Revenue	Volume Charge Revenue	Service Charge Revenue
		(B x C)					(G/ (G+H)) (H/ (G+H))			
1	Residential (R1)	142,380	79,567	11,328,795	8,383,308	2,945,487	\$ 69,271,048	\$ 19,677,906	78%	22%
2	Multi Family (M1)	5,193	420,000	2,181,060	1,919,333	261,727	12,508,815	1,867,551	87%	13%
3	Small Commercial (C1)	5,178	200,000	1,035,600	517,800	517,800	7,005,834	1,175,945	86%	14%
4	Large Commercial (C2)	3,554	1,361,452	4,838,601	3,387,021	1,451,580	30,110,616	2,333,741	93%	7%
5	Subtotal	156,305	124,014	19,384,056	14,207,462	5,176,594	\$ 118,896,313	\$ 25,055,143	83%	17%
6	Temp. Commercial (C3)	263	133,500	35,111	14,768	20,343	\$ 285,097	\$ 146,754	66%	34%
7	Total Retail	156,568	124,030	19,419,167	14,222,229	5,196,937	\$ 119,181,410	\$ 25,201,897	83%	17%
8	Wholesale (W1)	1	120,705,500	120,706	120,706	-	\$ 554,038	\$ 7,414	99%	1%
9	GRAND TOTAL	156,569	124,800	19,539,872	14,342,935	5,196,937	\$ 119,735,448	\$ 25,209,311	83%	17%

"Per Customer" shown in whole gallons.

Total Water Sales Revenue \$144,944,759

Customer Growth by Customer Type with SDC Revenue

		CUSTOMER GROWTH		SDC's	
Customer Type		2024 Budget	2025 Budget	2025 Rate	2025 Budget
10	Residential (R1)	1,185	1,195	\$5,800	\$6,931,000
11	Multi Family (M1)	50	40	\$5,800	\$232,000
12	Small Commercial (C1)	25	25	\$5,800	\$145,000
13	Large Commercial (C2)	40	40	\$5,800	\$232,000
14	Total Retail	1,300	1,300	\$5,800	\$7,540,000

Wholesale Growth with User Fee Revenue

15	Wholesale (W1)	-	-	-	-
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CUSTOMER & WATER SALES STATISTICS
ADOPTED 2024 BUDGET COMPARED TO ADOPTED 2025 BUDGET

	ADOPTED 2024 BUDGET			ADOPTED 2025 BUDGET			
	Amount	Per 1,000 Gal	Average Per Customer	Amount	% Inc	Per 1,000 Gal	Average Per Customer

1 SINGLE FAMILY - (R1):

2	Average Customers Served	141,295		142,380	0.8%		
3	% of Total Customers Served	90.96		90.94			
4	Thousand Gallons Sold	11,413,669	80,779	11,328,795	-0.7%		79,567
5	% of Total Gallons Sold	58.2%		58.0%			
6	Service Charge Revenue	\$ 18,662,394	\$ 1.64	\$ 19,677,906	5.4%	\$ 1.74	\$ 138.21
7	Volume Charge Revenue	66,580,497	5.83	69,271,048	4.0%	6.12	486.52
8	Total Water Sales Revenue	\$ 85,242,891	\$ 7.47	\$ 88,948,954	4.4%	\$ 7.85	\$ 624.73
9	% of Volume Water Sales	58.12%		57.85%			
10	% of Total Water Sales	61.57%		61.37%			

11 MULTI-FAMILY - RESIDENTIAL (M1):

12	Average Customers Served	5,162		5,193	0.6%		
13	% of Total Customers Served	3.32		3.32			
14	Thousand Gallons Sold	2,193,850	425,000	2,181,060	-0.6%		420,000
15	% of Total Gallons Sold	11.2%		11.2%			
16	Service Charge Revenue	\$ 1,772,454	\$ 0.81	\$ 1,867,551	5.4%	\$ 0.86	\$ 359.63
17	Volume Charge Revenue	12,002,114	5.47	12,508,815	4.2%	5.74	2,408.78
18	Total Water Sales Revenue	\$ 13,774,568	\$ 6.28	\$ 14,376,366	4.4%	\$ 6.59	\$ 2,768.41
19	% of Volume Water Sales	10.5%		10.5%			
20	% of Total Water Sales	10.0%		9.9%			

21 SMALL COMMERCIAL (C1):

22	Average Customers Served	5,125		5,178	1.0%		
23	% of Total Customers Served	3.30		3.31			
24	Thousand Gallons Sold	1,076,250	210,000	1,035,600	-3.8%		200,000
25	% of Total Gallons Sold	5.5%		5.3%			
26	Service Charge Revenue	\$ 1,104,007	\$ 1.03	\$ 1,175,945	6.5%	\$ 1.14	\$ 227.10
27	Volume Charge Revenue	6,947,194	6.46	7,005,834	0.8%	6.77	1,353.00
28	Total Water Sales Revenue	\$ 8,051,201	\$ 7.48	\$ 8,181,779	1.6%	\$ 7.90	\$ 1,580.10
29	% of Volume Water Sales	6.1%		5.9%			
30	% of Total Water Sales	5.8%		5.6%			

31 LARGE COMMERCIAL (C2):

32	Average Customers Served	3,505		3,554	1.4%		
33	% of Total Customers Served	2.26		2.27			
34	Thousand Gallons Sold	4,817,688	1,374,519	4,838,601	0.4%		1,361,452
35	% of Total Gallons Sold	24.6%		24.8%			
36	Service Charge Revenue	\$ 2,204,655	\$ 0.46	\$ 2,333,741	5.9%	\$ 0.48	\$ 656.65
37	Volume Charge Revenue	28,602,615	5.94	30,110,616	5.3%	6.22	8,472.32
38	Total Water Sales Revenue	\$ 30,807,270	\$ 6.39	\$ 32,444,357	5.3%	\$ 6.71	\$ 9,128.97
39	% of Volume Water Sales	25.0%		25.2%			
40	% of Total Water Sales	22.3%		22.4%			

41 SUB-TOTAL RETAIL:

42	Average Customers Served	155,087		156,305	0.8%		
43	% of Total Customers Served	99.84		99.83			
44	Thousand Gallons Sold	19,501,457	125,745	19,384,056	-0.6%		124,014
45	% of Total Gallons Sold	99.5%		99.2%			
46	Service Charge Revenue	\$ 23,743,510	\$ 1.22	\$ 25,055,143	5.5%	\$ 1.29	\$ 160.30
47	Volume Charge Revenue	114,132,420	5.85	118,896,313	4.2%	6.13	760.67
48	Total Water Sales Revenue	\$ 137,875,930	\$ 7.07	\$ 143,951,456	4.4%	\$ 7.43	\$ 920.97
49	% of Volume Water Sales	99.6%		99.3%			
50	% of Total Water Sales	99.6%		99.3%			

CUSTOMER & WATER SALES STATISTICS
ADOPTED 2024 BUDGET COMPARED TO ADOPTED 2025 BUDGET

	ADOPTED 2024 BUDGET			ADOPTED 2025 BUDGET			
	Amount	Per 1,000 Gal	Average Per Customer	Amount	% Inc	Per 1,000 Gal	Average Per Customer

51 TEMPORARY COMMERCIAL (C3):

52 Average Customers Served	249			263	5.6%		
53 % of Total Customers Served	0.16			0.17			
54 Thousand Gallons Sold	33,242		133,500	35,111	5.6%		133,500
55 % of Total Gallons Sold	0.2%			0.2%			
56 Service Charge Revenue	\$ 132,667	\$ 3.99	\$ 532.80	\$ 146,754	10.6%	\$ 4.18	\$ 558.00
57 Volume Charge Revenue	257,622	7.75	1,034.63	285,097	10.7%	8.12	1,084.02
58 Total Water Sales Revenue	\$ 390,289	\$ 11.74	\$ 1,567.43	\$ 431,851	10.7%	\$ 12.30	\$ 1,642.02
59 % of Volume Water Sales	0.2%			0.2%			
60 % of Total Water Sales	0.3%			0.3%			

61 TOTAL ALL RETAIL CUSTOMERS:

62 Average Customers Served	155,336			156,568	0.8%		
63 % of Total Customers Served	100.00			100.00			
64 Thousand Gallons Sold	19,534,699		125,758	19,419,167	-0.6%		124,030
65 % of Total Gallons Sold	99.7%			99.4%			
66 Service Charge Revenue	\$ 23,876,177	\$ 1.22	\$ 153.71	\$ 25,201,897	5.6%	\$ 1.30	\$ 160.96
67 Volume Charge Revenue	114,390,042	5.86	736.40	119,181,410	4.2%	6.14	761.21
68 Total Water Sales Revenue	\$ 138,266,219	\$ 7.08	\$ 890.11	\$ 144,383,307	4.4%	\$ 7.44	\$ 922.18
69 % of Volume Water Sales	99.9%			99.5%			
70 % of Total Water Sales	99.9%			99.6%			

71 WHOLESALE (W1):

72 Average Customers Served	1.00			1.00	0.00%		
73 % of Total Customers Served	0.0%			0.0%			
74 Thousand Gallons Sold	68,000		68,000,000	120,706	77.51%		120,705,500
75 % of Total Gallons Sold	0.4%			0.6%			
76 Service Charge Revenue	\$ 7,074	\$ 0.10	\$ 7,074	\$ 7,414	4.81%	\$ 0.06	\$ 7,414
77 Volume Charge Revenue	165,240	2.43	\$ 165,240	554,038	235.29%	4.59	\$ 554,038
78 Total Water Sales Revenue	\$ 172,314	\$ 2.53	\$ 172,314	\$ 561,452	225.83%	\$ 4.65	\$ 561,452
79 % of Total Water Sales	0.1%			0.4%			

80 TOTAL ALL CUSTOMER CLASSES:

81 Average Customers Served	155,337			156,569	0.8%		
82 Thousand Gallons Sold	19,602,699		126,195	19,539,872	-0.3%		124,800
83 Service Charge Revenue	\$ 23,883,251	\$ 1.22	\$ 153.75	\$ 25,209,311	5.6%	\$ 1.29	\$ 161.01
84 Volume Charge Revenue	114,555,282	5.84	737.46	119,735,448	4.5%	6.13	764.75
85 Total Water Sales Revenue	\$ 138,438,533	\$ 7.06	\$ 891.21	\$ 144,944,759	4.7%	\$ 7.42	\$ 925.76

Notes:

- 1 Reflects a 4.8% revenue increase due to a change in water rates to be effective 1-1-2025.
- 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%
--	----

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)	\$5,800
3/4" Displacement Meter	8,700
1" Displacement Meter	14,500
1 1/2" Displacement Meter	29,000
1 1/2" Turbine	34,800
2" Displacement Meter	46,400
2" Compound Meter	46,400
2" Turbine	55,100
3" Compound Meter	101,500
3" Turbine Meter	126,150
4" Compound Meter	174,000
4" Turbine Meter	217,500

(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.

<u>Division</u>	<u>Headcount</u>		
20	FINANCE	From/To	
1	Gain Manager Fleet/Janitorial	From Services	
7.875	Gain Fleet Staff (a)	From Services	
8	Gain Janitors (b)	From Services	
0.625	Gain PT Mail Clerk	From Services	
-1	Less Foreman Custodial	To Engineering	
-1	Less Sr. Financial Specialist	To Engineering	
-0.5	Less Fleet Intern 0.25 & 0.25 FTE PT Fleet Clerk	None	
35			
10.25	LEGAL/AUDIT	From/To	
4	Gain Safety/Security (d)	From Services	
1	Gain Proc. Mgmt. Coord.	From Prod.	
15.25			
34.25	IT	From/To	
4	Gain GIS Services (f)	From Engineering	
38.25			
0	ENGINEERING	From/To	
26.5	Gain Distribution Engineering	From Dist.	
-4	Less GIS Services (f)	To IT	
1	Gain Admin Assistant	From Dist.	
1	Gain Restoration Coordinator	From Dist.	
1	Gain Manager Distribution Services	From Dist.	
9.25	Gain Facilities Engineering (e)	From Prod.	
4	Gain SCADA group (c)	From Prod.	
1	Gain Proc. Eng. Manager	From Prod.	
1			
1	SERVICES	From/To	
1	Gain all of HR	From HR	
1	Gain all of Customer Relations	From Cust Rel.	
1	Gain Locators (h)	From Dist.	
1	Gain AMI Data Analyst	From Services	
1	Gain Sr. Financial Specialist	From Finance	
1	Gain Foreman Custodial	From Finance	
47.75			

<u>Division</u>	<u>Headcount</u>		
0	SERVICES	From/To	
31.98	Gain all of HR	From HR	
42.37	Gain all of Customer Relations	From Cust Rel.	
10	Gain Locators (h)	From Dist.	
-1	Less Dist Services Tech	To Engineering	
7	Gain Developer Services (i)	From Dist.	
2.68	Gain Dispatchers (g)	From Dist.	
2	Gain NS Inspectors	From Dist.	
1	Gain Technical Learning Coord.	From Dist.	
-1	Less HR Director	To Engineering	
-1	Less Manager/Fleet Janitorial	To Finance	
-7.875	Less Fleet Staff (a)	To Finance	
-8	Less Janitors (b)	To Finance	
-4	Less Safety/Security (d)	To Legal/Audit	
-1	Less Data Analyst	To Engineering	
-1	Less AMI Data Analyst	To Engineering	
-0.625	Less PT Mail Clerk	To Finance	
-0.23	HR Intern .48 to .25	None	
71.30			
160.425	DISTRIBUTION	From/To	
-26.5	Less Distribution Engineering	To Engineering	
-10	Less Locators (h)	To Services	
-1	Less Restoration Coord	To Engineering	
-1	Less Admin Asst.	To Engineering	
-1	Less Manager Distribution Services	To Engineering	
-7	Less Developer Services (i)	To Services	
-2.68	Less Dispatchers (g)	To Services	
-2	Less NS Inspectors	To Services	
-1	Less Technical Learning Coord	To Services	
108.250			
114	PRODUCTION	From/To	
-9.25	Less Facilities Engineering (e)	To Engineering	
-4	Less SCADA Group (c)	To Engineering	
-1	Less Proc. Eng. Manager	To Engineering	
-1	Less Data Analyst	To Engineering	
-1	Less Administrative Specialist	To Engineering	
-1	Less Proc. Mgmt. Coord.	To Legal/Audit	
96.75			

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9/20/2024

NOTES

- (a) Fleet Staff consists of a Foreman of Fleet mechanics, a Fleet Admin Coordinator, a PT Fleet Clerk, 5 Mechanics, and a Fleet Mechanic Intern (7.875)
- (b) Janitors consist of a Janitorial Foreman, a Lead Janitor and 6 Janitors (8)
- (c) SCADA Group includes Lead SCADA specialist and 3 SCADA Techs (4)
- (d) Safety/Security consists of a Safety/Security Manager, 2 Env. Health and Safety Specialists, and a Safety/Security Admin. (4)
- (e) Facilities Engineering includes 9 FT Engineers and 1 Summer Intern (9.25)
- (f) GIS Services consist of a GIS Services Lead, 2 GIS Techs and a GIS Editor. (4)
- (g) Dispatchers consist of 2 Dispatchers and 1 PT Dispatcher (2.68)
- (h) Locators consist of a Locating Services Supv, a Sr Locator and 8 Locators (10)
- (i) Dev Services consist of a Supervisor of Dev Services, 4 Dev Services Techs, a New Service Conn. Coordinator, and an Admin Support Clerk (7)

	Start	End
	FTE	FTE
Finance	20	35.00
Legal/Audit	10.25	15.25
Production	114	96.75
Engineering	0	47.75
Services	0	71.30
Distribution	160.425	108.25
IT	34.25	38.25
Human Resources	31.98	0.00
Cust. Relations	42.37	0.00
GM	2	2.00
	415.275	414.55

2024 Budget Position Title	2024 Budget Division	2025 Budget Position Title	2025 Budget Division
Director of Human Resources	Human Resources	Director of Engineering	Engineering
Distribution Services Manager	Distribution	Supervisor of Engineering (Distribution)	Engineering
Project Engineer (Facilities)	Production	Supervisor of Engineering (Facilities)	Engineering
Foreman - Custodial Services	Finance	Project Engineer (Sustainability)	Engineering
Sr. Financial Specialist	Finance	Project Engineer	Engineering
SCADA Lead Tech	Production	Supervisor of SCADA Automation	Engineering
AMI Data Analyst	Customer Relations	Data Analyst	Engineering
Administrative Specialist	Production	Administrative Assistant	Engineering
Locator	Distribution	Distribution Services Tech	Engineering
Assistant Manager - Construction	Distribution	Manager of Construction	Distribution
Assistant Manager - Maintenance	Distribution	Manager of Maintenance	Distribution
Assistant Manager - Valving	Distribution	Manager of Transmission Mains & Valving	Distribution
Foreman - Utility	Distribution	Supervisor of Construction (HDD)	Distribution
Manager of Distribution Operations	Distribution	Distribution Analyst	Distribution
Supervisor - Services	Distribution	Administrative Assistant	Distribution
Dist Tech - Tapper	Distribution	Distribution Tech	Distribution
Dist Tech - Tapper	Distribution	Distribution Tech	Distribution
PMO Manager	Information Technology	Supervisor of Business Partners	Information Technology
Sharepoint Administrator	Information Technology	Database Administrator	Information Technology
Business Analyst	Information Technology	Project Manager	Information Technology
Manager of Application Development Services	Information Technology	Supervisor of Application Development Services	Information Technology
Manager of Meter Services	Customer Relations	Manager of Field Services	Services
Manager of Total Rewards & HR Services	Human Resources	Manager of Human Resources	Services
Manager of Talent Acquisition & Development	Human Resources	Supervisor of Engagement	Services
Safety & Security Manager	Human Resources	Supervisor of Risk Mitigation	Legal/Audit
Process Management Coordinator	Production	Emergency Coordinator	Legal/Audit
PT Mail 0.625 & PT Fleet 0.375	Finance	Fleet/Accounts Payable Clerk	Finance

2025 Budget Position Elimination Summary

Full Time Equivalent	Description
-0.50	Less Fleet Intern 0.25 & PT Fleet Clerk 0.25
-0.23	HR Intern 0.48 to 0.25
-0.73	Total

**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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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

FISCAL POLICIES & PROCEDURES

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.

FISCAL POLICIES & PROCEDURES

- 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

- 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

FISCAL POLICIES & PROCEDURES

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 funded at the Actuarial Required Contribution (ARC) as determined by the annual actuarial study.
- 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 maximum term for WaterOne debt is thirty 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 of 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:

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- 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

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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

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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).

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○ 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.

[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 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

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(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 business 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.

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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

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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.

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- 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 AND ASSETS

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 \$10,000 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:

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- 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.

FISCAL POLICIES & PROCEDURES

- 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

FISCAL POLICIES & PROCEDURES

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.

FISCAL POLICIES & PROCEDURES

Condition Assessment

- a. This category includes hiring contractors to assess transmission main condition as well as assessments completed by WaterOne staff.

805. Transfer or Disposal of Assets

- All assets are the property of Water District No. 1 of Johnson County, Kansas also known as WaterOne. Assets may not be sold, donated, discarded or transferred to another owner without authorization by the Director of Finance.
- The disposition of assets purchased with Federal grant funds must follow Federal guidelines. The guidelines of the specific grant, or general Federal guidelines will dictate the duration of time that the asset must remain the property of WaterOne. The guidelines also will indicate the disposition of the proceeds from the sale of the asset.
- All sales of assets, excluding real property, by WaterOne with an assigned value equal to or greater than \$5,000 must be offered for sale, either by sealed bids or by auction to the highest bidder. The Director of Finance (or designee) shall be responsible for managing and conducting the sale process of the assets. WaterOne reserves the right to reject all bids or cancel a proposed sale.
- Sales of real property will be managed by the Director of Legal and Audit and approved by the WaterOne Board per Board Policy 11. The sale of real property will be managed in a way that is reasonable and prudent based on the nature of the real property to be disposed of.

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.

FISCAL POLICIES & PROCEDURES

- 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.

FISCAL POLICIES & PROCEDURES

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.

X. GRANT POLICIES

1001. Grants

- Grants are external funds provided for a particular purpose, typically by a granting agency through a formal written agreement between WaterOne and the agency.

1002. Grant Responsibilities

- All grant opportunities shall be evaluated by the Director of Finance prior to grant acceptance.
- The Director of Finance will assign employee(s) to provide oversight of grant-related activities. Responsibilities include accounting for grant revenues and expenditures, overseeing the fiscal impact of grant funding, and disposal of grant assets. The oversight ensures compliance with all relevant laws, regulations, and provisions of contracts or grant agreements related to federal awards.

1003. Audit Requirements

- WaterOne will adhere to Single Audit requirements. A Single Audit will be conducted by independent auditors in accordance with Generally Accepted Government Auditing Standards (GAGAS).
- WaterOne will submit the annual Single Audit electronic reporting package to the Federal Audit Clearinghouse within nine months of the end of the fiscal year.

1004. Grant Funding

- Grant funds will be received into the General Fund and recorded on financial statements as contributed capital.

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DEMOGRAPHICS

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.

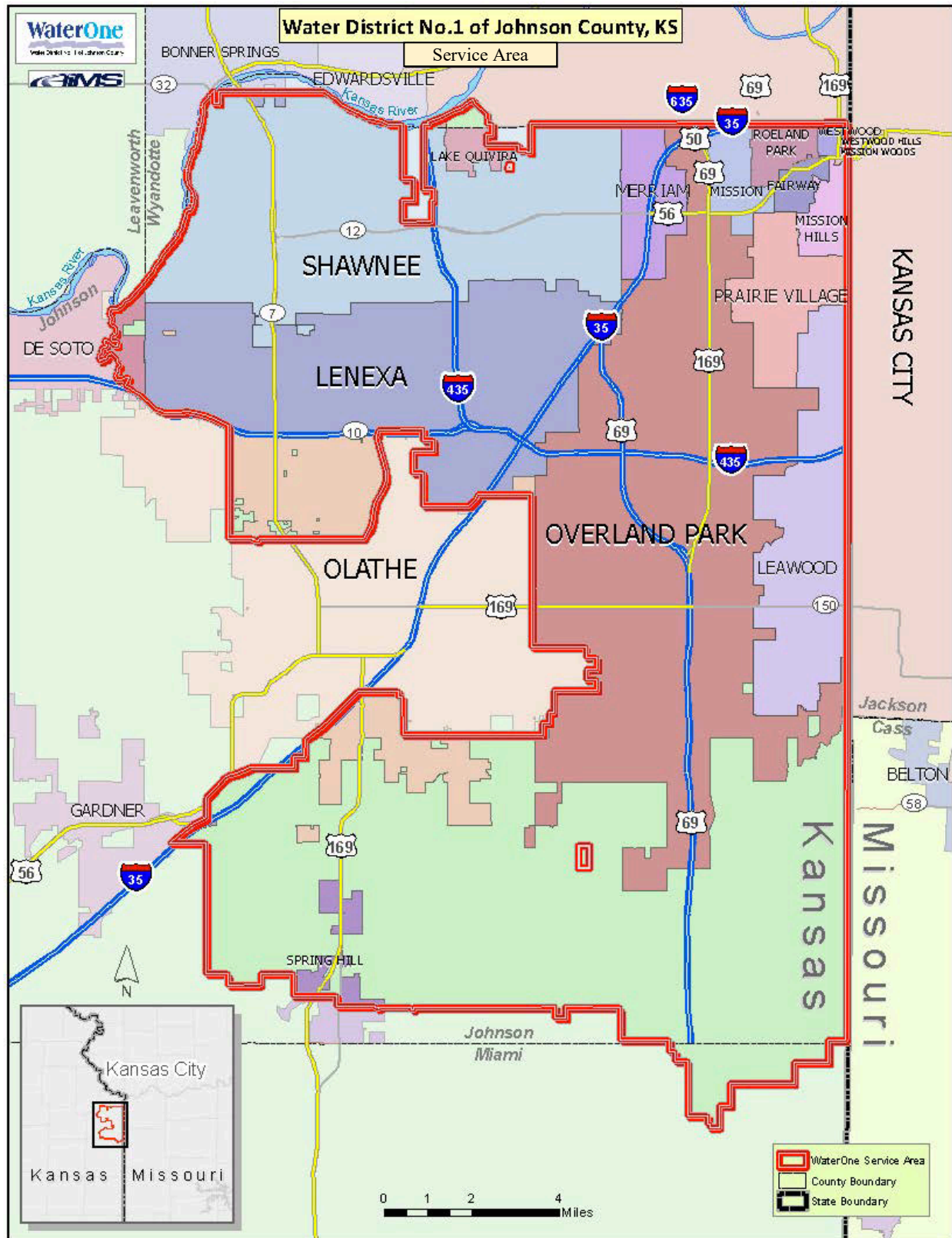
Organized in 1953, WaterOne commenced operations in 1957. Initially, WaterOne had a four million gallon per day (mgd) summer peaking treatment plant supported by wells. In addition, WaterOne purchased wholesale water from Kansas City, Missouri and Kansas City, Kansas. In the years following, WaterOne's 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.

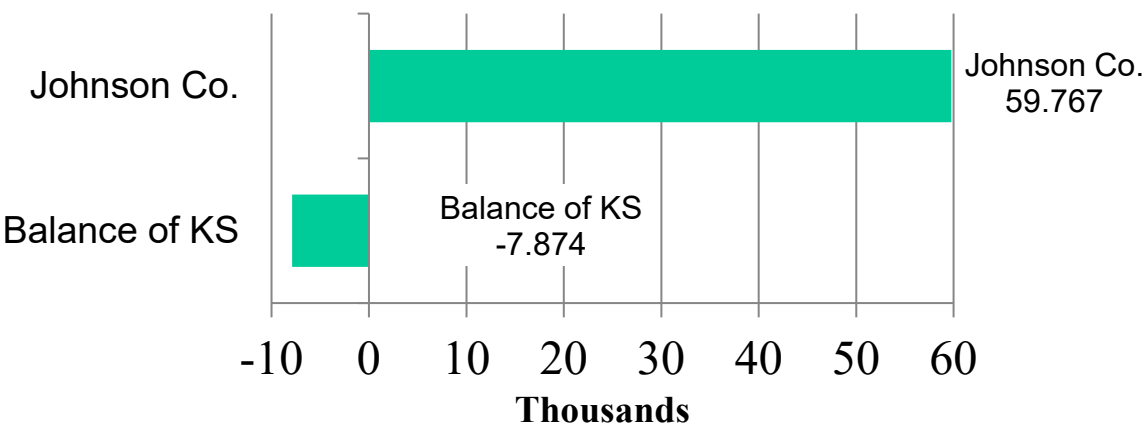


JOHNSON COUNTY DEMOGRAPHICS POPULATION

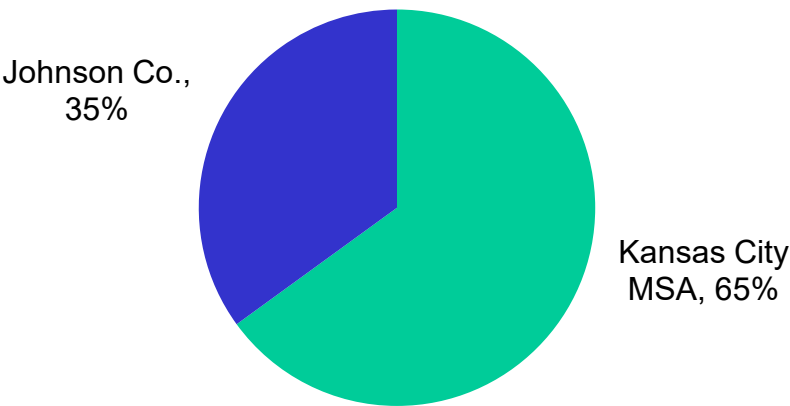
POPULATION GROWTH 2012 to 2022 ⁽¹⁾

Between 2012 and 2022, Johnson County's population grew by 59,767 (11%). The population of the State of Kansas decreased in the period, and Johnson County accounted for 35% of the Kansas City MSA ⁽²⁾.

Kansas Population Growth: 2012 to 2022



Kansas City MSA ⁽²⁾ Population Growth: 2012 to 2022

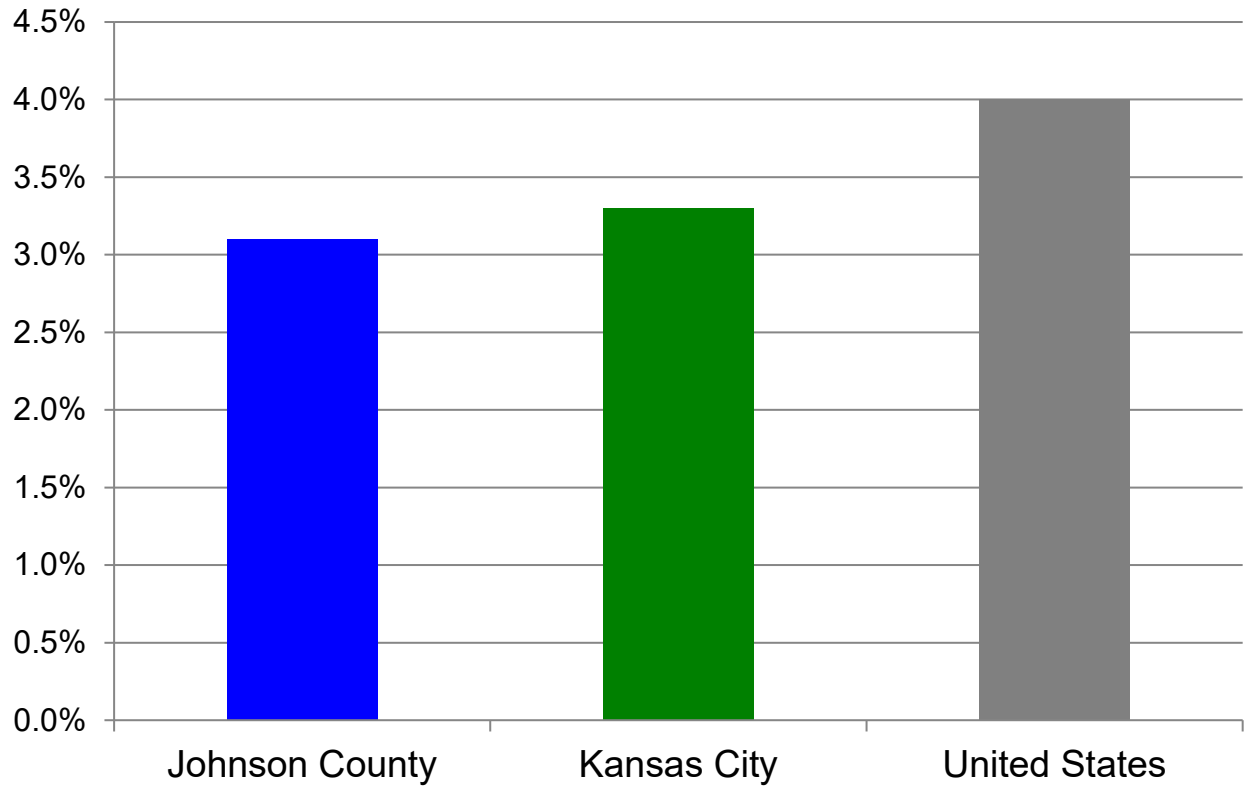


Johnson County Population

2000 ⁽³⁾	451,086
2010 ⁽³⁾	544,179
2023 ⁽³⁾	622,237

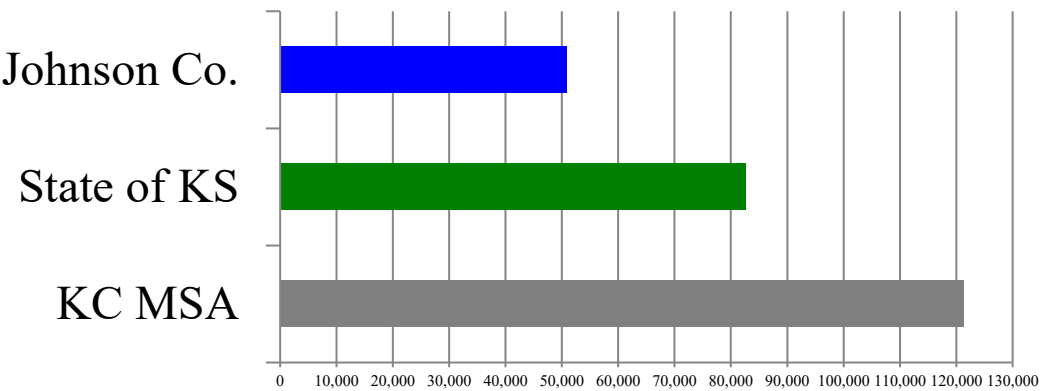
JOHNSON COUNTY DEMOGRAPHICS
EMPLOYMENT AND JOB GROWTH

Unemployment Rate as of November 2024 (1)



JOB GROWTH 2013 TO 2023 (2)

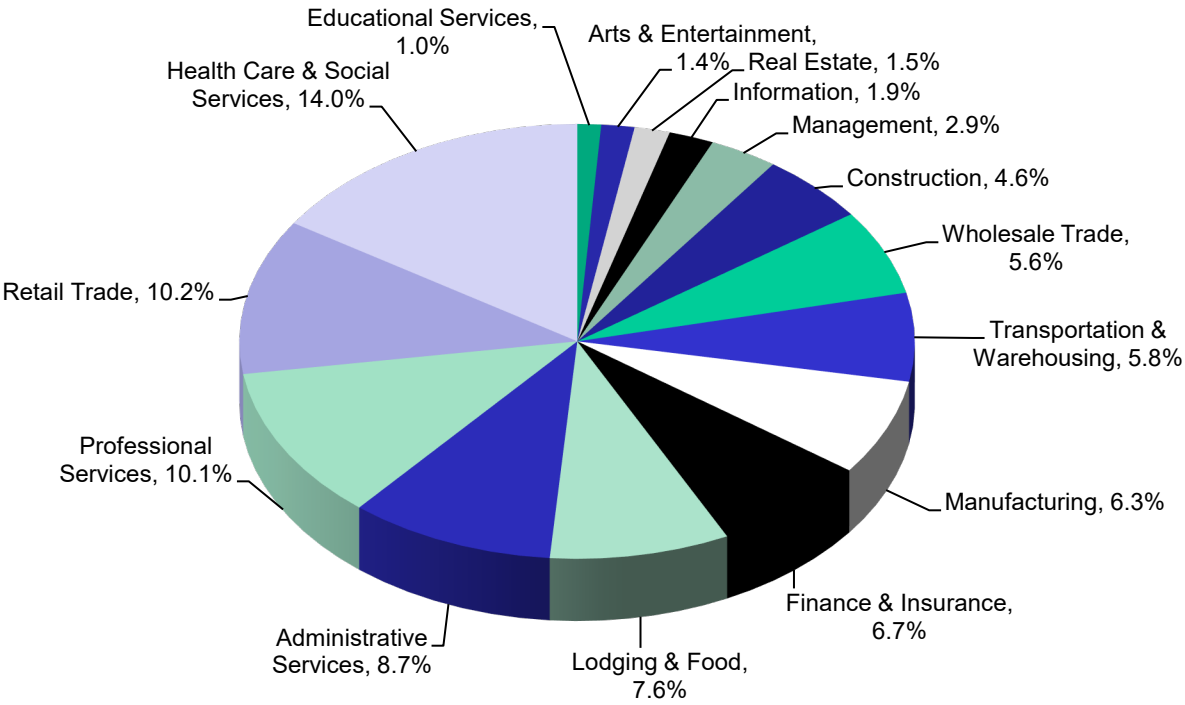
The number of jobs in Johnson County grew from 316,256 in 2013 to 367,093 in 2023, an increase of 50,837 jobs or 16%. Over the decade, Johnson County accounted for 62% of the total net increase in jobs in the State of Kansas and 46% of the job growth in the Kansas MSA(3).



1. Source: County Economic Research Institute, January 2025 Johnson County Indicators
2. Source: County Economic Research Institute, 2024 Economic Primer
3. MSA is Metropolitan Statistical Area of Kansas City.

JOHNSON COUNTY DEMOGRAPHICS

NON-FARM EMPLOYMENT BY INDUSTRY: 2022

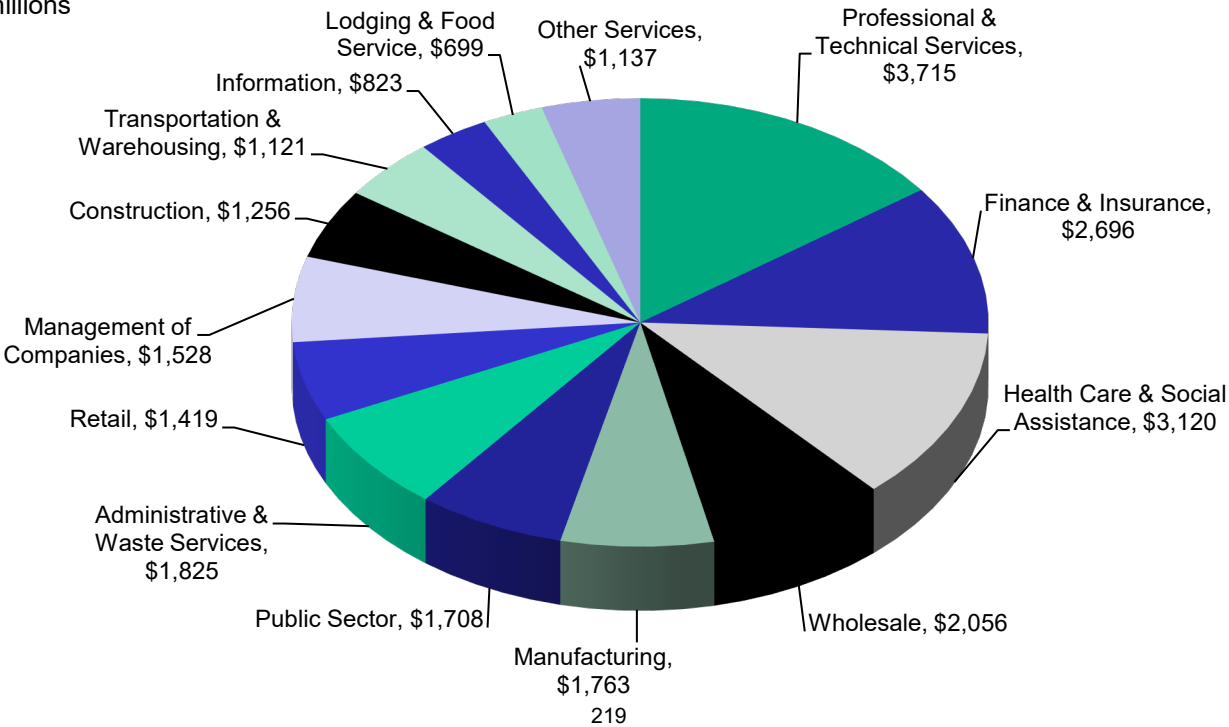


Source: County Economic Research Institute, 2024 Economic Primerz

JOHNSON COUNTY DEMOGRAPHICS

PAYROLL BY INDUSTRY: 2022

In millions

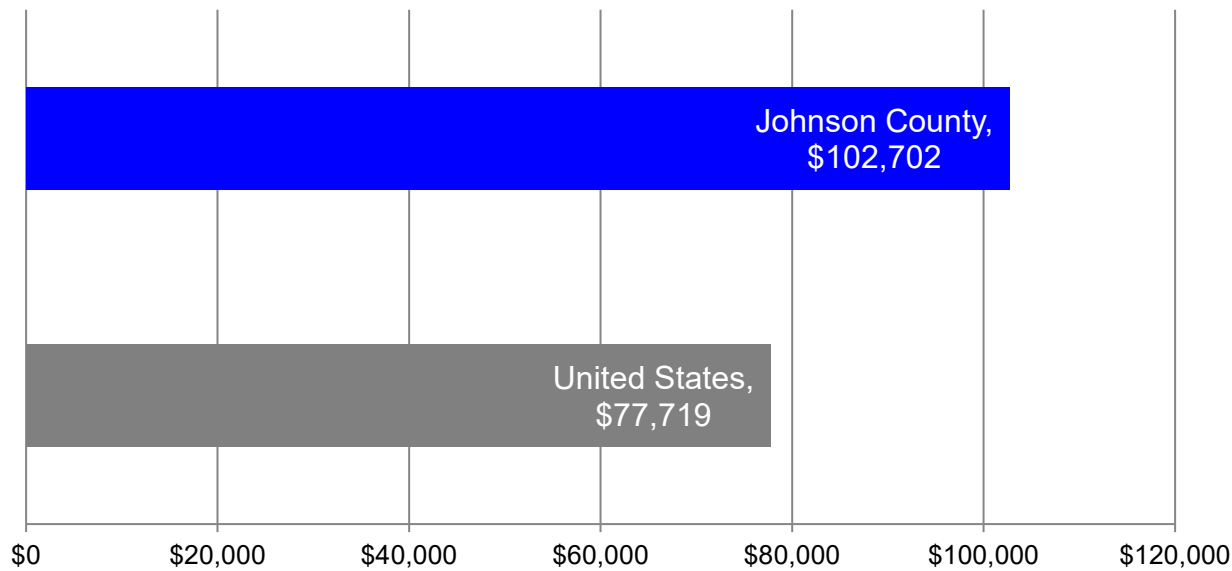


Source: County Economic Research Institute, 2024 Economic Primer

JOHNSON COUNTY DEMOGRAPHICS

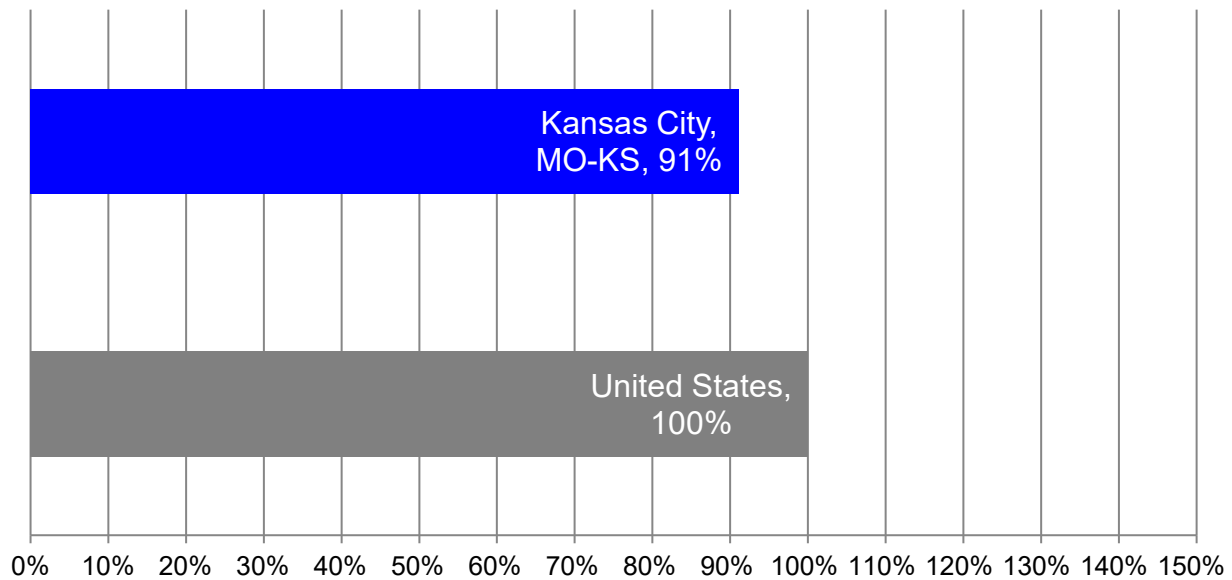
QUALITY OF LIFE

2023 Median Household Income



Source: United States Census Bureau

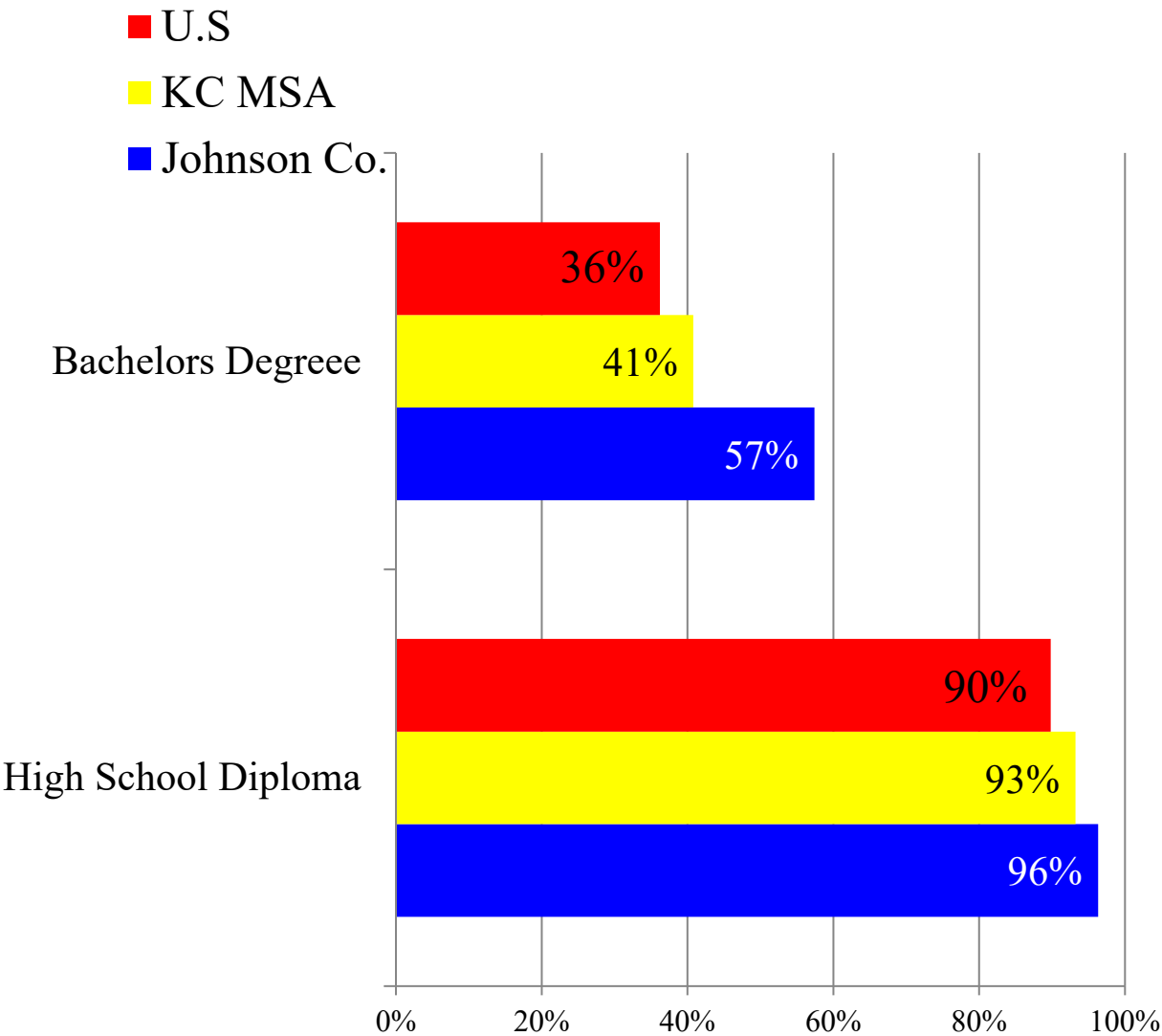
Cost of Living Index



Source: Missouri Economic Research and Information Center

JOHNSON COUNTY DEMOGRAPHICS EDUCATION

Percent of Persons 25 Years & Older with at least a:



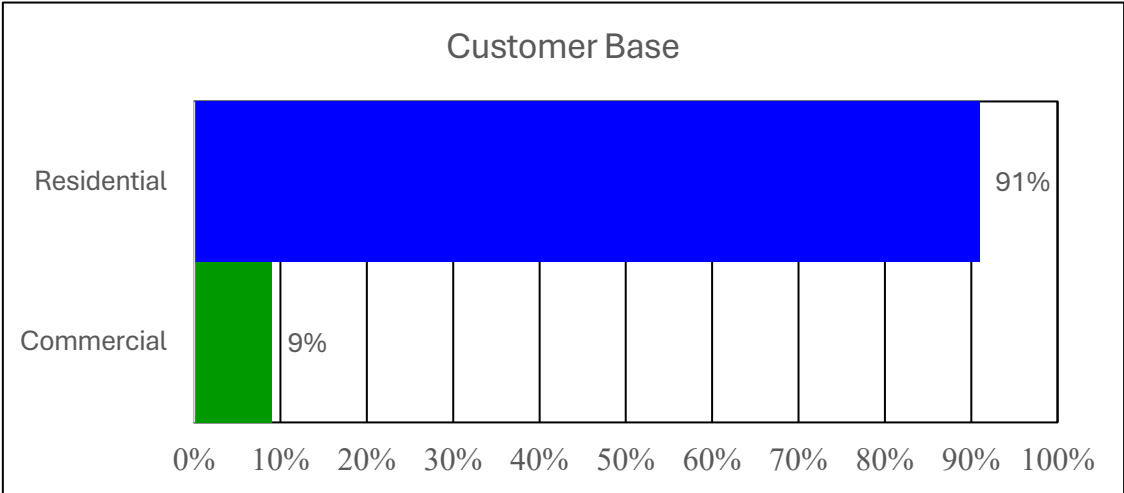
Source: Census.gov

CUSTOMER BASE INFORMATION (2024)

Top 15 Customers

1	COCA COLA BOTTLING
2	JOHNSON COUNTY WASTEWATER
3	BLUE VALLEY SCHOOL DISTRICT
4	CORPORATE WOODS
5	CITY OF OVERLAND PARK
6	SHAWNEE MISSION SCHOOL DISTRICT
7	CITY OF LENEXA
8	MILBURN GOLF COUNTRY CLUB
9	SHASTA BEVERAGES
10	SHAWNEE MISSION MEDICAL CENTER
11	ELANCO KANSAS LLC
12	INDIAN HILLS COUNTRY CLUB
13	KANSAS CITY COUNTRY CLUB
14	CEVA BIOMUNE
15	LAKEVIEW VILLAGE

Top 15 accounts make up 3.5% 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.

GLOSSARY

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 principal, 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.

GLOSSARY

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.

GLOSSARY

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.”

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.

GLOSSARY

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.

GLOSSARY

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.

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;

GLOSSARY

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.

GLOSSARY

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.

GLOSSARY

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 Facilities

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.

GLOSSARY

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.

GLOSSARY

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.

GLOSSARY

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.

Water Sales Revenue

Income derived from customers for the delivery of water, including service charges and metered volume-based charges.

Wolcott

The newest of WaterOne's two water treatment plant locations.