WATER DISTRICT NO. 1 OF JOHNSON COUNTY, KANSAS FINANCIAL STATEMENTS

DECEMBER 31, 2025

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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

Independent Auditors' Report

Water District Board
Water District No. 1 of Johnson County, Kansas
Lenexa, Kansas

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Water District No. 1 of Johnson County, Kansas, as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise Water District No. 1 of Johnson County, Kansas' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of Water District No. 1 of Johnson County, Kansas, as of December 31, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis For Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the *Kansas Municipal Audit Guide*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Water District No. 1 of Johnson County, Kansas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Responsibilities Of Management For The Financial Statements

Water District No. 1 of Johnson County, Kansas' management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Water District No. 1 of Johnson County, Kansas' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities For The Audit Of The Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Water District No. 1 of Johnson County, Kansas' internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Water District No. 1 of Johnson County, Kansas' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14, the schedule of changes in OPEB liability and related ratios on page 56 and the schedules of selected pension information of the employee retirement plan on pages 54 and 55 to be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the additional supplementary information on pages 57 through 63 but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

RubinBrown LLP

March 9, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2025

This section of Water District No. 1 of Johnson County, Kansas' (WaterOne's) annual financial report presents an analysis of WaterOne's financial performance during the fiscal years ended December 31, 2025 and 2024 with selected comparative information for the year ended December 31, 2023. This information is presented in conjunction with the audited financial statements which follow this section.

Financial Highlights

Operating revenues in 2025 were $158.77 million. Operating revenues in 2024 were $157.36 million.

Operating expenses in 2025 were $76.65 million, excluding depreciation. Operating expenses in 2024 were $75.76 million, excluding depreciation.

During 2025 and 2024, WaterOne received $20.38 million and $22.22 million, respectively, in capital contributions.

Investment income before unrealized gains and losses for 2025 was approximately $7.33 million compared to $6.77 million in 2024. The 2025 average funds invested of $166.42 million was more than the 2024 balance of $146.45 million and the 2025 rate of return of 4.41 percent was less than the 2024 rate of 4.61 percent.

WaterOne's capital assets were $1,330.11 million in 2025 compared to $1,282.22 million in 2024.

The debt service coverage ratio for Debt Service (excluding System Development Charges) was 4.19 for 2025, compared to 4.14 for 2024.

Overview Of The Financial Statements

The annual Financial Report is presented in the following sections: The Independent Auditor's Report, Management's Discussion and Analysis, Financial Statements with Notes, Required Supplementary Information and Supplementary Information.

Required Financial Statements

The financial statements of WaterOne utilize the full accrual basis of accounting. The financial statements conform to accounting principles that are generally accepted in the United States of America. The Statement of Net Position includes information on WaterOne's assets, deferred outflows, liabilities, and deferred inflows and provides information about the nature and amounts of investments in resources (assets) and the obligations to WaterOne's creditors (liabilities). The Statement of Revenues, Expenses, and Changes in Net Position identifies WaterOne's revenues, expenses, and capital contributions for the years ended 2025 and 2024. The other required financial statement is the Statement of Cash Flows. From the Statement of Cash Flows, the reader can obtain comparative information on the sources and uses of cash and the change in the cash balance for each of the last two fiscal years. This statement provides information on WaterOne's cash receipts, cash payments and changes in cash resulting from operations, investments, and financing activities.

Financial Analysis Of WaterOne

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position provide an indication of WaterOne's financial condition and indicate if the financial condition has improved over the previous year. WaterOne's total net position increased $72.36 million (5.72 percent) in 2025 and $73.60 million (6.18 percent) in 2024.

Table 1
Net Position
(Dollars In Thousands)

	December 31,		Variance Dollars Increase (Decrease)	Variance Percentage Increase (Decrease)	December 31,	Variance Dollars Increase (Decrease)	Variance Percentage Increase (Decrease)
	2025	2024			2023		
Capital assets	**$ 1,330,107**	$ 1,282,217	$ 47,890	3.73%	$ 1,248,859	$ 33,358	2.67%
Total special funds	**72,158**	38,119	34,039	89.30%	36,536	1,583	4.33%
Total current assets	**190,273**	177,059	13,214	7.46%	164,801	12,258	7.44%
Deferred outflows of resources	**29,783**	27,843	1,940	6.97%	28,219	(376)	(1.33)%
Total Assets And Deferred Outflows	**$ 1,622,321**	$ 1,525,238	$ 97,083	6.37%	$ 1,478,415	$ 46,823	3.17%
Long-term liabilities and other liabilities	**$ 232,281**	$ 213,929	$ 18,352	8.58%	$ 235,399	$ (21,470)	(9.12)%
Current liabilities	**43,663**	39,612	4,051	10.23%	44,434	(4,822)	(10.85)%
Deferred inflows of resources	**9,057**	6,735	2,322	34.48%	7,215	(480)	(6.65)%
Total Liabilities And Deferred Inflows Of Resources	**285,001**	260,276	24,725	9.50%	287,048	(26,772)	(9.33)%
Net investment in capital assets	**1,155,119**	1,102,260	52,859	4.80%	1,053,904	48,356	4.59%
Restricted	**37,666**	36,034	1,632	4.53%	34,448	1,586	4.60%
Unrestricted	**144,535**	126,668	17,867	14.11%	103,015	23,653	22.96%
Total Net Position	**1,337,320**	1,264,962	72,358	5.72%	1,191,367	73,595	6.18%
Total Liabilities, Deferred Inflows Of Resources, And Net Position	**$ 1,622,321**	$ 1,525,238	$ 97,083	6.37%	$ 1,478,415	$ 46,823	3.17%

Table 2
Statement Of Revenues, Expenses, And Changes In Net Position
(Dollars In Thousands)

	December 31,		Variance		December 31,	Variance	
			Dollars	Percentage		Dollars	Percentage
	2025	2024	Increase (Decrease)		2023	Increase (Decrease)	
Operating revenues	**$ 158,768**	$ 157,355	$ 1,413	0.90%	$ 150,325	$ 7,030	4.68%
Operating expenses	**76,651**	75,763	888	1.17%	73,539	2,224	3.02%
Net Operating Income (Before Depreciation)	**82,117**	81,592	525	0.64%	76,786	4,806	6.26%
Depreciation/Amortization	**33,232**	32,221	1,011	3.14%	31,928	293	0.92%
Net Operating Income	**48,885**	49,371	(486)	(0.98)%	44,858	4,513	10.06%
Total other income	**8,793**	8,114	679	8.37%	8,589	(475)	(5.53)%
Total other expenses	**5,703**	6,114	(411)	(6.72)%	6,537	(423)	(6.47)%
Net Income Before Capital Contributions	**51,975**	51,371	604	1.18%	46,910	4,461	9.51%
Capital contributions	**20,384**	22,223	(1,839)	(8.28)%	21,128	1,095	5.18%
Change In Net Position	**72,359**	73,594	(1,235)	(1.68)%	68,038	5,556	8.17%
Beginning Net Position	**1,264,961**	1,191,367	73,594	6.18%	1,123,329	68,038	6.06%
Ending Net Position	**$ 1,337,320**	$ 1,264,961	$ 72,359	5.72%	$ 1,191,367	$ 73,594	6.18%
Total Revenues	**$ 167,561**	$ 165,469			$ 158,914		
Total Expenses	**$ 115,586**	$ 114,098			$ 112,004		

The largest source of WaterOne's operating revenue is water sales. Additional sources of operating revenue include income received from late payment fees, administrative service charges, and miscellaneous income. WaterOne's other income is derived from interest income earned on WaterOne investments and gains and losses from investments.

Operating expenses are the expenses necessary to keep the water system in good repair and working order and include (but are not limited to) salaries, benefits, costs of materials, supplies, insurance, power and chemicals, and depreciation. Other expenses primarily include the payment of interest on WaterOne's outstanding Bonds.

Variances in water sales revenues from year to year are generally the product of three major factors: water rate changes, changes in customer consumption patterns due to weather influences, and changes in the number of customers.

1. **Water Rate Changes -** Effective January 1, 2025, WaterOne's retail water rates increased 4.7 percent. Effective January 1, 2024, WaterOne's retail water rates increased 4.8 percent.

2. **Changes In Customer Consumption Due To Weather Influences -** 2025 water sales were $156.14 million. Sales in 2025 were $11.20 million more than projected and $1.14 million more than those in 2024. 2024 water sales were $155.01 million. Sales in 2024 were $16.57 million more than projected and $7.43 million more than those in 2023. Approximately 62.70 percent of the 2025 water sales revenue was from sales to single-family residences. The remaining 37.30 percent represent sales to multifamily, commercial customers and one wholesale customer.

   Gallons sold in 2025 were 20.39 billion which was 0.79 billion less than gallons sold in 2024 and 0.85 billion more than projected. Gallons sold in 2024 were 21.18 billion which was 0.17 billion less than gallons sold in 2023 and 1.77 billion more than projected.

3. **Changes In The Number Of Customers -** Excluding temporary fire hydrant meters and wholesale customers, 1,524 new retail customers were added in 2025, which was 225 more than the 1,299 new customers added in 2024. The new 2024 customers were 144 more than the 1,155 new customers added in 2023. WaterOne served one wholesale customer in 2025, 2024, and 2023.

Investment income (before unrealized gain/loss on investments) increased from approximately $6.77 million in 2024 to $7.33 million in 2025. Investment income (before unrealized gain/loss on investments) increased from $4.58 million in 2023 to approximately $6.77 million in 2024.

	2025	2024	2023
Average Funds Invested	$166.4 Million	$146.5 Million	$151.1 Million
Average Rate Of Return	4.41%	4.61%	3.03%

As reflected on the Statement of Revenues, Expenses, and Changes in Net Position, the operating expenses for WaterOne are divided into the following five functional categories: Water Source, Treatment, and Pumping; Transmission and Distribution; Customer Service; Administrative and General; and Depreciation.

1. **Total Operating Expenses** (before depreciation) were approximately $888,000 (1.17 percent) more in 2025 than in 2024. The increase in operating expenses during 2025 was primarily due to an increase in labor and retirement expenses due to plan changes.
    - **Administrative And General** expenses were approximately $1.1 million (5.73 percent) higher in 2025 than in 2024 primarily due to:
        - Retirement costs increased due to plan changes for the defined benefit plan.
        - Labor increases due to a merit increase.
    - **Customer Service** expenses were approximately $468,000 (7.22 percent) higher in 2025 than in 2024 primarily due to:
        - Labor increases due to a merit increase.
    - **Transmission And Distribution** expenses were about $107,000 (0.81 percent) higher in 2025 than in 2024. The primary drivers were higher labor costs offset by a decrease in the maintenance costs for the distribution system.
    - **Water Source, Treatment, And Pumping** expenses were about $757,000 (2.03 percent) less in 2025 than in 2024, primarily due to:
        - There were labor increases due to a merit increase offset by the following decreases in expense.
        - Maintenance services and materials in 2025 were approximately $700,000 lower than in 2024 due to reduced charge offs for long term basin cleaning plus inspections and timing of required maintenance.
        - Chemical expenses in 2025 were approximately $250,000 lower than in 2024 due to favorable river conditions.
        - Power expenses in 2025 were approximately $130,000 lower than in 2024 due to an unrealized rate increase from the largest power provider.

2. **Total Operating Expenses** (before depreciation) were $2.22 million (3.02 percent) more in 2024 than in 2023. The increase in operating expenses during 2024 was primarily due to an increase in retirement expenses due to plan changes.
    - **Water Source, Treatment, And Pumping** expenses were about $936,000 (2.45 percent) lower in 2024 than in 2023, primarily due to:
        - Power expenses in 2024 were approximately $680,000 lower than in 2023 due to a rate decrease from our largest power provider.

  - Labor costs in 2024 were lower than 2023 due to a reorganization of divisions and vacancies.
- **Administrative And General** expenses were approximately $2.78 million (17.49 percent) higher in 2024 than in 2023 primarily due to:
  - Retirement costs increased $1.20 million due to plan changes for the defined benefit and the other post-employment benefits plans.
  - Contracted labor increased mainly due to implementation of a virtual information security officer (vISO).
- **Transmission And Distribution** expenses were about $250,000 (1.89 percent) higher in 2024 than in 2023. The primary drivers were slightly lower labor costs offset by an increase in the maintenance costs for the distribution system.
- **Customer Service** expenses were approximately $140,000 (2.14 percent) higher in 2024 than in 2023. The primary driver of the increase was an increase in retirement costs.

Capital Contributions

Capital contributions are recognized as "Contributions" on the Statements of Revenues, Expenses, and Changes in Net Position. Capital contributions for the years 2025, 2024, and 2023 consisted of the following:

Table 3
Capital Contributions
(Dollars In Thousands)

	December 31, 2025	2024	Variance Dollars Increase (Decrease)	Variance Percentage Increase (Decrease)	December 31, 2023	Variance Dollars Increase (Decrease)	Variance Percentage Increase (Decrease)
Main extensions	**$ 8,199**	$ 7,825	$ 374	4.78%	$ 8,969	$ (1,144)	(12.76)%
System development charges	**9,947**	9,588	359	3.74%	9,223	365	3.96%
Benefit areas	**20**	152	(132)	(86.84)%	202	(50)	(24.75)%
New services	**1,885**	1,655	230	13.90%	1,683	(28)	(1.66)%
Grant funds	**333**	3,002	(2,669)	(88.91)%	1,050	1,952	185.90%
Total Capital Contributions	**$ 20,384**	$ 22,222	$ (1,838)	(8.27)%	$ 21,127	$ 1,095	5.18%

Capital Assets

As of December 31, 2025, WaterOne's investment in net capital assets totaled $1.33 billion which is an increase of $47.89 million (3.73 percent) over the 2024 balance. Net capital assets in 2024 totaled $1.28 billion, which was an increase of $34.36 million (2.75 percent) over the 2023 balance of $1.25 billion. WaterOne's major capital assets includes land, infrastructure assets, water treatment facilities, water mains, services, hydrants, pump stations, reservoirs, administrative/service center facilities, fleet, and other general assets. A comparison of WaterOne's capital assets over the past three years is presented in Table 4 below.

Table 4
Capital Assets
(Dollars In Thousands)

	December 31, 2025	December 31, 2024	Variance Dollars Increase (Decrease)	Variance Percentage Increase (Decrease)	December 31, 2023	Variance Dollars Increase (Decrease)	Variance Percentage Increase (Decrease)
Land	**$ 33,488**	$ 33,494	$ (6)	(0.02)%	$ 33,494	$ —	0.00%
Intake, purification and pumping system	**489,731**	489,063	668	0.14%	481,527	7,536	1.57%
Transmission and distribution system	**1,111,245**	1,095,837	15,408	1.41%	1,035,647	60,190	5.81%
Buildings, improvements, furniture and equipment	**64,317**	60,429	3,888	6.43%	55,940	4,489	8.02%
Subscription assets	**—**	—	—	n/a	7,416	(7,416)	(100.00)%
Construction work in progress	**208,326**	145,481	62,845	43.20%	148,928	(3,447)	(2.31)%
Capital Assets Before Depreciation	**$ 1,907,107**	$ 1,824,304	$ 82,803	4.54%	$ 1,762,952	$ 61,352	3.48%
Less: Accumulated depreciation	**$ (577,000)**	$ (542,087)	$ (34,913)	6.44%	$ (514,093)	$ (27,994)	5.45%
Net Capital Assets	**$ 1,330,107**	$ 1,282,217	$ 47,890	3.73%	$ 1,248,859	$ 33,358	2.67%

Additions to WaterOne's capital assets reflect a capital plan to replace and maintain existing facilities and equipment, adopt more efficient technologies, ensure compliance with applicable water quality rules and regulations and provide for the expansion of supply, treatment and distribution facilities per WaterOne's long-term capital expansion program.

Long-Term Debt

WaterOne finances its capital assets through a combination of water rates, investment income, system development charges and revenue bonds. As indicated in the Notes to Financial Statements, WaterOne's General Fund makes a monthly prorated deposit to the Principal and Interest Fund to fund the semi-annual principal and interest payments on the outstanding debt.

In 2025, the Second Lien bonds were rated Aaa by Moody's and AAA by Standard and Poor's.

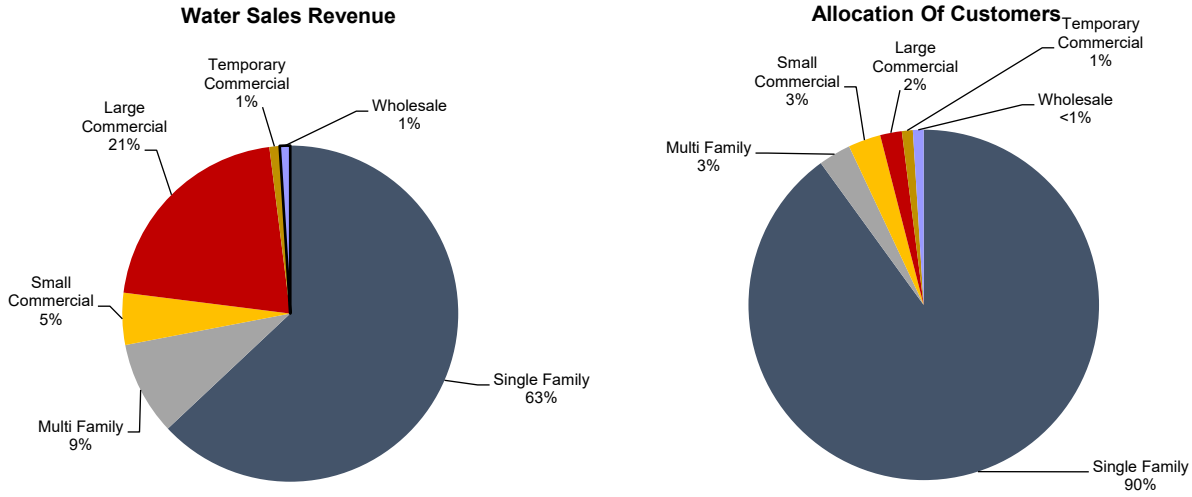
At the end of 2025, WaterOne had $183.315 million of outstanding bonds, compared to $169.38 million at the end of 2024. The increase was the result of issuing $31.30 million in new bonds and paying $17.36 million in principal payments.

At the end of 2024, WaterOne had $169.38 million of outstanding bonds, compared to $186.33 million at the end of 2023. The decrease was the result of principal payments of $16.95 million.

As discussed in Note 4 of the Notes to Financial Statements, the current debt service schedule extends to 2042 and includes bonds with interest rates ranging from 2.00 percent to 5.00 percent. Bond covenants require that WaterOne maintain a debt service coverage ratio on its Water Revenue bonds of 1.25; however, current Board policy stipulates that the budgeted debt service coverage ratio be maintained at a minimum of 2.00 (before inclusion of System Development Charges). For 2025, the actual debt service coverage ratio for WaterOne's bonds (excluding System Development Charges) was 4.19 which was higher than the comparable ratio of 4.14 for 2024 and higher than the 2023 ratio of 3.11.

Economic Factors And Next Year's Projections And Rates

WaterOne's service territory includes approximately 272 square miles, located primarily in Johnson County, Kansas. In addition, WaterOne has the exclusive right to provide potable water to all or a portion of 17 municipalities as well as unincorporated areas. As of December 31, 2025, WaterOne served 157,382 customers compared to 155,853 customers served as of December 31, 2024 and 153,573 served as of December 31, 2023. As of December 31, 2025, 90.99 percent of the customers served were single-family residential homes.



Of annual water sales 62.70 percent were to single family residential homes, and the remaining 37.30 percent was scattered among many relatively small commercial users. For the year ended December 31, 2025, WaterOne's top 15 commercial customers contributed only 3.51 percent of total 2025 annual water sales revenue.

WaterOne budgets revenues and expenses based on anticipated water consumption for a "normal" weather year. Revenues for a given budget year need to be sufficient to provide funds for operation and maintenance expenses, debt service funding and annual capital expenditures. In addition, revenues for a given year may be budgeted to provide funds for contributions to the Master Plan capital program, the Transmission & Distribution capital program and/or the Negative Cash Flow Reserve. Finally, consistent with Board Policy #16 stipulates that rates must be at such a level that budgeted net operating income (before depreciation) combined with budgeted investment income must be at least two times the combined annual debt service for all of WaterOne's Revenue bonds.

WaterOne Contact Information

This financial report is designed to provide customers and creditors with a general overview of WaterOne's finances and to demonstrate accountability for the funds it receives. Anyone who has questions regarding this report or desiring additional information may contact:

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WATER DISTRICT NO. 1 OF JOHNSON COUNTY KANSAS

STATEMENT OF NET POSITION
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	For The Years Ended December 31, 2025	2024
Assets And Deferred Outflows Of Resources		
Current Assets		
Cash, cash equivalents and short-term investments:		
Water system general fund	**$ 152,154,949**	$ 145,395,468
System development account	**3,872,833**	2,861,881
Accounts receivable and accrued water sales, net	**13,982,178**	13,462,291
Interest receivable	**1,662,822**	1,328,391
Materials and supplies	**9,296,767**	8,485,069
Contractor extension receivables	**2,519,558**	3,182,684
Prepayments and deposits	**6,784,125**	2,342,957
Total Current Assets	**190,273,232**	177,058,741
Noncurrent Assets		
Capital Assets		
Nondepreciable capital assets:		
Land	**33,488,063**	33,494,265
Construction in progress	**208,326,422**	145,481,531
Total nondepreciable capital assets	**241,814,485**	178,975,796
Capital assets, net of accumulated depreciation/amortization		
Intake, purification, and pumping system	**234,045,712**	246,676,318
Transmission and distribution system	**827,499,829**	829,211,133
Building, improvements, furniture, and equipment	**26,746,784**	27,353,902
Total depreciable capital assets, net of accumulated depreciation/amortization	**1,088,292,325**	1,103,241,353
Net Capital Assets	**1,330,106,810**	1,282,217,149
Restricted Cash And Investments		
Special funds created by bond resolutions:		
Principal and interest	**933,277**	698,977
Second lien bond reserve fund	**15,116,492**	13,401,510
Construction fund	**30,691,888**	—
Water system general fund	**25,415,793**	24,018,089
Total Special Funds Created By Bond Resolutions	**72,157,450**	38,118,576
Total Noncurrent Assets	**1,402,264,260**	1,320,335,725
Total Assets	**1,592,537,492**	1,497,394,466
Deferred Outflows Of Resources		
Pensions	**24,164,264**	21,077,366
Other post employment benefits	**2,716,005**	3,492,730
Deferred amounts on refunding	**2,902,873**	3,273,002
Total Assets And Deferred Outflows Of Resources	**$ 1,622,320,634**	$ 1,525,237,564

WATER DISTRICT NO. 1 OF JOHNSON COUNTY KANSAS

STATEMENT OF NET POSITION
Page 2 Of 2

	For The Years Ended December 31,	
	2025	2024
Liabilities, Deferred Inflows Of Resources And Net Position		
Current Liabilities		
Accounts payable	**$ 14,791,745**	$ 11,898,807
Customer advances for system development charges	**3,557,900**	3,595,200
Retainage on construction contracts	**1,011,137**	616,984
Current maturities of revenue bonds payable	**17,820,000**	17,360,000
Compensated employee absences	**2,120,619**	2,033,496
Other current liabilities	**4,361,182**	4,107,590
Total Current Liabilities	**43,662,583**	39,612,077
Noncurrent And Other Liabilities		
Bonds and notes payable, net	**176,018,182**	155,877,986
Premium on revenue bonds payable	**8,707,573**	6,646,076
Customer advances for construction	**11,092,213**	8,803,666
Net pension liability	**16,444,491**	19,802,874
Compensated employee absences	**4,328,547**	4,673,831
Other post-employment	**15,689,673**	18,124,736
Total Noncurrent And Other Liabilities	**232,280,679**	213,929,169
Total Liabilities	**275,943,262**	253,541,246
Deferred Inflows Of Resources		
Pensions	**1,734,642**	752,091
Other post employment benefits	**7,322,426**	5,982,712
Total Liabilities And Deferred Inflows Of Resources	**285,000,330**	260,276,049
Net Position		
Net investment in capital assets	**1,155,118,939**	1,102,260,025
Restricted by bond resolution	**37,665,988**	36,033,984
Unrestricted	**144,535,377**	126,667,506
Total Net Position	**1,337,320,304**	1,264,961,515
Total Liabilities, Deferred Inflows Of Resources And Net Position	**$ 1,622,320,634**	$ 1,525,237,564

WATER DISTRICT NO. 1 OF JOHNSON COUNTY KANSAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	For The Years Ended December 31,	
	2025	2024
Operating Revenues		
Water sales	**$ 156,142,741**	$ 155,007,429
Other operating revenues	**2,624,807**	2,347,846
Total Operating Revenues	**158,767,548**	157,355,275
Operating Expense		
Water source, treatment and pumping	**36,555,946**	37,312,532
Transmission and distribution	**13,429,071**	13,321,641
Customer service	**6,946,733**	6,478,661
Administrative and general	**19,719,336**	18,649,986
Depreciation/Amortization of utility plant	**33,231,862**	32,220,845
Total Operating Expense	**109,882,948**	107,983,665
Operating Income	**48,884,600**	49,371,610
Nonoperating Revenues (Expense)		
Investment income	**7,771,904**	7,030,649
Miscellaneous, net	**309,814**	282,814
Bond interest expense	**(4,213,139)**	(4,424,908)
Amortization expense - refunded bonds	**(370,129)**	(370,129)
Amortization of premiums	**711,722**	800,734
Loss on disposal of capital assets	**(1,119,790)**	(1,318,801)
Net Nonoperating Revenues (Expense)	**3,090,382**	2,000,359
Income Before Capital Contributions	**51,974,982**	51,371,969
Capital Contributions	**20,383,807**	22,222,916
Change In Net Position	**72,358,789**	73,594,885
Net Position - Beginning of Year	**1,264,961,515**	1,191,366,630
Net Position - End of Year	**$ 1,337,320,304**	$ 1,264,961,515

WATER DISTRICT NO. 1 OF JOHNSON COUNTY KANSAS

STATEMENT OF CASH FLOWS
Page 1 Of 2

	For The Years Ended December 31, 2025	2024
Cash Flows From Operating Activities		
Receipts from customers	**$ 159,049,626**	$ 155,589,722
Payments to suppliers	**(53,149,199)**	(47,932,743)
Payments to employees	**(34,923,043)**	(29,468,788)
Net Cash Provided By Operating Activities	**70,977,384**	78,188,191
Cash Flows Provided By Noncapital Financing Activities, Miscellaneous	**309,814**	282,817
Cash Flows From Capital And Related Financing Activities		
Proceeds from sale of capital assets	**186,224**	196,987
System development charges	**9,911,700**	10,097,900
Acquisition and construction of capital assets	**(59,508,369)**	(62,643,265)
Principal payments on revenue bonds	**(17,360,000)**	(16,945,000)
Interest payments on revenue bonds	**(4,213,139)**	(4,424,908)
Issuance of long term debt	**31,295,000**	—
Proceeds from bond premiums	**2,895,105**	—
Debt issuance costs	**(121,886)**	—
Net Cash Used In Capital And Related Financing Activities	**(36,915,365)**	(73,718,286)
Cash Flows From Investing Activities		
Purchase of short-term investments	**(130,399,192)**	(88,429,237)
Interest received on investments	**6,998,425**	6,758,106
Maturities of short-term investments	**80,027,301**	85,390,000
Net Cash Provided By (Used In) Investing Activities	**(43,373,466)**	3,718,869
Net Increase/(Decrease) In Cash	**(9,001,633)**	8,471,591
Cash - Beginning Of Year	**23,708,101**	15,236,510
Cash - End Of Year	**$ 14,706,468**	$ 23,708,101
Investments	**$ 213,478,764**	$ 162,667,824
Cash	**14,706,468**	23,708,101
Total Cash And Investments	**$ 228,185,232**	$ 186,375,925
Principal and interest fund - restricted	**$ 933,277**	$ 698,977
Water system general fund	**152,154,949**	145,395,468
Water system general fund - restricted	**25,415,793**	24,018,089
Construction fund	**30,691,888**	—
Second lien bond reserve fund - restricted	**15,116,492**	13,401,510
System development account	**3,872,833**	2,861,881
	$ 228,185,232	$ 186,375,925

See the notes to the financial statements.

WATER DISTRICT NO. 1 OF JOHNSON COUNTY KANSAS

STATEMENT OF CASH FLOWS
Page 2 Of 2

	For The Years Ended December 31,	
	2025	2024
Net Cash From Operating Activities		
Reconciliation of operating income to net cash from operating activities:		
Operating income	**$ 48,884,600**	$ 49,371,610
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation and amortization	**33,231,862**	32,220,845
Changes in assets and liabilities:		
Receivables and accrued water sales	**282,076**	(1,765,554)
Materials and supplies	**(825,482)**	(1,097,760)
Prepayments, deposits, net pension and OPEB liability	**(10,217,411)**	(3,214,009)
Other assets	**(51,527)**	468,249
Accounts payable	**(316,988)**	1,969,099
Other liabilities and compensation	**(9,746)**	235,711
Net Cash Provided By Operating Activities	**$ 70,977,384**	$ 78,188,191
Noncash capital and related financing activities:		
Property contributed to WaterOne	**$ 10,434,807**	$ 12,635,216
Capital assets related to retainage payable	**394,153**	(1,768,459)
Capital assets related to accounts payable	**3,209,927**	(4,813,671)
Noncash retirement of capital assets	**1,016,528**	1,508,334
Noncash investing activities:		
Appreciation of fair value	**439,047**	258,430

WATER DISTRICT NO. 1 OF JOHNSON COUNTY KANSAS

STATEMENT OF FIDUCIARY NET POSITION
Pension Trust Fund

	December 31,	
	2025	2024
Assets		
Cash	**$ 99,271**	$ 76,770
Mutual Funds	**82,933,277**	64,777,474
Due from brokers	**300,467**	249,414
Total Assets	**83,333,015**	65,103,658
Liabilities		
Due to brokers	**399,738**	326,184
Net Position Restricted For Pensions	**$ 82,933,277**	$ 64,777,474

WATER DISTRICT NO. 1 OF JOHNSON COUNTY KANSAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Pension Trust Fund

	For The Years Ended December 31,	
Additions	**2025**	2024
Contributions		
Employer contributions	**$ 11,270,152**	$ 8,762,356
Investment Income (Expense)		
Interest	**196,610**	200,865
Dividends	**1,671,962**	1,317,228
Realized gain	**410,876**	582,366
Unrealized gain	**8,547,761**	5,746,563
Investment expense	**(300,245)**	(197,925)
Total Investment Income, Net	**10,526,964**	7,649,097
Total Additions	**21,797,116**	16,411,453
Deductions		
Benefits paid	**3,641,313**	3,580,101
Net Increase In Fiduciary Net Position	**18,155,803**	12,831,352
Net Position Restricted For Pensions - Beginning Of Year	**64,777,474**	51,946,122
Net Position Restricted For Pensions - End Of Year	**$ 82,933,277**	$ 64,777,474

See the notes to the financial statements.

Note 1. Summary Of Significant Accounting Policies

Water District No. 1 of Johnson County, Kansas (WaterOne) is a water utility that provides service to 157,382 and 155,853 customers as of December 31, 2025 and 2024, respectively. WaterOne was organized on November 2, 1953 as a quasi-municipal body corporate with the power of eminent domain. WaterOne is governed by a seven-member Water District Board. Election is for overlapping terms voted on by the qualified electors residing in the WaterOne service area.

Reporting Entity

WaterOne defines its reporting entity to include all component units for which WaterOne's governing body is financially accountable. A primary government is financially accountable if it appoints a voting majority of a potential component unit's governing body and is able to impose its will on that potential component unit or the relationship has the potential for creating specific financial benefits to, or imposing specific financial burdens on, the primary government. WaterOne's financial reporting entity consists of the utility and its component unit: the Water District No. 1 of Johnson County (Kansas) Seventh Revised Retirement Plan and the Water District No. 1 of Johnson County Cash Balance Plan (collectively, the Plan).

The Plan is a single employer, defined benefit pension plan, as discussed further in Note 7. The Plan is a legally separate trust. The Plan is included in WaterOne's financial reporting entity because it is ultimately governed by WaterOne's board, and WaterOne has a financial burden related to the Plan because it is legally obligated to make contributions to the plan in order to provide future benefits to the Plan's participants.

In accordance with GASB Statement No. 84, Fiduciary Activities, the balances and transactions of this component unit are presented in a separate fiduciary fund (the Pension Trust Fund). The Plan does not issue a stand-alone financial report.

Basis Of Accounting

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. WaterOne has authority to issue bonded debt without the approval of another government. It has the right to sue and be sued and has the right to buy, sell, lease or mortgage property in its own name. Based on these criteria, WaterOne is considered a primary government and there are no other organizations or agencies whose financial statements should be combined and presented with these financial statements.

WaterOne accounts for the water utility as a governmental enterprise fund. The economic resources measurement focus and accrual basis of accounting is utilized, under which revenues are recognized when earned, and expenses are recorded when liabilities are incurred or deferred charges are amortized. Under this basis of accounting, all assets and all liabilities associated with the operation of WaterOne are included in the statement of net position.

The Financial Statements of the Pension Trust Fund have been prepared using the economic resources measurement focus accrual basis of accounting. Benefits and refunds are recognized when due and payable. Investments are reported at fair value.

WaterOne follows accounting principles and financial reporting requirements as established by the Governmental Accounting Standards Board (GASB).

WaterOne prepares its financial statements in conformity with accounting principles generally accepted in the United States of America as applied to regulated utilities. The accounting and rates of WaterOne are established by the Water District Board.

Operating revenues and expenses are distinguished from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with principal ongoing operations. Non-operating revenues and expenses include those derived from capital and related financing activities, non-capital financing activities, and investing activities.

When both restricted and unrestricted resources are available for use, it is WaterOne's policy to use restricted resources first and then unrestricted resources, as they are needed.

Capital Assets

Utility plant is stated at cost, or cost of construction, including overhead costs. WaterOne does not capitalize interest during construction. Fully depreciated plant and equipment are included in the accounts until their disposal. WaterOne recognizes a lease liability and an intangible right-to-use lease asset at the commencement of a qualifying lease term. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset. For the year ended December 31, 2025, WaterOne's capitalization threshold is $10,000 for all capital assets other than lease assets. At December 31, 2024, this threshold was $5,000. This increase is due to a change in fiscal policy and does not have a material impact to the financial statements. The capitalization threshold is $40,000 for all lease assets. There were no lease assets at December 31, 2025 or 2024.

Depreciation is provided on the straight-line method using the following useful lives:

Intake, purification and pumping system	20 - 100 years
Transmission and distribution systems	10 - 100 years
Buildings, improvements, furniture and equipment	3 - 50 years

Accounts Receivable And Unbilled Revenue

WaterOne utilizes cycle billing and accrues an estimated amount of revenues for sales unbilled at the end of each reporting period. The unbilled amount plus any amounts billed to customers but not yet received by WaterOne is recorded as accounts receivable and accrued water sales. The unbilled amount plus any amounts billed to customers but not yet received by WaterOne is recorded as accounts receivable and accrued water sales, net of an allowance for uncollectable accounts of $55,000 as of December 31, 2025 and 2024.

Investments

Authorized investments consist of direct obligations of the United States of America, debt obligations of certain United States Government Sponsored Enterprises (Agencies) and collateralized bank certificates of deposit. Investments are reported at fair value, based on quoted market prices.

Special Funds Created By Bond Resolutions

Special funds created by bond resolutions consist of cash and investments restricted for debt service on WaterOne's outstanding bonds (P & I Fund), bond reserve funds, and bond covenant required reserves in the general fund.

Materials And Supplies

Materials and supplies inventories are reported at average cost.

Unamortized Refunding Charges

Deferred amounts related to gains or losses from refunding debt are classified as Deferred Outflows or Inflows of Resources and are amortized over the shorter of either 1) the original life of the refunded debt or 2) the life of the refunding debt.

Bond Premium

Bond premiums are amortized over the life of the related issue using a method which approximates the interest method.

Cash And Cash Equivalents

WaterOne considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Leases

Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, and less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that WaterOne will exercise that option. WaterOne has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred. These leases are not included as lease liabilities or right-to-use lease assets. For individual lease contracts where information about the discount rate implicit in the lease is not included, WaterOne has elected to use the incremental borrowing rate to calculate the present value of expected lease payments.

Lease receivables are reported for lease arrangements in which WaterOne is providing the right for another entity to use its nonfinancial assets as stated in a contract for a period of time in an exchange or exchange like transaction. An allowance for uncollectible leases is determined by identifying known leases that will not be collected and by estimating the remaining leases that are likely not to be collected.

There were no material lease liabilities or receivables at December 31, 2025 or 2024.

Compensated Absences

WaterOne follows GASB Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The guidance states that a liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. WaterOne's has two main leave types that qualify for liability recognition for compensated absences - vacation and sick leave.

Vacation

Under the terms of WaterOne's personnel policy, employees are granted vacation in varying amounts. In the event of retirement or termination, an employee is paid for accumulated vacation if proper notice is given by the employee.

Sick Leave

Under the terms of WaterOne's personnel policy, employees are granted sick leave in varying amounts. In the event of retirement or termination, sick leave is not paid out. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Water District No. 1 of Johnson County, Kansas Seventh Revised Retirement Plan and the Water District No. 1 of Johnson County Cash Balance Plan (collectively, the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Water District No. 1 of Johnson County, Kansas Other Postemployment Benefit Plan (the Plan) and additions to/deductions from the Plan fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The Plan is not funded, therefore the Plan has no fiduciary net position to report.

Use Of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows in the financial statements. Net investment in capital assets consists of capital assets and lease assets, net of accumulated depreciation and amortization, reduced by the outstanding balance of any long-term debt used for acquisition, construction, or improvement of those assets and any other related liabilities. Net investment in capital assets excludes unspent bond proceeds. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Any remaining net position is considered unrestricted.

Note 2. Capital Assets

Capital asset activity for the year ended December 31, 2025 is as follows:

	Balance - December 31, 2024	Increases	Decreases	Balance - December 31, 2025
Capital assets not being depreciated:				
Land	$ 33,494,265	$ —	$ (6,202)	$ 33,488,063
Construction work in progress	145,481,531	82,427,538	(19,582,647)	208,326,422
Total	178,975,796	82,427,538	(19,588,849)	241,814,485
Capital assets being depreciated:				
Intake, purification and pumping system	489,062,720	667,811	—	489,730,531
Transmission and distribution systems	1,095,837,127	15,985,291	(577,692)	1,111,244,726
Building, improvements, furniture and equipment	60,428,627	3,888,630	—	64,317,257
Total	1,645,328,474	20,541,732	(577,692)	1,665,292,514
Less accumulated depreciation for:				
Intake, purification, and pumping system	242,386,402	13,298,417	—	255,684,819
Transmission and distribution systems	266,625,994	17,118,903	—	283,744,897
Building, improvements, furniture and equipment	33,074,725	4,495,748	—	37,570,473
Total	542,087,121	34,913,068	—	577,000,189
Total capital assets being depreciated/amortized, net	1,103,241,353	(14,371,336)	(577,692)	1,088,292,325
Net Capital Assets	$ 1,282,217,149	$ 68,056,202	$ (20,166,541)	$ 1,330,106,810

Capital asset activity for the year ended December 31, 2024 is as follows:

	Balance - December 31, 2023	Increases	Decreases	Balance - December 31, 2024
Capital assets not being depreciated:				
Land	$ 33,494,265	$ —	$ —	$ 33,494,265
Construction work in progress	148,927,588	72,100,862	(75,546,919)	145,481,531
Total	182,421,853	72,100,862	(75,546,919)	178,975,796
Capital assets being depreciated:				
Intake, purification and pumping system	481,527,077	7,552,216	(16,573)	489,062,720
Transmission and distribution systems	1,035,646,659	62,587,554	(2,397,086)	1,095,837,127
Building, improvements, furniture and equipment	55,941,470	5,407,149	(919,992)	60,428,627
Subscription assets	7,415,900	—	(7,415,900)	—
Total	1,580,531,106	75,546,919	(10,749,551)	1,645,328,474
Less accumulated depreciation for:				
Intake, purification, and pumping system	229,757,047	12,640,797	(11,442)	242,386,402
Transmission and distribution systems	251,557,783	15,950,921	(882,710)	266,625,994
Building, improvements, furniture and equipment	30,363,304	3,629,127	(917,706)	33,074,725
Subscription assets	2,415,350	—	(2,415,350)	—
Total	514,093,484	32,220,845	(4,227,208)	542,087,121
Total capital assets being depreciated/amortized, net	1,066,437,622	43,326,074	(6,522,343)	1,103,241,353
Net Capital Assets	$ 1,248,859,475	$ 115,426,936	$ (82,069,262)	$ 1,282,217,149

Note 3. Deposits And Investments

Kansas statutes authorize WaterOne, with certain restrictions, to deposit or invest in various accounts and instruments. Pursuant to WaterOne's bond resolutions, operating funds and bond funds are to be invested in 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, including debt obligations of the Government National Mortgage Association.

Operating and bond funds may also be invested in debt obligations of United States Government Sponsored Enterprises (GSE). Operating and bond funds may also be invested in collateralized repurchase agreements which are collateralized at 100 percent of fair market value by 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, or by debt obligations of United States GSE.

Operating and bond funds may be invested in 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-

Operating and bond funds may also be invested in guaranteed investment contracts (GICs) 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 or Moody's, respectively. Upon downgrade below these ratings, the GIC provider must either post collateral or assign the agreement to a provider meeting the rating qualifications above. Acceptable collateral and margin requirements, if any, are to be specified in the GIC agreement.

Statutes also require that collateral pledged for deposits must have a fair market value equal to 100.00 percent, less insured amounts, and must be assigned for the benefit of WaterOne. Acceptable collateral is limited to securities that are 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 including U.S. Treasuries and debt obligations of the Government National Mortgage Association, or debt obligations of United States GSE.

Deposits

As of December 31, 2025 and 2024, the bank balance of WaterOne's deposits were $16,179,810 and $23,996,208, respectively, which were covered by federal depository insurance or by collateral held by the Federal Reserve Bank in WaterOne's name under a joint custody arrangement with WaterOne's bank.

Investments

All of WaterOne's investments are registered and held by WaterOne or its agent in WaterOne's name. A summary of investments and deposits of the Business-Type Activity as of December 31, 2025 and 2024 is as follows:

Business-Type Activity	Fair Value/Carrying Value 2025	2024	Moody's / Standard & Poor's Rating
U.S. Treasury securities	**$144,534,812**	$ 109,906,023	N/A
Federal Home Loan Bank securities	**21,153,580**	20,007,760	Aa1/AA+
Federal Home Loan Discount Note	**9,887,255**	2,966,333	P-1/A-1+
Federal Farm Credit Bank	**30,903,956**	22,913,528	Aa1/AA+
Federal Agricultural Mortgage Corporation	**6,999,160**	—	Aa1/N/A
Federal National Mortgage Association	—	6,874,180	Aaa/AA+
Deposits	**14,706,169**	23,707,801	N/A
Petty cash	**300**	300	N/A
	$228,185,232	$ 186,375,925	

The investments and deposits at December 31, 2025 and 2024 are shown on the statement of net position as follows:

	2025	2024
Cash and temporary investments:		
General account	**$152,154,949**	$ 145,395,468
System development account	**3,872,833**	2,861,881
Special funds created by bond resolutions	**72,157,450**	38,118,576
	$228,185,232	$ 186,375,925

A summary of investments and deposits of the Pension Trust Fund as of December 31, 2025 and 2024 is as follows:

Pension Trust Fund	Fair Value/Carrying Value 2025	2024
Mutual Fund - Domestic Equity	**$ 42,516,984**	$ 33,388,710
Mutual Fund - Fixed Income	**24,763,872**	19,381,490
Mutual Fund - International Equity	**10,683,886**	8,367,698
Mutual Fund - Money Market	**4,968,535**	3,639,576
Deposits	**99,271**	76,770
	$ 83,032,548	$ 64,854,244

Fair Value

WaterOne categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

WaterOne has the following recurring fair value measurements as of December 31, 2025 and 2024:

- U.S. Treasury securities of $144,534,812 and $109,906,023, respectively, valued using quoted market prices (Level 1 inputs).
- Government Agency securities of $68,943,951 and $52,761,801, respectively, valued using quoted market prices (Level 1 inputs).

The Pension Plan has the following recurring fair value measurements as of December 31, 2025 and 2024:

- Mutual Funds - Domestic Equity, Fixed Income, and International Equity Funds of $77,964,742 and $61,137,898, respectively, valued using quoted market prices (Level 1 inputs).
- Money Market Mutual Funds of $4,968,535 and $3,639,576, respectively, valued at amortized cost.

Credit Risk And Concentration Of Credit Risk

Credit risk is the risk that the counterparty will not fulfill its obligations. WaterOne limits credit risk and concentration of credit risk by investing only in obligations explicitly guaranteed by the U.S. government, which are not considered to have credit risk, and obligations of the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Federal Home Loan Bank, Government National Mortgage Association, Federal Farm Credit Bank and Federal Agricultural Mortgage Association. As of December 31, 2025, WaterOne held 9.91% of its investment securities in Federal Home Loan Bank securities, 4.63% in Federal Home Loan Discount Note, 14.48% in Federal Farm Credit Bank securities, 3.28% in Federal Agricultural Mortgage Corporation securities, with the remainder being held in U.S Treasury Securities. As of December 31, 2024, WaterOne held 12.3% of its investment securities in Federal Home Loan Bank securities, 1.82% in Federal Home Loan Discount Note, 14.09% in Federal Farm Credit Bank securities, 4.23% in Federal National Mortgage Association securities, with the remainder being held in U.S Treasury Securities.

The Pension Plan's investment policy does not address credit risk and concentration of credit risk. The Pension Plan's investments in the category of Mutual Fund - Fixed Income are unrated. Because the Pension Plan's investments are in mutual funds, the investments of the Pension Plan are not exposed to concentration of credit risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value of WaterOne's investments will decrease as a result of an increase in interest rates. In accordance with Kansas Statute 12-1675(4), WaterOne manages its exposure to declines in fair values by limiting the total remaining maturity of any single investment to less than two years, with the exception of reserve funds which may be invested in longer maturities to coincide with the expected use of funds, and by structuring the portfolio so that securities mature to meet cash requirements, thereby avoiding the need to sell securities on the open market prior to maturity.

The weighted average maturity in years of investments is 1.05 as of December 31, 2025 and 2024.

The Pension Plan's investment policy does not address interest rate risk. The weighted average maturity in years of fixed income mutual funds held by the Pension Plan is 4.88 years at December 31, 2025 and 5.00 years at December 31, 2024.

Custodial Credit Risk

Custodial credit risk is the risk that WaterOne will not recover its investments due to the inability of the counterparty to fulfill its obligation. WaterOne's deposits up to $250,000 are guaranteed by depository insurance and balances above this threshold are collateralized with U.S. government securities held by the counterparty in WaterOne's name.

The Pension Plan's investment policy does not address custodial credit risk.

Note 4. Bonds and Notes Payable

Bonded Indebtedness

Details of revenue bonds outstanding at December 31, 2025 and 2024 are as follows:

Outstanding Bonds	Original Principal	Principal 2025	Principal 2024
Water revenue refunding bonds:			
Series 2017A (2.0% to 5.0%), due 2018 - 2033	$ 110,205,000	$ 54,075,000	$ 57,965,000
Series 2019 (2.0% to 4.0%), due 2020 - 2030	18,610,000	6,725,000	9,510,000
Series 2020 (3.0% to 5.0%), due 2021 - 2033	87,255,000	60,195,000	69,450,000
Water revenue improvement bonds:			
Series 2017B (2.0% to 5.0%), due 2018 - 2042	40,105,000	31,025,000	32,455,000
Series 2025 (4.0% to 5.0%), due 2026 - 2040	31,295,000	31,295,000	—
	$ 287,470,000	183,315,000	169,380,000
Less principal amount of bonds payable within one year		17,820,000	17,360,000
		$ 165,495,000	$ 152,020,000

Principal maturities occur twice a year on January 1 and July 1.

The annual requirement to retire the revenue bonds outstanding as of December 31, 2025 is as follows:

Year Ending December 31:	Principal	Interest	Total
2026	$ 17,820,000	$ 4,981,325	$ 22,801,325
2027	18,170,000	4,632,874	22,802,874
2028	18,480,000	4,319,289	22,799,289
2029	18,805,000	3,996,429	22,801,429
2030	18,690,000	3,601,035	22,291,035
2031 - 2035	60,210,000	10,727,788	70,937,788
2036 - 2040	27,780,000	3,430,825	31,210,825
2041 - 2042	3,360,000	117,600	3,477,600
	$ 183,315,000	$ 35,807,165	$ 219,122,165

Following is a schedule of bond activity in 2025:

	Balance - January 1, 2025	Bonds Issued	Principal Payments	Bonds Retired	Balance - December 31, 2025	Debt Due Within One Year	Interest Paid
Water revenue refunding bonds:							
Series 2017A	$ 57,965,000	$ —	$ 3,890,000	$ —	$ 54,075,000	$ 4,080,000	$ 1,726,750
Series 2019	9,510,000	—	2,785,000	—	6,725,000	1,530,000	347,200
Series 2020	69,450,000	—	9,255,000	—	60,195,000	10,710,000	901,698
Water revenue improvement bonds:							
Series 2017B	32,455,000	—	1,430,000	—	31,025,000	1,500,000	1,032,456
Series 2025	—	31,295,000	—	—	31,295,000	—	195,143
	$ 169,380,000	$ 31,295,000	$ 17,360,000	$ —	$ 183,315,000	$ 17,820,000	$ 4,203,247

Following is a schedule of bond activity in 2024:

	Balance - January 1, 2024	Bonds Issued	Principal Payments	Bonds Retired	Balance - December 31, 2024	Debt Due Within One Year	Interest Paid
Water revenue refunding bonds:							
Series 2017A	$ 61,580,000	$ —	$ 3,615,000	$ —	$ 57,965,000	$ 3,890,000	$ 1,907,500
Series 2019	12,210,000	—	2,700,000	—	9,510,000	2,785,000	455,200
Series 2020	78,720,000	—	9,270,000	—	69,450,000	9,255,000	960,752
Water revenue improvement bonds:							
Series 2017B	33,815,000	—	1,360,000	—	32,455,000	1,430,000	1,101,456
	$ 186,325,000	$ —	$ 16,945,000	$ —	$ 169,380,000	$ 17,360,000	$ 4,424,908

The 2017A, 2017B, 2019, 2020, and 2025 Series Bonds have early redemption provisions at the option of WaterOne. The 2017B and 2019 Series Bonds have certain mandatory sinking fund provisions beginning in 2029 and 2021, respectively. All outstanding Water Revenue Refunding and Water Revenue Improvement Bond Series constitute a lien on the water supply and distribution system and on the revenue produced by the system.

Under terms of the Second Lien Bond resolution, WaterOne must maintain debt service coverage of at least 1.25 times the annual debt service requirement. Under the formula for computing debt service coverage in the Bond resolutions, 2025 net revenues designated as available to meet debt service requirements (operating income before depreciation, plus system development charges and interest income) equaled 4.67 times the annual Second Lien debt service requirement.

The revenue bond resolutions also require that, after all amounts due for operation and maintenance expenses are paid, certain monies be segregated or restricted in special reserves and accounts, as follows:

WaterOne shall deposit on the first day of each month, into the principal and interest account, such amount equal to not less than the pro rata amount of interest and principal that will become due on the bonds on the next succeeding payment date plus amounts that may be required for fiscal agent fees and expenses.

WaterOne shall maintain bond reserve funds for Second Lien Bonds. The funds shall consist of either cash or equivalent security irrevocably available as long as the bonds remain outstanding. The reserve requirement for each fund is equal to the lesser of the maximum annual debt service or 125 percent of the average annual debt service for the respective group of Second Lien bonds. As of December 31, 2025, there was $5,920,713 in the 2017A Bond Reserve, $2,084,592 in the 2017B Bond Reserve, $1,033,455 in the 2019 Bond Reserve, $4,362,750 in the 2020 Bond Reserve, and $1,714,982 in the 2025 Bond Reserve.

After all the requirements in the preceding provisions have been met, the remaining monies may be expended for any lawful purpose, provided WaterOne maintains a general fund balance sufficient to provide for renewal and replacement costs, operating expenses, material purchases and unfunded contracts and contingencies in an amount equal to 1/6 of budgeted revenue requirements.

As of December 31, WaterOne had committed cash and short-term investments as provided by bond resolutions or Board actions as follows:

	2025	2024
General Fund cash and short-term investments	**$ 177,570,742**	$ 169,413,557
Less funds reserved by bond resolution (Section 703)	**25,415,793**	24,018,089
General Fund after bond resolution reserves (Section 703)	**$ 152,154,949**	$ 145,395,468

WaterOne, by Board action, can reserve remaining general funds to cover negative cash flows, to fund a Rate Stabilization Reserve, and to provide a reserve for current and future Master Plan construction projects as well as Transmission and Distribution projects. The reserving of these Master Plan and Transmission and Distribution funds reduces the necessity or size of future bond issues, thus reducing future debt service expense, and provides funding for the obligations of construction and other related contracts that have been awarded.

Additionally, WaterOne, by Board resolution, has established an account consisting of revenues collected from system development charges for the purpose of funding major improvements to the supply and distribution system. As of December 31, 2025 and 2024, the account totaled $3,872,833 and $2,861,881, respectively.

In 2025 and 2024, WaterOne did not carry an alternative debt in the form of bank loans and all debt of WaterOne is on parity.

In November 2025, WaterOne issued $31,295,000 of Water Revenue Bonds, Series 2025, with an average rate of 3.27% plus a net premium of $2,895,105. Net proceeds of $34,060,674 (after paying debt issuance costs and underwriting discount) were used for the purpose of funding the 2025 Bond Reserve fund, funding capitalized interest and providing funds to build a portion of WaterOne's Master Plan facilities.

Notes Payable

In 2023, WaterOne entered into a direct-placement loan agreement with the State of Kansas through the Kansas Department of Health and Environment's (KDHE) State Revolving Fund (SRF). The SRF loan amount is not to exceed $1,828,870. The funds must be utilized for a distribution main replacement project at a specific location as detailed in the agreement. The gross interest rate on the loan is 2.13%. The loan qualifies for a 30.0% principal forgiveness of the final loan amount due to the project area being in a designated Disadvantaged Community. Payment of a required service fee and interest of $9,892 related to the debt was made in August of 2025. However, since the final draw has not been made on the loan, the final principal amount is not known, and a formal repayment schedule has not been determined. No principal payments are expected in 2026. At December 31, 2025 and December 31, 2024, the total amount of notes payable due to the SRF loan is $816,676.

In 2023, WaterOne entered into a second direct-placement loan agreement with the State of Kansas through KDHE SRF. The SRF loan amount is not to exceed $36,770,423. The funds must be utilized for construction of certain horizontal collector and vertical wells and replacement of specific transmission and distribution mains detailed in the agreement. The gross interest rate on the loan is 2.21% and is due semi-annually during the construction period for the project and may be capitalized and repaid as part of the loan. Since the final draw has not been made on the loan, a formal repayment schedule has not been determined and no payments have been made on this loan. No principal payments are expected in 2026. At December 31, 2025, the total amount of the notes payable due to this SRF loan is $9.71 million. At December 31, 2024, the total amount of notes payable due to this SRF loan was $3.04 million.

Note 5. Customer Advances For Construction

Customer advances for construction are primarily for construction of water main extensions. These are valued at acquisition value at the time of contribution. Some advances are contingently refundable in accordance with WaterOne's rules and regulations. However, substantially all main extension contracts executed provide for no refunds. The nonrefundable advances are recognized as contributed capital after construction is completed.

Note 6. Other Capital Contributions

Customer advances for new services and system development charges are collected at the time the applicant requests a tapping permit. If the tap related to the permit is completed, the new service and system development charges are recognized as contributed capital. If the permit lapses, the new service amount and the system development amount are refunded to the applicant.

Contributed capital from WaterOne-owned Benefit Areas (BA) consists of nonrefundable charges to those entities that request a hook-up to specifically designated water mains. These pre-designated mains are usually installed in "leap frog" development areas and the BA charges are designed to recuperate only the actual cost of the specific main that is being hooked on to.

New services contributions consist of a nonrefundable charge assessed on completed new service connections. The new service charge is designed to compensate for the applicable cost of service materials and WaterOne labor and overhead costs related to the permitting, tapping and inspection process.

In 2022, WaterOne applied for and received approval for the Pre-Disaster Mitigation Grant Program through the Kansas Division of Emergency Management under the Department of Homeland Security - Federal Emergency Management Agency. The grant program will provide up to $4,837,500 in funding. The grant funds were approved for a specific capital improvement project to add redundant power at the Wyss Pump Station. At December 31, 2025, since the inception of the grant, the reimbursements received by WaterOne were approximately $4.36 million. At December 31, 2024 the reimbursements received were approximately $4.03 million.

Capital Contributions
(Dollars In Thousands)

	December 31,		Variance	
	2025	2024	**Dollars Increase (Decrease)**	**Percentage**
Main extensions	**$ 8,199**	$ 7,825	$ 374	4.78%
System development charges	**9,947**	9,588	359	3.74%
Benefit areas	**20**	152	(132)	(86.84)%
New services	**1,885**	1,655	230	13.90%
Grant funds	**333**	3,002	(2,669)	(88.91)%
Total Capital Contributions	**$ 20,384**	$ 22,222	$ (1,838)	(8.27)%

Note 7. Retirement Plan

Defined Benefit Plan Description

Water District No. 1 of Johnson County (Kansas) Seventh Revised Retirement Plan and the Water District No. 1 of Johnson County Cash Balance Plan (collectively, the Plan) are a single-employer defined benefit pension plan administered by WaterOne to provide pension benefits for its employees. The primary oversight of the Plan has been delegated to the Retirement Committee by the WaterOne Board. The Retirement Committee is comprised of six voting members, three of which are appointed by the WaterOne Board, and three of which are employees of WaterOne. Among the delegated duties of the Retirement Committee are the responsibility for interpreting the Plan, making recommendations to the Board of any Plan changes, the hiring of consultants as well as establishing and monitoring compliance with approved investment policies. The Plan does not issue a stand-alone financial report.

Benefits Provided

All full-time employees are covered under the Plan. Employees hired prior to January 1, 2014, participate in the Final Average Pay Plan, after attaining age 21 and one year of service. Employees hired on or after January 1, 2014, participate immediately in the Cash Balance Plan. The main benefits provided are retirement benefits. However, the Plan also provides ancillary benefits in the event of pre-retirement death, disability, or termination of employment prior to meeting the eligibility requirements to retire.

Final Pay Plan: Retirement is at age 65 with benefits calculated as the greater of: (1) 1.91% of average monthly earnings (AME) (AME is the highest five consecutive year average of January 1 base rates of pay) plus 0.48% of AME in excess of monthly integration multiplied by the years of credited service (max of 25) plus 0.50% of AME times credited service in excess of 25 years, (2) 1.5% of monthly base rate of pay for each plan year in which the participant earns credited service, or (3) the December 31, 1988 accrued benefit. The calculation varies with early retirement including unreduced benefits at age 62 with 15 years of service. Benefits vest after five years of service.

Cash Balance Plan: Retirement is at age 65 with benefits calculated using base pay and a schedule of pay credits ranging from 3% to 6%, based on years of service, plus interest credits at an effective annual rate of 5.25%. Early and late retirement benefits are actuarial equivalent of the participant's account balance as of the annuity starting date. Benefits vest after five years of service.

The benefit paid to a retired Final Pay Plan member is subject to an ad hoc COLA. No such COLA has been granted in the recent past. Benefit and contribution provisions are specified in the Plan document and may only be amended by WaterOne.

Employees Covered By Benefit Terms

At December 31, the following employees were covered by the benefit terms:

	2025	2024
Membership Data		
Retirees and Beneficiaries	**130**	119
Inactive Vested Members	**117**	112
Inactive Nonvested Members	**17**	30
Active Employees	**375**	376
Total Membership	**639**	637

Contributions

An actuarial valuation is performed each year to determine the employer actuarial required contribution. Contribution provisions are specified in the Plan document and may only be amended by WaterOne. Effective January 1, 2024, members do not have to contribute to the plan. Prior to 2024, members of the Cash Balance Plan were required to contribute 3.0% of compensation. WaterOne contributes for the full employer actuarial contribution amount as determined in the annual actuarial valuation. For the years ended December 31, 2025 and 2024, the Plan received $11,270,152 and $8,762,356, respectively, in employer contributions.

Net Pension Liability

WaterOne's net pension liability for the reporting period ended December 31, 2025, was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2025.

Actuarial Assumptions

The total pension liability in the January 1, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Method	Entry Age
Asset Valuation Method	5 year smoothed market
Amortization Method	Level percent of payroll, closed
Inflation	3.50% wage; 2.50% price
Salary Increases	3.50% - 7.00% per year
Investment Rate of Return, Net of Investment Expense	6.50%

Mortality rates were based on the Pub-2010 General Employees Median Mortality Table set forward one year with generational mortality improvements using scale MP-2021.

Long-Term Expected Rate Of Return

The long-term expected rate of return on Plan assets is reviewed as part of regular experience studies prepared periodically. During August 2020, the Water District adopted the most recent Experience Study recommendations to be effective for the January 1, 2021 Actuarial Valuation. The approved changes included several demographic, economic and other plan specific assumptions.

Generally, several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class, were developed by the Plan's investment consultant. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant often cover a shorter investment horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the long-term inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of geometric real rates of return for each major asset class as of December 31, 2025, as provided by the Plan's investment consultant, Benefit Trust, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate Of Return
Domestic Equity	52.00%	5.70%
Foreign Equity	13.00%	7.00%
Fixed Income	30.00%	1.82%
Cash/Cash Equivalents	5.00%	0.60%
Total	100.00%	

Discount Rate And Annual Money-Weighted Rate Of Return

The discount rate used to measure the total pension liability at December 31, 2025 was 6.50% and at December 31, 2024 was 7.00%. The annual money-weighted rate of return on investments was 15.36% in 2025 and 13.16% in 2024. The annual money-weighted rate of return expresses investment performance, net of pension plan expense, adjusted for the changing amounts actually invested.

The projection of cash flows used to determine the discount rate assumed that plan contributions from employees and WaterOne will be made at the current contribution amounts as set out in the funding policy. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments of 6.50% was applied to all periods of projected benefit payments to determine the total pension liability at the measurement date. Projected future benefit payments for all current plan members were projected through 2124.

Changes In The Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances At January 1, 2024	$ 68,648,954	$ 43,963,224	$ 24,685,730
Changes For The Year:			
Service cost at end of year	1,989,555	—	1,989,555
Interest on total pension liability	4,710,941	—	4,710,941
Benefit provision changes	11,346	—	11,346
Differences between expected and actual experience	(707,088)	—	(707,088)
Assumption changes	(159,129)	—	(159,129)
Employer contributions	—	2,876,250	(2,876,250)
Employee contributions	—	512,077	(512,077)
Net investment income	—	7,529,970	(7,529,970)
Benefit payments, including member refunds	(2,745,131)	(2,745,131)	—
Administrative expenses	—	(189,816)	189,816
Net changes	3,100,494	7,983,350	(4,882,856)
Balances At December 31, 2024	71,749,448	51,946,574	19,802,874
Changes For The Year:			
Service cost at end of year	2,022,319	—	2,022,319
Interest on total pension liability	4,899,245	—	4,899,245
Benefit provision changes	—	—	—
Differences between expected and actual experience	400,137	—	400,137
Assumption changes	5,708,618	—	5,708,618
Employer contributions	—	8,762,356	(8,762,356)
Net investment income	—	7,847,023	(7,847,023)
Benefit payments, including member refunds	(3,580,102)	(3,580,102)	—
Administrative expenses	—	(220,677)	220,677
Net changes	9,450,217	12,808,600	(3,358,383)
Balances At December 31, 2025	$ 81,199,665	$ 64,755,174	$ 16,444,491

Sensitivity Of The Net Pension Liability To Changes In The Discount Rate

The following presents the net pension liability of WaterOne, calculated using the discount rate of 6.50%, as well as what the employer's net pension liability would be using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate:

	Current Single Discount Rate Assumption		
	1.0% Decrease (5.50%)	(6.50%)	1.0% Increase (7.50%)
Net Pension Liability (Asset)	$ 25,767,931	$ 16,444,491	$ 8,558,380

Pension Expense, Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pensions

For the years ended December 31, 2025 and 2024, WaterOne recognized pension expense under GASB 68 of $5,807,422 and $4,706,636, respectively. WaterOne reported deferred outflows and inflows of resources related to pensions from the following sources for 2025 and 2024:

	2025	
	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	$ 5,857,841	$ 520,768
Changes of assumptions	7,036,271	117,197
Differences between projected and actual earnings	—	1,096,677
Contributions subsequent to the measurement date	11,270,152	—
Total	$ 24,164,264	$ 1,734,642

	2024	
	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	$ 6,966,151	$ 613,928
Changes of assumptions	2,936,658	138,163
Differences between projected and actual earnings	2,412,201	—
Contributions subsequent to the measurement date	8,762,356	—
Total	$ 21,077,366	$ 752,091

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date of $11,270,152 will be recognized as a reduction in the net pension liability for the year ending December 31, 2026.

Experience gains/losses and the impact of changes in actuarial assumptions, if any, are recognized over the average expected remaining service life of the active and inactive Plan members at the beginning of the measurement period. Investment gains and losses are recognized equally over a five-year period. Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Net Deferred Outflows Of Resources
2026	$ 3,204,011
2027	3,992,653
2028	681,762
2029	1,008,043
2030	1,225,117
Thereafter	1,047,884
Total	$ 11,159,470

Note 8. Other Postemployment Benefits (OPEB)

Plan Description

WaterOne provides a single-employer health care plan that provides medical and prescription drugs to all employees who retire under the provisions of the Water District No. 1 of Johnson County, Kansas, Seventh Revised Retirement Plan. WaterOne pays 50 percent of the health care coverage and 100 percent of life insurance. Effective January 1, 2024, all employees regardless of hire date are now eligible for this benefit. Previously only employees hired before January 1, 2008, qualified for the benefit. The current funding policy of WaterOne is to pay premiums as they occur on a pay-as-you-go basis. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Benefits Provided

Employees who have attained age 55 and retire from active employment with 10 consecutive years of service are eligible for retiree benefits. Eligible retirees and their spouses receive medical and prescription drug insurance coverage through a fully-insured plan. These are the same plans that are available for active employees. WaterOne establishes and amends contribution requirements. WaterOne pays a portion of the health insurance premiums for the District's group medical insurance plan and/or an AARP (Medicare supplement plan) plan and/or a COBRA plan. The type of plan covering the retiree and spouse depends on the age of the retiree and spouse, and as each becomes 65 years old, the coverage changes from WaterOne's group medical plan to a Medicare supplement plan.

Employees Covered By Benefit Terms

At December 31, the following employees were covered by the benefit terms:

	2025	2024
Membership Data		
Active Employees (Health And Life)	**380**	368
Retiree Health Benefits Plan:		
Retired Members	**116**	125
Spouses of Retired Members	**56**	70
Total Retiree Health Plan	**172**	195
Retiree Life Insurance Plan:		
Retired Members	**185**	187

Total OPEB Liability And Changes In OPEB Liability

WaterOne's total OPEB liability was based on an actuarial valuation dated January 1, 2025. GASB statement number 75 requires a measurement date no earlier than the end of WaterOne's prior year end. For the year ended December 31, 2025, the measurement date used is December 31, 2024 and for the year ended December 31, 2024, the measurement date is December 31, 2023. Changes in the OPEB liability are as follows:

	2025	2024
Net OPEB liability - beginning of year	**$ 18,505,758**	$ 16,258,914
Service costs	**530,995**	343,636
Interest	**614,095**	581,142
Benefit term changes	**—**	1,121,265
Differences between expected and actual experience	**(1,444,393)**	—
Changes in assumptions and inputs	**(1,450,396)**	881,312
Employer contributions (benefit payments)	**(680,187)**	(680,511)
Net changes to OPEB liability	**(2,429,886)**	2,246,844
Net OPEB liability - end of year	**$ 16,075,872**	$ 18,505,758

The current portion of the net OPEB liability of $386,199 and $381,022 as of December 31, 2025 and 2024, respectively, is presented within other current liabilities on the Statement of Net Position.

Actuarial valuations reflect a long-term perspective and involve estimates of the value reported amounts and assumptions about the probability of events far into the future. Actuarial methods and assumptions used included techniques that are designed to reduce short-term volatility in actuarial accrued liabilities. These calculations are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The actuarial calculations have been based on the substantive plan in place at the time of valuation and on the pattern of cost sharing between the employers and members to that point.

Actuarial Assumptions And Other Inputs:

The total OPEB liability in the January 1, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions		
Actuarial cost method	Entry Age Normal	
Valuation date	January 1, 2025	
Measurement date	December 31, 2024	
Salary scale	3.50% - 7.00%	
Price inflation	2.50%	
UAAL amortization method	Level dollar amount	
UAAL amortization period, closed/open	30 year, open	
Discount rate	4.04% (Measurement Date) 3.38% (Prior Measurement Date)	
Mortality	Pub-2010 General Employees Median Mortality Table set forward one year with generational mortality improvements using Scale MP-2021	
	Pre-Medicare	Medicare
Health care cost trend rate	7.00%	5.25%
Ultimate trend rate	4.50%	4.50%
Year of Ultimate trend rate	2035	2035

To the extent OPEB Plan assets are projected to be sufficient to make projected benefit payments, the discount rate will equal the expected return on such assets. To the extent the OPEB Plan is not projected to be sufficient to make future benefit payments, the yield or index for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher should be factored in. Plan assets do not apply to WaterOne's program. In order to determine the municipal bond rate we took the monthly average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Bond Buyer. The selected average rates are 4.04% (measurement date) and 3.38% (prior measurement date). These were used as the discount rates to determine present value costs.

Sensitivity Of The Total OPEB Liability To Changes In The Discount Rate:

The following presents the total OPEB liability of WaterOne, as well as what WaterOne's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	Current Single Discount Rate Assumption		
	1% Decrease (3.04%)	(4.04%)	1% Increase (5.04%)
Total OPEB Liability	$ 18,217,591	$ 16,075,872	$ 14,287,583

Sensitivity Of The Total OPEB Liability To Changes In The Healthcare Cost Trend Rates:

The following presents the total OPEB liability of WaterOne, as well as what WaterOne's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (7.00% decreasing to 6.00%) or one percentage point higher (7.00% increasing to 8.00%) than the current healthcare cost trend rates:

	1% Decrease	Current Trend	1% Increase
Total OPEB Liability	$ 14,340,422	$ 16,075,872	$ 18,212,466

OPEB Expense And Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To OPEB:

For the year ended December 31, 2025, WaterOne recognized OPEB expense as a credit of $308,270. At December 31, 2025, WaterOne reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2025	
	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	$ 166,518	$ 3,128,844
Changes of assumptions	2,163,288	4,193,582
Contributions subsequent to the measurement date	386,199	—
Total	$ 2,716,005	$ 7,322,426

For the year ended December 31, 2024, WaterOne recognized OPEB expense of $914,719. At December 31, 2024, WaterOne reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2024	
	Deferred Outflows Of Resources	**Deferred Inflows Of Resources**
Differences between expected and actual experience	$ 220,234	$ 2,307,425
Changes of assumptions	2,891,474	3,675,287
Contributions subsequent to the measurement date	381,022	—
Total	$ 3,492,730	$ 5,982,712

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date of $386,199 will be recognized as a reduction in the OPEB liability for the year ending December 31, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	**Net Deferred Outflows Of Resources**	**Net Deferred Inflows Of Resources**
2026	$ 781,902	$ 1,547,129
2027	773,696	1,157,722
2028	371,589	1,157,722
2029	158,747	1,157,722
2030	113,072	1,157,722
Thereafter	130,800	1,144,409
Total	$ 2,329,806	$ 7,322,426

Note 9. Employee Benefits

Deferred Compensation

WaterOne offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all full-time and part-time WaterOne employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Defined Contribution

WaterOne offers its employees a defined contribution plan created in accordance with Internal Revenue Code Section 401(a). The defined contribution plan has four parts, consisting of the following:

Employees hired before January 1, 2014:

WaterOne offers its employees a defined contribution plan, available to all full-time and part-time WaterOne employees, which provides for a WaterOne contribution matching 50.0% of an employee's contribution to the 457 plan, up to 4.0% of the employee's eligible annual compensation. The maximum WaterOne contribution is 2.0% of the employee's eligible compensation.

WaterOne offers its employees a defined contribution plan, available to all full-time WaterOne employees with at least six months of service, which provides for a contribution of 2.5% of the employee's eligible annual compensation.

Employees hired on or after January 1, 2014:

WaterOne offers its employees a defined contribution plan, available to all full-time and part-time WaterOne employees, which provides for a WaterOne contribution matching 100% of an employee's contribution to the 457 plan, up to the first 2.0% of the employee's eligible annual compensation and a match of 50.0% on the next 5.0% of eligible annual compensation.

WaterOne offers its employees a defined contribution plan, available to all full-time WaterOne employees with at least six months of service, which provides for a contribution of 4.0% of the employee's eligible annual compensation.

Assets of all portions of the 401(a) plan are not available to employees until termination, retirement, death or unforeseen emergency. New employees are subject to a five-year vesting schedule consisting of 20.0% vested at the end of each year until the employee has five years of service. After five years of service is obtained, all subsequent employer contributions are 100.0% vested.

WaterOne had deposited assets for the matching portions of the 401(a) plan in the amount of $1,017,312 and $941,864 during 2025 and 2024, respectively. As of December 31, 2025 and 2024, a liability had been recorded by WaterOne for the annual percent base contributions in the amounts of $1,144,305 and $1,080,435, respectively. These amounts were subsequently deposited to the defined contribution plan in January 2026 and January 2025 for the years ended December 31, 2025 and 2024, respectively. The defined contribution plan assets are held in trust for the exclusive benefit of employees and their beneficiaries. In 2024, WaterOne also made an additional 3.0% contribution for all employees totaling $973,737.

Compensated Absences

Under the terms of WaterOne's personnel policy, employees are granted leave in varying amounts based on length of service and full-time or part-time status. In the event of retirement or termination, an employee is paid for accumulated vacation. Accumulated sick leave is not paid out at termination.

Liability At 12/31/2024	Net Change	Liability At 12/31/2025	Due Within One Year
$ 6,707,327	$ (258,161)	$ 6,449,166	$ 2,120,619

Liability At 1/1/2024	Net Change	Liability At 12/31/2024	Due Within One Year
$ 6,447,305	$ 260,022	$ 6,707,327	$ 2,033,496

Note 10. Commitments And Contingencies

Master Plan projects are part of a comprehensive plan developed by WaterOne's consulting engineers to meet WaterOne's long-term water system needs. As of December 31, 2025, WaterOne had total contractor commitments of $27.0 million related to various Master Plan projects. Approximately $11.2 million of the Master Plan commitments have been charged to the projects as of December 31, 2025, leaving $15.7 million in amounts committed at December 31, 2025. WaterOne has sufficient monies designated in the system development account and the general account to fund any unpaid Phase V outstanding costs and retainages. Also included in the December 31, 2025 balance of the system development account, the general account, and construction fund are monies for anticipated engineering, legal services and contingencies that may be required to bring these projects to completion.

WaterOne has various lawsuits and claims pending which arise through the normal course of operations. Management believes the ultimate liabilities, if any, of these lawsuits would not be material to the financial position or results of operations of WaterOne.

Note 11. Risk Management

WaterOne is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; natural disasters; and malpractice. WaterOne purchases commercial insurance for property and casualty, workers' compensation, employee health, life, and dental insurance. During the last three years, settled claims have not exceeded insurance coverage.

Supplementary Information

REQUIRED SUPPLEMENTARY INFORMATION
Schedules Of Selected Pension Information
December 31, 2025

Schedule 1

Schedule Of Employer Contributions
Year Ended December 31,
($ In Thousands)

Year	Actuarially Determined Contribution	Contribution In Relation To The Required Contribution	Contribution Excess (Deficiency)	Covered Payroll	Contribution As A Percentage Of Covered Payroll
2016	2,672	2,672	—	23,878	11.2%
2017	2,709	2,709	—	22,373	12.1%
2018	2,683	2,683	—	22,855	11.7%
2019	2,718	10,629	7,911	27,216	39.1%
2020	1,727	1,731	4	27,396	6.3%
2021	2,216	2,214	(2)	28,883	7.7%
2022	2,252	2,261	9	29,963	7.5%
2023	2,806	2,876	70	31,643	9.1%
2024	3,208	8,762	5,554	32,709	26.8%
2025	2,730	11,270	8,540	33,438	33.7%

The following actuarial methods and assumptions were used to determine the Actuarially Determined Contribution reported for the year ended December 31, 2025 (based on the January 1, 2025 actuarial valuation).

Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	Charge and credit amortizations range from 1 to 23 years (Single Equivalent Amortization Period is 12 years)
Asset valuation method	5-year smoothed market
Salary increases, including wage inflation	3.50 to 7.00 percent
Long-term rate of return, net of investment expense, and including inflation	6.50 percent

WATER DISTRICT NO. 1 OF JOHNSON COUNTY KANSAS

REQUIRED SUPPLEMENTARY INFORMATION
Schedules Of Selected Pension Information
December 31, 2025

Schedule 2

Schedule Of Changes In The Net Pension Liability

	As Of The Most Recent Measurement Date December 31,									
	2024	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Total Pension Liability										
Service cost	$ 2,022,771	$ 1,989,555	$ 2,092,597	$ 1,944,009	$ 1,568,859	$ 1,543,042	$ 1,539,682	$ 1,508,239	$ 1,539,973	$ 1,595,654
Interest	4,899,245	4,710,941	4,535,045	4,803,562	4,710,696	4,486,767	4,218,831	3,973,168	3,741,788	3,627,117
Benefit provision changes	—	11,346	—	—	—	—	—	—	—	—
Differences between expected and actual experience	400,137	(707,088)	7,020,357	2,032,069	520,422	495,375	491,479	672,001	1,042,069	(301,417)
Assumption changes	5,708,618	(159,129)	58,685	80,334	6,091,090	—	—	—	—	—
Benefit payments, including member refunds	(3,580,102)	(2,745,131)	(19,361,637)	(5,858,718)	(4,642,184)	(2,680,339)	(2,901,079)	(3,063,012)	(3,603,463)	(3,285,912)
Net Change In Total Pension Liability	9,450,669	3,100,494	(5,654,953)	3,001,256	8,248,883	3,844,845	3,348,913	3,090,396	2,720,367	1,635,442
Total Pension Liability - Beginning	71,749,448	68,648,954	74,303,907	71,302,651	63,053,768	59,208,923	55,860,010	52,769,614	50,049,247	48,413,805
Total Pension Liability - Ending (a)	81,200,117	71,749,448	68,648,954	74,303,907	71,302,651	63,053,768	59,208,923	55,860,010	52,769,614	50,049,247
Plan Fiduciary Net Position										
Employer contributions	8,762,356	2,876,250	2,260,862	2,214,212	1,731,940	10,629,371	2,683,768	2,709,157	2,672,247	3,080,900
Employee contributions	—	512,077	418,470	363,980	319,256	288,753	232,795	158,469	127,371	77,736
Net investment income	7,847,023	7,529,970	(9,782,820)	8,765,893	8,541,216	9,403,422	(1,782,436)	5,773,920	2,657,466	(359,276)
Benefit payments, including member refunds	(3,580,102)	(2,745,131)	(19,361,637)	(5,858,718)	(4,642,184)	(2,680,339)	(2,901,079)	(3,063,012)	(3,603,463)	(3,285,912)
Administrative expenses	(220,225)	(189,816)	(240,982)	(240,325)	(237,196)	(247,091)	(180,056)	(170,751)	(278,054)	(261,439)
Net Change In Plan Fiduciary Net Position	12,809,052	7,983,350	(26,706,107)	5,245,042	5,713,032	17,394,116	(1,947,008)	5,407,783	1,575,567	(747,991)
Plan Fiduciary Net Position - Beginning	51,946,574	43,963,224	70,669,331	65,424,289	59,711,257	42,317,141	44,264,149	38,856,366	37,280,799	38,028,790
Plan Fiduciary Net Position - Ending (b)	64,755,626	51,946,574	43,963,224	70,669,331	65,424,289	59,711,257	42,317,141	44,264,149	38,856,366	37,280,799
Net Pension Liability - Ending (a) - (b)	$ 16,444,491	$ 19,802,874	$ 24,685,730	$ 3,634,576	$ 5,878,362	$ 3,342,511	$ 16,891,782	$ 11,595,861	$ 13,913,248	$ 12,768,448
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	79.75%	72.40%	64.04%	95.11%	91.76%	94.70%	71.47%	79.24%	73.63%	74.49%
Covered payroll	$ 32,708,609	$ 31,643,378	$ 29,963,340	$ 28,882,999	$ 27,395,738	$ 27,215,678	$ 22,855,398	$ 22,373,092	$ 23,878,000	$ 23,044,509
Employers' Net Pension Liability as a percentage of covered payroll	50.28%	62.58%	82.39%	12.58%	21.46%	12.28%	73.91%	51.83%	58.27%	55.41%
Annual Money-Weighted Rate of Return on Investments	15.36%	13.16%	17.99%	-14.85%	13.2%	14.4%	-4.4%	14.2%	6.45%	-1.63%

WATER DISTRICT NO. 1 OF JOHNSON COUNTY KANSAS

REQUIRED SUPPLEMENTARY INFORMATION
Schedule Of Changes In The Total Other Postemployment Liability And Related Ratios
December 31, 2025

Schedule 3

	As Of The Most Recent Measurement Date: December 31,							
Total OPEB Liability	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Service cost	$ 530,995	$ 343,636	$ 796,222	$ 755,895	$ 647,216	$ 447,562	$ 554,185	$ 479,840
Interest	614,095	581,142	454,706	451,945	517,046	619,992	601,632	615,238
Changes in benefit terms	—	1,121,265	—	—	—	—	—	—
Differences between expected and actual experience	(1,444,393)	—	(2,699,432)	—	435,098	—	(1,067,169)	—
Changes in assumptions or other inputs	(1,450,396)	881,312	(4,167,244)	228,928	1,480,461	3,274,298	(2,103,709)	1,010,202
Benefit payments	(680,187)	(680,511)	(609,027)	(539,587)	(585,998)	(516,937)	(510,633)	(496,547)
Net change in total OPEB liability	(2,429,886)	2,246,844	(6,224,775)	897,181	2,493,823	3,824,915	(2,525,694)	1,608,733
Total OPEB liability - beginning	18,505,758	16,258,914	22,483,689	21,586,508	19,092,685	15,267,770	17,793,464	16,184,731
Total OPEB liability - ending	$ 16,075,872	$ 18,505,758	$ 16,258,914	$ 22,483,689	$ 21,586,508	$ 19,092,685	$ 15,267,770	$ 17,793,464
Covered payroll	$ 33,321,787	$ 31,192,400	$ 30,580,784	$ 29,039,125	$ 28,469,730	$ 26,793,561	$ 26,013,166	$ 13,957,525
Total OPEB liability as a percentage of covered payroll	48.24%	59.33%	53.17%	77.43%	75.82%	71.26%	58.69%	127.48%

Notes: The above schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Assets are not accumulated in a trust that meets the criteria of paragraph 4 in GASB 75.

Changes Of Benefit Terms Or Assumptions

1) The plan eligibility requirements were changed January 1, 2025 to include all employees regardless of hire date.
2) The discount rate was changed from 3.38% to 4.04% in the most recent valuation.

Schedule 4

WATER DISTRICT NO. 1 OF
JOHNSON COUNTY, KANSAS
INSURANCE COVERAGE - LOCKTON

Coverage	Limits	Deductibles	Carrier	Policy no.	Policy term	Annual premium
Crime			Hartford Fire Ins. Co.	37 FA 0244006-25	7/1/2025-2026	$10,496.00
	Insuring Agreement 1 Employee Theft: $3,000,000	$30,000				
	Insuring Agreement 3 Computer And Funds Transfer Fraud: $3,000,000	$30,000				
	Insuring Agreement 4 Inside The Premises Money, Securities and Other Property: $3,000,000	$30,000				
	Insuring Agreement 5 Outside The Premises Money, Securities and Other Property: $3,000,000	$30,000				
	Insuring Agreement 6 Depositors Forgery or Alteration: $3,000,000	$30,000				
	Insuring Agreement 7 Credit, Debit Or Charge Card Forgery: $3,000,000	$30,000				
	Insuring Agreement 8 Money Orders And Counterfeit Currency: $50,000	$30,000				
	Insuring Agreement 9 Investigative Expenses: $100,000	$30,000				
	Insuring Agreement 10 Computer Systems Restoration Expenses: $50,000	$30,000				
	Insuring Agreement 11 Identify Recovery Expenses Reimbursement $25,000	N/A				
Drone			American Alternative Ins. Corp.	9010462	7/1/2025-2026	$6,481.00
	Each Occurrence Limit: $1,000,000	Nil				
Workplace Violence			Federal Ins. Co.	J06615041	7/1/2025-2026	$1,324.00
	A. Expense: $1,000,000	$0				
	B. Loss of Life: $100,000	None				
Environmental Storage Tank			Great American Alliance Ins. Co.	KST5000587-00	7/1/2025-2026	$516.00
	Limit of Insurance: $500,000 per environmental incident $1,000,000 annual aggregate Limit of Defense: $100,000 per environmental incident	$2,500 per environmental incident				

WATER DISTRICT NO. 1 OF JOHNSON COUNTY KANSAS

ADDITIONAL SUPPLEMENTARY INFORMATION
Insurance Coverage (Unaudited) Page 2 Of 4
For The Year Ended December 31, 2025

Schedule 4 *(Continued)*

Property			Continental Casualty Co.	2010729912	7/1/2025-2026	$585,000.00
	Limit of Liability: $400,000,000 Blanket Real and Personal Property: $400,000,000 Blanket Business Interruption (Gross Earnings): $35,000,000 For the schedule of locations and values dated 06/12/2025 attached to this policy or on file with the Company, subject to a maximum limit any one occurrence of: $400,000,000 a. Accounts receivable: $5,000,000 b. Arson and Crime Reward: $10,000 c. Brand or Trademark Removal: $50,000 d. Contingent Business Interruption (Gross Earnings): Unscheduled dependent property within Territorial Limits: $500,000 e. Contract Penalties: $10,000 f. Debris Removal: $5,000,000 g. Decontamination Expense: $250,000 h. Defense Costs: $10,000 i. Deferred Payments: $10,000	AOP: $250,000				
	j. Denial of Access by Civil Authority / Ingress – Egress: $1,000,000	$	250,000			
	k. Earth Movement – Annual Aggregate at all Locations inclusive of Locations further limited as follows: $50,000,000	Physical Damage: $250,000				
	l. Electronic Data Processing: Electronic data processing equipment: Included	Time Element: Multiple of Daily Value: 2				
	For additional perils specified in extension: Included	10% of Loss subject to a minimum of $250,000				
	Cost of research to replace or restore information lost: $500,000 m. Equipment Breakdown (refer to addendum form): $200,000,000 Ammonia Contamination: $250,000 Spoilage: $250,000					
	n. Expediting Expense: $1,000,000	Varies by Location				
	o. Extra Expense: $5,000,000	$500,000/$100,000				
	p. Fine Arts: $500,000	$	250,000			
	q. Fire Brigade Charges and Extinguishing Expenses: $10,000 r. Flood – Annual Aggregate at all Locations inclusive of Locations further limited as follows: Varies by Location Locations wholly or partially situated in those areas designated as 100 Year (1% annual chance of flooding) floodplains by the Federal Emergency Management Agency or other governmental authority – Annual Aggregate: $1,000,000					
	Locations outside of 100 Year (1% annual chance of flooding) floodplains, but wholly or partially situated in those areas designated as 500 Year (0.2% annual chance of flooding) floodplains by the Federal Emergency Management Agency or other governmental authority - or areas where the flood hazard has not been determined by the Federal Emergency Management Agency or other governmental authority – Annual Aggregate: $10,000,000	$	250,000			

Schedule 4 *(Continued)*

s. Fungi, Wet Rot, Dry Rot, And Microbes - Annual Aggregate: $250,000		
t. Leasehold Interest: $50,000		
u. Loss Adjustment Expense: $25,000		
v. Named Storm per occurrence all covered loss or damage for all Locations inclusive of all applicable sublimits, and Locations further limited as follows: $400,000,000	$	250,000
Named Storm per occurrence all Locations in Puerto Rico and the U.S. Virgin Islands, the states of Florida and Hawaii and First Tier Areas in all other states: $400,000,000	5% Subject to a minimum of $250,000	
w. Newly Acquired or Constructed Property – All Coverages Combined: $2,500,000		
x. Ordinance or Law		
Undamaged Portion of Building: Included		
Demolition Cost, and Increased Cost of Construction: $10,000,000		
Business Interruption, Extra Expense, or Rental Value: $2,500,000		
y. Pollution Cleanup and Removal – Annual Aggregate: $100,000		
z. Preservation of Property: Included		
aa. Professional Fees: Included		
bb. Property in Course of Construction – Soft Costs: $1,000,000		
cc. Property Off Premises – Including Fairs, Trade Shows and Exhibits: $500,000		
dd. Radioactive Contamination: $25,000		
ee. Rental Value: $50,000		
ff. Research and Development Expenses: $50,000		
gg. Royalties: $50,000		
hh. Service Interruption:		
Property: $1,000,000		
Time Element: $1,000,000		
ii. Transit:	See schedule	
Per Occurrence: $1,000,000		
Per Conveyance: $1,000,000		
jj. Trees, Shrubs, Plants and Land Improvements:		
Per Occurrence: $250,000		
Per Tree, Shrub or Plant: $2,500		
kk. Unintentional Errors and Omissions: $500,000		
ll. Unscheduled Locations – All Coverages Combined: $500,000		
mm. Valuable Papers and Records: $5,000,000		
nn. Personal Property of Employees: $100,000		
Time Limits		
a. Business Interruption Period of Indemnity: Twenty Four (24) Months		
b. Denial of Access by Civil Authority / Ingress – Egress: Sixty (60) Days		
c. Extended Period of Indemnity: One Hundred And Eighty (180) Days		
d. Newly Acquired or Constructed Property: Sixty (60) Days		
e. Ordinary Payroll Included in Determination of Gross Earnings: One Hundred And Eighty (180) Days		
f. Service Interruption Qualifying Period: Twenty Four (24) Hours		

WATER DISTRICT NO. 1 OF JOHNSON COUNTY KANSAS

ADDITIONAL SUPPLEMENTARY INFORMATION
Insurance Coverage (Unaudited) Page 4 Of 4
For The Year Ended December 31, 2025

Schedule 4 *(Continued)*

Workers Compensation	Bodily Injury by Accident: $500,000 Each Accident Bodily Injury by Disease: $500,000 Policy Limit Bodily Injury by Disease: $500,000 Each Employee	Nil	The Phoenix Insurance Company	UB-4J995164	7/1/2025-2026	$645,130.00
Package			The Charter Oak Fire Insurance Co	ZLP-15T48479-25-PB	7/1/2025-2026	$330,312.00
General Liability	General Aggregate Limit: $3,000,000 Products-Completed Operations Aggregate Limit: $3,000,000 Personal & Advertising Injury Limit: $1,000,000 Each Occurrence Limit: $1,000,000 Damage To Premises Rented to You Limit (any one premises): $1,000,000	BI and PD: $10,000				
Employee Benefits Liability	Aggregate Limit: $3,000,000 Each Employee Limit: $1,000,000	$1,000				
Public Entity Management Liability	Aggregate Limit: $3,000,000 Each Wrongful Act Limit: $1,000,000	$5,000				
Public Entity Employment-Related Practices Liability	Aggregate Limit: $3,000,000 Each Wrongful Employment Practice Offense Limit: $1,000,000	$5,000				
Auto	Liability coverage single limit for bodily injury and property: $1,000,000 KS Statutory Limit: $500,000		The Travelers Indemnity Company	810-2C412861-TIL-23	7/1/2025-2026	$254,908.00
	Comprehensive Collision 50,000 limit on hired car Single Accident all auto PD aggregate	$2,500/$5,000 $2,500/$5,000 $1000 ded comp/$1,000 coll $25,000				
Umbrella	General Aggregate: $5,000,000 Products-Completed Operations Aggregate: $5,000,000 Occurrence Limit: $5,000,000 all Crisis Management Events: $50,000	$10,000	Travelers Property Casualty Co Of America	ZUP-51M63005-25-PB	7/1/2025-2026	$48,135.00
Marine Hull -Boat	Agreed Value & Amount of Ins: $15,935	$500	Atlantic Specialty Ins. Co.	B5JH41917	7/1/2025-2026	$1,135.00
Pollution Liability	Per Pollution Condition or Indoor Environmental Condition Limit of Liability: $2,000,000 Aggregate Limit of Liability for all Pollution Conditions or Indoor Environmental Conditions: $2,000,000 Per Pollution Condition or Indoor Environmental Condition Deductible for Business Interruption loss Per Pollution Condition or Indoor Environmental Condition	$25,000 3 Days	Illinois Union Ins. Co. (Chubb)	PPLG28137060-004	7/1/2025-2028	$107,161.00 $3,214.83
Fiduciary Liability	Aggregate Limit of Liability (inclusive of Defense Expenses) for all Claims, including all Voluntary Compliance Programs: $3,000,000 Aggregate Sublimit of Liability for all Compliance Fees: $250,000	$25,000 each claim	RLI Ins. Co.	EPG0023634	7/1/2025-2026	$20,609.00

WATER DISTRICT NO. 1 OF JOHNSON COUNTY KANSAS

ADDITIONAL SUPPLEMENTARY INFORMATION
Fidelity Bonds In Force (Unaudited)
For The Year Ended December 31, 2025

Schedule 5

Water District No. 1 Of Johnson County, Kansas

Fidelity Bonds In Force (Unaudited)

Water District Board Members:		
Whitney Wilson - Chair	$	10,000
Melanie S. Kraft - Vice Chair		10,000
Robert Reese - Member		10,000
Kay Elizabeth Heley- Member		10,000
Jill R. Westra - Member		10,000
Renee Dinsmore - Member		10,000
Ullyses Wright - Member		10,000
Shaun Pietig - General Manager		500,000
Darin Lee Kamradt - Director of Finance		500,000
Public Employees' Blanket Bond		3,000,000

All employees are included under the blanket crime section of the comprehensive business policy listed herein.

Schedule 6

Customers Served by WaterOne: During 2025, WaterOne served a weighted average of 156,554 customers, as compared to 155,193 customers during 2024; this is an increase of 1,361 customers in 2025, as compared to an increase of 1,224 customers in 2024.

Water Sales and Water Delivered Summary: Water sales by class of customer for the years ended December 31, 2025 and 2024 were as follows:

	2025	2024
Residential:		
Single family	**$ 97,903,015**	$ 97,377,576
Multifamily	**14,340,365**	14,305,775
Commercial:		
Small	**8,342,207**	8,279,565
Large	**34,053,711**	33,942,749
Temporary	**925,927**	551,988
Wholesale	**577,516**	549,776
Total water sales	**$ 156,142,741**	$ 155,007,429

During the year ended December 31, 2025, water sales and water delivered to the distribution lines, in terms of thousands of gallons, as compared to 2024 were as follows:

	2025	2024
Delivered to distribution system		
Water produced	**23,978,841**	24,130,266
Water sales		
Metered water	**20,394,746**	21,178,853
Unmetered water	**3,584,095**	2,951,413
Unmetered water as percentage of total water delivered	**14.95%**	12.23%

Schedule 6 *(Continued)*

The weighted average number of customers served, the average annual revenue, and usage per customer were as follows:

		2025		2024
Residential - single family:				
Average number of customers		**142,427**		141,127
Average gallons per customer		**85,186**		89,338
Average revenue per customer	**$**	**687**	$	690
Residential - multifamily:				
Average number of customers		**5,175**		5,134
Average gallons per customer		**413,687**		434,805
Average revenue per customer	**$**	**2,771**	$	2,786
Commercial - small:				
Average number of customers		**5,164**		5,156
Average gallons per customer		**198,523**		206,065
Average revenue per customer	**$**	**1,615**	$	1,606
Commercial - large:				
Average number of customers		**3,540**		3,515
Average gallons per customer		**1,376,995**		1,453,519
Average revenue per customer	**$**	**9,620**	$	9,657
Commercial - temporary:				
Average number of customers		**248**		260
Average gallons per customer		**538,703**		234,796
Average revenue per customer	**$**	**3,734**	$	2,123
Wholesale:				
Number of customers		**1**		1
Thousand gallons per class		**87,848**		105,911
Revenue per class	**$**	**577,516**	$	549,776